Shareholder Circular

This Circular is issued by the Saudi Arabian Mining Company (Ma'aden) ("Ma'aden") and addressed to its shareholders in accordance with the requirements of Article (60) of the Rules on the Offer of Securities and Continuing Obligations to increase the share capital of Ma'aden for (i) its acquisition of 100% of the shares owned by Alcoa Saudi Smelting Investments B.V. ("Alcoa Saudi") in Ma'aden Aluminium Company ("MAC"), representing 25.1% of the share capital of MAC; and (ii) its acquisition of 100% of the shares owned by AWA Saudi Limited ("AWA Saudi") in Ma'aden Bauxite and Alumina Company ("MBAC"), representing 25.1% of the share capital of MBAC, in exchange for the issuance of new shares in Ma'aden to Alcoa Saudi and AWA Saudi (collectively the "Sellers") in addition to a cash payment by Ma'aden to AWA Saudi.

This shareholder circular (the "**Circular**") has been prepared by the Saudi Arabian Mining Company (Ma'aden) ("**Ma'aden**") in accordance with the requirements of Article (60) of the Rules on the Offer of Securities and Continuing Obligations in connection with the increase in the share capital of Ma'aden from thirty eight billion twenty seven million eight hundred fifty eight thousand and seven hundred and ten Saudi Riyals (SAR 38,027,858,710) to thirty eight billion eight hundred eighty seven million six hundred thirty four thousand one hundred and eighty Saudi Riyals (SAR 38,887,634,180) and increasing the number of Ma'aden's shares from three billion eight hundred two million seven hundred eighty five thousand and eight hundred and seventy one (3,802,785,871) ordinary shares to three billion eight hundred eighty eight million seven hundred sixty three thousand and four hundred and eighteen (3,888,763,418) ordinary shares, by issuing eighty five million nine hundred seventy seven thousand and five hundred and forty seven (85,977,547) new ordinary shares, with nominal value of SAR 10 per share and a total nominal value of eight hundred fifty nine million seven hundred seventy five thousand and four hundred and seventy Saudi Riyals (SAR 859,775,470) (the "**Consideration Shares**"), which represents an increase of 2.26% in the current share capital of Ma'aden (the "**Capital Increase**").

The share capital of Ma'aden will be increased for the purpose of the acquisition of 100% of the shares owned by Alcoa Saudi Smelting Investments B.V. (a unipersonal limited liability company organized and existing under the laws of the Netherlands) ("**Alcoa Saudi**") owned by Alcoa Corporation, a company incorporated and existing under the laws of the State of Delaware, United States of America (Alcoa Corporation shall hereafter be referred to as the "**Guarantor**") in Ma'aden Aluminium Company ("**MAC**"), which are one hundred sixty five million one thousand and one hundred and twenty five (165,001,125) ordinary share with a nominal value of SAR 10 per share, and the acquisition of 100% of the shares owned by AWA Saudi Limited (a limited liability company organized and existing under the laws of Hong Kong owned by the Guarantor) ("**AWA Saudi**") in Ma'aden Bauxite and Alumina Company ("**MBAC**"), which are one hundred twenty eight million and ten thousand (128,010,000) ordinary shares with a nominal value of SAR 10 per share, (MBAC, together with MAC, the "**Target Companies**" and each a "**Target Company**"), by increasing the share capital of Ma'aden in accordance with Article (60) of the Rules on the Offer of Securities and Continuing Obligations and issuing the Consideration Shares in Ma'aden to Alcoa Saudi and AWA Saudi (each a "**Seller**" and collectively the "**Sellers**"), whereby Alcoa Saudi will be allocated a total of sixty seven million six hundred twelve thousand and one hundred and sixty two (67,612,162) ordinary shares from the Consideration Shares, representing 1.74% of Ma'aden's share capital after the Transaction Completion, and AWA Saudi will be allocated a total of eighteen million three hundred sixty five thousand and three hundred and eighty five (18,365,385) ordinary shares from the Consideration Shares representing 0.47% of Ma'aden's share capital after the Transaction Completion, through the Capital Increase, in addition to a cash payment by Ma'aden to AWA Saudi in the amount of five hundred sixty two million five hundred thousand Saudi Riyals (SAR 562,500,000) (the "**Cash Consideration**") (the "**Transaction**").

MAC is a limited liability company incorporated under the laws of Saudi Arabia with commercial registration number 2055012511 dated 02/11/1431H (corresponding to 10/10/2010G), with its registered address at Ras Al-Khair Industrial City, Kingdom of Saudi Arabia and its postal address at P.O Box 11342, Al-Jubail Industrial City 31961, Kingdom of Saudi Arabia. MAC's current share capital is six billion five hundred seventy three million and seven hundred and fifty thousand Saudi Riyals (SAR 6,573,750,000) divided into six hundred fifty seven million and three hundred and seventy five thousand (657,375,000) equal ordinary shares, with nominal value of SAR 10 per share, of which Ma'aden currently owns four hundred ninety two million three hundred seventy three thousand eight hundred seventy five (492,373,875) ordinary shares, representing 74.9% of the entire issued share capital of MAC. The paid-up capital of MAC upon incorporation is six billion five hundred seventy three million and seven hundred and fifty thousand Saudi Riyals (SAR 6,573,750,000). For more details about MAC, please see Section (3-7-1) ("**MAC's Operations**") and Section (4) ("**Management's discussion and analysis of the financial position and results of operations**").

MBAC is a limited liability company incorporated under the laws of Saudi Arabia with commercial registration number 2055012955 dated 18/02/1432H (corresponding to 22/01/2011G), with its registered address at Ras Al-Khair Industrial City, Kingdom of Saudi Arabia and its postal address at P.O Box 11342, Al-Jubail Industrial City 31961, Kingdom of Saudi Arabia. MBAC's current share capital is five billion and one hundred million Saudi Riyals (SAR 5,100,000,000) divided into five hundred and ten million (510,000,000) equal ordinary shares, with nominal value of SAR 10 per share, of which Ma'aden currently owns three hundred eighty one million nine hundred ninety thousand (381,990,000) ordinary shares, representing 74.9% of the entire issued share capital of MBAC. The paid-up capital of MBAC upon incorporation is four billion eight hundred twenty eight million four hundred sixty four thousand and four hundred and twelve Saudi Riyals (SAR 4,828,464,412). For more details about MBAC, please see Section (3-7-2) ("**MBAC's Operations**") and Section (4) ("**Management's discussion and analysis of the financial position and results of operations**").

Ma'aden has entered into a binding share purchase and subscription agreement with the Sellers on 12/03/1446H (corresponding to 15/09/2024G) (the "**SPSA**") for the purpose of Ma'aden's acquisition of 100% of the shares owned by the Sellers in each respective Target Company against Ma'aden's issuance of the Consideration Shares to each Seller, and Ma'aden made an announcement on Tadawul confirming the signing of the SPSA on 12/03/1446H (corresponding to 15/09/2024G). Under the SPSA, the Sellers will receive the Consideration Shares following the approval of Ma'aden's Transaction EGM, as well as certain other closing conditions, at the consummation of the Transaction (referred to as "**Transaction Completion**"). (For more details about the conditions of the Transaction, please refer to Section (5-2) (Legal Information of the Transaction"). The Transaction Completion is conditional upon obtaining approval of Ma'aden's Transaction EGM (for more details about the conditions of, and procedures for, Transaction Completion, please refer to Section (5-2-5-1) ("**SPSA Terms and Conditions**") and Section (5-2-2) ("**Approvals Required for Transaction Completion**") The Transaction is subject to satisfying the conditions set out in the SPSA as summarized under Section (5-2-5-1) ("**SPSA Terms and Conditions**"), noting that such conditions may not be amended or waived without the written approval of the applicable parties to the SPSA.

In addition to the issuance of the Consideration Shares to the Sellers, the Transaction consideration will also consist of the Cash Consideration amounting to five hundred sixty two million five hundred thousand Saudi Riyals (SAR 562,500,000) which will be paid by Ma'aden to AWA Saudi, with the remaining Transaction consideration of three billion five hundred sixty two million five hundred thousand Saudi Riyals (SAR 3,562,500,000) being paid through the issuance of the Consideration Shares in Ma'aden to the Sellers, calculated on a formula based on the 30-calendar-day volume-weighted average price (VWAP) of Ma'aden's shares from 09/02/1446H (corresponding to 13/08/2024G) to 09/03/1446H (corresponding to 12/09/2024G) of SAR 41.44 per share, and representing approximately 2.21% of the share capital of Ma'aden after the Transaction Completion. The total market value of the Consideration Shares amounts to three billion three hundred sixty one million seven hundred twenty two thousand and eighty eight Saudi Riyals (SAR 3,361,722,088) calculated based on the closing price of Ma'aden's shares as of 09/03/1446H (corresponding to 12/09/2024G) – which is the last trading day prior to signing the SPSA – of SAR 39.1 per share.

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

After issuing the Consideration Shares, the ownership of current Ma'aden's shareholders will constitute 97.79% of Ma'aden's share capital, while the direct and indirect ownership by the Sellers in Ma'aden will collectively be equal to 2.21% of Ma'aden's share capital. It should be noted that in the case of approval of the Transaction, the Target Companies' shares to be acquired will be transferred to Ma'aden at the Transaction Completion. For more details about the Transaction impact and justifications, please refer to Section (3-2) ("**Transaction Rationale**").

The 25.1% stake in each Target Company has a collective valuation of four billion and one hundred and twenty five million Saudi Riyals (SAR 4,125,000,000). Based on this valuation, the Transaction consideration will consist in issuing the Consideration Shares in Ma'aden with a total nominal value of eight hundred fifty nine million seven hundred seventy five thousand and four hundred and seventy Saudi Riyals (SAR 859,775,470) in addition to the Cash Consideration to be paid by Ma'aden to AWA Saudi. The total market value of the Consideration Shares is three billion five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 3,562,500,000) based on the agreed 30-calendar-day volume weighted average price (VWAP) of SAR 41.44 per share of Ma'aden's shares as of 09/03/1446H (corresponding to 12/09/2024G). The total value of Consideration Shares to be recorded in the consolidated financial statements of Ma'aden will be determined based on the closing price of Ma'aden's shares at the last trading day prior to the date of the Transaction Completion.

The current share capital of Ma'aden is thirty eight billion twenty seven million eight hundred fifty eight thousand and seven hundred and ten Saudi Riyals (SAR 38,027,858,710) divided into three billion eight hundred two million seven hundred eighty five thousand and eight hundred and seventy one (3,802,785,871) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, all of which are fully paid and listed on Saudi Exchange (Tadawul).

The following table shows details of the direct ownership* in Ma'aden of each of the Substantial Shareholders and the public prior to and following the Transaction Completion as of 13/08/1446H (corresponding to 12/02/2025G):

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares in Ma'aden	Shareholding % in Ma'aden	No. of Shares in Ma'aden	Shareholding % in Ma'aden
Public Investment Fund	2,480,263,014	65.22226331%	2,480,263,014	63.78024959%
Members of Ma'aden's Board of Directors (1)	169,888	0.00446746%	169,888	0.00436869%
Ma'aden's Senior Executives (2)	697	0.00001833%	697	0.00001792%
Treasury Shares	7,866,754	0.20686818%	7,866,754	0.20229449%
Alcoa Saudi	N/A	N/A	67,612,162	1.73865455%
AWA Saudi	N/A	N/A	18,365,385	0.47226799%
Public (3)	1,314,485,518	34.5663827%	1,314,485,518	33.80214677%
Total	**3,802,785,871**	**100%**	**3,888,763,418**	**100%**

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

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

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

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

The Transaction does not involve Related Parties nor conflicted directors.

Ma'aden has submitted an application to the Capital Market Authority (the "**CMA**") to list and offer the Consideration Shares and to the Saudi Exchange (Tadawul) to accept the listing of the Consideration Shares. The CMA's approval was obtained on 06/12/1446H (corresponding to 02/06/2025G) while the Saudi Exchange's (Tadawul) approval was obtained on 06/11/1446H (corresponding to 04/05/2025G), and all requirements of the CMA and the Saudi Exchange (Tadawul) have been satisfied. Subject to obtaining approvals from Ma'aden's Transaction EGM, all the regulatory approvals related to the Transaction and the Capital Increase have been obtained (for more details in this regard, please refer to Section (5-2-2) ("**Approvals Required for Transaction Completion**").

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

The members of the board of directors of Ma'aden, having considered the market position prevailing at the time of the publication of this Circular in addition to the future growth prospects of Ma'aden and the Target Companies, including potential synergies, and having done the due diligence they deemed sufficient in the circumstances, believe that the Transaction is in the best interests of Ma'aden and its shareholders as of the date of this Circular and based upon and subject to the factors and assumptions set forth therein, and have therefore agreed to enter into the SPSA, which was signed on 12/03/1446H (corresponding to 15/09/2024G).

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

Ma'aden appointed SNB Capital Company as financial advisor in relation to the Transaction.

Financial Advisor

SNB Capital

This Circular was published on 07/12/1446H (corresponding to 03/06/2025G). It was drafted in both Arabic and English. Arabic shall be the official language of the Circular and in case of any discrepancy between the Arabic and English texts, the Arabic text shall prevail.

IMPORTANT NOTICE

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

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

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

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

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

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

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

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

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

FORWARD-LOOKING FORECASTS AND STATEMENTS

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

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

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

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

PUBLICATION AND DISTRIBUTION RESTRICTIONS

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

FINANCIAL AND OTHER INFORMATION

Ma'aden's consolidated financial statements for the year ended 31 December 2024G, which are available on Ma'aden's website (www.maaden.com.sa) or Saudi Exchange (Tadawul) website (www.saudiexchange.sa), the Target Companies' financial statements for the years ended 31 December 2021G, 31 December 2022G, 31 December 2023G and 31 December 2024G are prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA. Ma'aden unaudited pro forma consolidated financial information for the year ended 31 December 2024 has been prepared by management. It should also be noted that financial information contained in this Circular is based on management estimates and has not been independently audited by chartered accountants or otherwise except as expressly stated. Save as disclosed otherwise, all financial information is set out in SAR.

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

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

SECTOR AND MARKET INFORMATION

The market information and details contained in Section (1) ("Market and Industry Section") were obtained from CRU ("**Market Data Provider**").

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

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

CORPORATE DIRECTORY

Saudi Arabian Mining Company (Ma'aden)	
Saudi Arabian Mining Company (Ma'aden) Abi Bakr As Siddiq, Al Maseef Dist., Riyadh 3996 - 12468 Kingdom of Saudi Arabia Tel: 0118748000 Fax: 0118748300 Email: info@maaden.com.sa Website: www.maaden.com.sa	

Issuer Representatives	
Robert Glenn Wilt Board Member of the Issuer Abi Bakr As Siddiq Road, Al Maseef Dist., Riyadh 3996 – 12468, Kingdom of Saudi Arabia Tel: 0118748100 Fax: N/A Email: wiltr@maaden.com.sa Website: www.maaden.com.sa	**Louis Oliver Irvine** Chief Financial Officer of the Issuer Abi Bakr As Siddiq Road, Al Maseef Dist., Riyadh 3996 – 12468, Kingdom of Saudi Arabia Tel: 0118748100 Fax: N/A Email: irvinel@maaden.com.sa Website: www.maaden.com.sa

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Ma'aden's Legal Advisor
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Independent Auditor for Ma'aden, MAC and MBAC
PricewaterhouseCoopers Public Accountants Kingdom Tower King Fahad Road P.O Box 8282 Riyadh 11482 Kingdom of Saudi Arabia Tel: +966 (11) 211 0400 Fax: +966 (11) 211 0401 Email: SA-ASR-projectpuma@groups.pwc.com Website: www.pwc.com/middle-east

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

SUMMARY

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

<table>
<tr><th colspan="2">Ma'aden (Issuer)</th></tr>
<tr><td>Name, Description and Incorporation Information</td><td>Saudi Arabian Mining Company (Ma'aden) is a listed joint stock company, incorporated and existing under the laws of the Kingdom of Saudi Arabia pursuant to the Royal Decree no. M/17 dated 14/11/1417H (corresponding to 23/03/1997G), with commercial registration number (1010164391) dated 10/11/1421H (corresponding to 03/02/2001G), and having its registered address at P.O Box 68861, Riyadh 11537, Kingdom of Saudi Arabia.</td></tr>
<tr><td>Ma'aden's Business Activities</td><td>Ma'aden business encompasses all different aspects and stages of the mining industry, including the development of the industry and related industries, and the development of the supply chain and products in the industry. This shall exclude petroleum and natural gas except for improving mining products and byproducts.
According to Ma'aden's bylaws, Ma'aden carries out the following activities:
a- Professional, scientific and technical activities.
b- Mining and quarrying.
c- Manufacturing.
d- Financial and insurance activities.
Ma'aden shall perform its activities pursuant to the applicable laws after obtaining all necessary licenses from any required competent authorities.
According to its commercial registration certificate, the activities of Ma'aden are as follows:
a- Test drilling of mineral explorations and precious metals.
b- Repair and maintenance of mining, construction, and oil and gas field machinery.
c- Repair and maintenance of electricity distribution and control devices.
d- Manufacture of chains and bedrails.</td></tr>
<tr><td>Substantial Shareholders in Ma'aden and their number of shares and shareholding percentage before and after the Transaction Completion.</td><td>The following table shows details of direct ownership* in Ma'aden of each of the Substantial Shareholders prior to and following the Transaction Completion as of 13/08/1446H (corresponding to 12/02/2025G):
<table>
<tr><th rowspan="2">Shareholder</th><th colspan="2">Pre-Completion</th><th colspan="2">Post-Completion</th></tr>
<tr><th>No. of Shares</th><th>Shareholding %</th><th>No. of Shares</th><th>Shareholding %</th></tr>
<tr><td>Public Investment Fund</td><td>2,480,263,014</td><td>65.22226331%</td><td>2,480,263,014</td><td>63.78024959%</td></tr>
<tr><td>Total</td><td>2,480,263,014</td><td>65.22226331%</td><td>2,480,263,014</td><td>63.78024959%</td></tr>
</table>
* It should be noted that none of Ma'aden's Substantial Shareholders hold any indirect interest in Ma'aden.</td></tr>
<tr><td>Ma'aden's share capital</td><td>Thirty eight billion twenty seven million eight hundred fifty eight thousand and seven hundred and ten Saudi Riyals (SAR 38,027,858,710).</td></tr>
<tr><td>Total Number of Ma'aden Shares</td><td>Three billion eight hundred two million seven hundred eighty five thousand and eight hundred and seventy one (3,802,785,871) ordinary shares.</td></tr>
<tr><td>Nominal Value per Share</td><td>Ten (10) Saudi Riyals.</td></tr>
<tr><td>Total Number of the Consideration Shares</td><td>Eighty five million nine hundred seventy seven thousand and five hundred and forty seven (85,977,547) ordinary shares, whereby Alcoa Saudi will be allocated a total of sixty seven million six hundred twelve thousand and one hundred and sixty two (67,612,162) ordinary shares from the Consideration Shares, representing 1.74% of Ma'aden's share capital after the Transaction Completion, and AWA Saudi will be allocated a total of eighteen million three hundred sixty five thousand and three hundred and eighty five (18,365,385) ordinary shares from the Consideration Shares representing 0.47% of Ma'aden's share capital after the Transaction Completion.</td></tr>
</table>

Consideration Shares% from Ma'aden's Current Share Capital	2.26%
Issuance Value of each Consideration Share	The nominal value of Consideration Shares is ten (10) Saudi Riyals per share and the shares shall be fully paid. The total value of Consideration Shares, as will be recorded on the consolidated financial statements of Ma'aden, will be determined based on the closing price of Ma'aden's share at the last trading day prior to the date of the Transaction Completion.
Total Value of Consideration	The Transaction consideration consist of the Consideration Shares which has a total value of eight hundred fifty nine million seven hundred seventy five thousand and four hundred and seventy Saudi Riyals (SAR 859,775,470) in addition to the Cash Consideration to be paid by Ma'aden to AWA Saudi in the amount of five hundred sixty two million five hundred thousand Saudi Riyals (SAR 562,500,000). The total market value of Consideration Shares is three billion five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 3,562,500,000) based on the agreed 30-calendar-day VWAP of SAR 41.44 per share of Ma'aden's share as of 09/03/1446H (corresponding to 12/09/2024G). The total value of Consideration Shares to be included in Ma'aden's consolidated financial statements will be determined at a later date based on the closing price of Ma'aden's share at the last trading day prior to the date of the Transaction Completion.
Description of the Transaction	
Description of the Transaction	The Transaction will be implemented as a capital increase in the share capital of Ma'aden, in accordance with Article (60) of the Rules on the Offer of Securities and Continuing Obligations, from thirty eight billion twenty seven million eight hundred fifty eight thousand and seven hundred and ten Saudi Riyals (SAR 38,027,858,710) to thirty eight billion eight hundred eighty seven million six hundred thirty four thousand and one hundred and eighty Saudi Riyals (SAR 38,887,634,180) and increasing the number of Ma'aden's shares from three billion eight hundred two million seven hundred eighty five thousand and eight hundred and seventy one (3,802,785,871) ordinary shares to three billion eight hundred eighty eight million seven hundred sixty three thousand and four hundred and eighteen (3,888,763,418) ordinary shares; which represents an increase of 2.26% in the current share capital of Ma'aden. The share capital of Ma'aden will be increased for the purpose of the acquisition of 100% of the shares owned by Alcoa Saudi in MAC, which are one hundred sixty five million one thousand and one hundred and twenty five (165,001,125) ordinary share with a nominal value of SAR 10 per share representing 25.1% of the share capital of MAC and the acquisition of 100% of the shares owned by AWA Saudi in MBAC, which are one hundred twenty eight million and ten thousand (128,010,000) ordinary share with a nominal value of SAR 10 per share representing 25.1% of the share capital of MBAC, by increasing the share capital of Ma'aden and issuing eighty five million nine hundred seventy seven thousand and five hundred and forty seven (85,977,547) new ordinary shares, with a nominal value of SAR 10 per share, in Ma'aden to the Sellers, whereby Alcoa Saudi will be allocated a total of sixty seven million six hundred twelve thousand and one hundred and sixty two (67,612,162) ordinary shares from the Consideration Shares, representing 1.74% of Ma'aden's share capital after the Transaction Completion, and AWA Saudi will be allocated a total of eighteen million three hundred sixty five thousand and three hundred and eighty five (18,365,385) ordinary shares from the Consideration Shares representing 0.47% of Ma'aden's share capital after the Transaction Completion, in addition to a cash payment by Ma'aden to AWA Saudi in the amount of five hundred sixty two million five hundred thousand Saudi Riyals (SAR 562,500,000). For more details about the Transaction Completion, please refer to Section (5-2) ("**Legal Information of the Transaction**").
MAC (to be acquired)	
Name, Description, and Incorporation Information	Ma'aden Aluminium Company (MAC) is a limited liability company incorporated under the laws of the Kingdom of Saudi Arabia with commercial registration number 2055012511 dated 02/11/1431H (corresponding to 10/10/2010G), with its registered address at Ras Al-Khair Industrial City, Kingdom of Saudi Arabia and its postal address at P.O Box 11342, Al-Jubail Industrial City 31961, Kingdom of Saudi Arabia. MAC's current share capital is six billion five hundred seventy three million and seven hundred and fifty thousand Saudi Riyals (SAR 6,573,750,000) divided into six hundred fifty seven million and three hundred and seventy five thousand (657,375,000) equal ordinary shares, with nominal value of SAR 10 per share, of which Ma'aden currently owns four hundred ninety two million three hundred seventy three thousand eight hundred seventy five (492,373,875) ordinary shares, representing 74.9% of the entire issued share capital of MAC. The paid-up capital of MAC upon incorporation is six billion five hundred seventy three million and seven hundred and fifty thousand Saudi Riyals (SAR 6,573,750,000).

MAC's Business Activities	According to its articles of association, MAC's activities are: 1- Manufacturing previous and non-ferrous basic metals, pursuant to investment license number (121031088618) dated 19/08/1431H (corresponding to 31/07/2010G). 2- Non-ferrous metal casting, pursuant to investment license number (121031088618) dated 19/08/1431H (corresponding to 31/07/2010G). Separately, pursuant to its commercial registration, MAC carries out the following activities: 1- Smelting, rolling, drawing, refining and casting of aluminium and its alloys, pursuant to investment license number (121031088618) dated 19/08/1431H (corresponding to 31/07/2010G). 2- Non-ferrous metal casting, finished products including aluminium, zinc, etc., pursuant to investment license number (121031088618) dated 19/08/1431H (corresponding to 31/07/2010G). 3- Non-ferrous metals casting, semi-finished products including aluminum and zinc, etc., pursuant to investment license number (121031088618) dated 19/08/1431H (corresponding to 31/07/2010G). MAC shall perform its activities in accordance with the applicable laws and subject to obtaining the necessary licenses from the competent authorities, if any. For more details about MAC, please refer to Section (3-7) ("**Overview of the Target Companies' Operations**").
Substantial Shareholders in MAC and their number of shares and shareholding percentage before and after the Transaction Completion.	The following table shows details of the direct ownership in MAC of each of the Substantial Shareholders prior to and following the Transaction Completion as of 13/08/1446H (corresponding to 12/02/2025G):

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Ma'aden	492,373,875	74.9%	657,375,000	100%
Alcoa Saudi	165,001,125	25.1%	N/A	N/A
Total	**657,375,000**	**100%**	**657,375,000**	**100%**

MAC's Share Capital	Six billion five hundred seventy three million and seven hundred and fifty thousand Saudi Riyals (SAR 6,573,750,000).
Total Number of MAC's Shares	Six hundred fifty seven million and three hundred and seventy five thousand (657,375,000) equal ordinary shares.
Shares to be Acquired	One hundred sixty-five million one thousand and one hundred and twenty five (165,001,125) ordinary shares.
Name of the Selling Shareholder in MAC and the Total Number of Shares to be Acquired	Alcoa Saudi's total shareholding in MAC amount to one hundred sixty-five million one thousand and one hundred and twenty five (165,001,125) ordinary shares which will be wholly acquired by Ma'aden.
MBAC (to be acquired)	
Name, Description, and Incorporation Information	Ma'aden Bauxite and Alumina Company (MBAC) is a limited liability company incorporated under the laws of the Kingdom of Saudi Arabia with commercial registration number 2055012955 dated 18/02/1432H (corresponding to 22/01/2011G), with its registered address at Ras Al-Khair Industrial City, Kingdom of Saudi Arabia and its postal address at P.O Box 11342, Al-Jubail Industrial City 31961, Kingdom of Saudi Arabia. MBAC's current share capital is five billion and one hundred million Saudi Riyals (SAR 5,100,000,000) divided into five hundred and ten million (510,000,000) equal ordinary shares, with nominal value of SAR 10 per share, of which Ma'aden currently owns three hundred eighty one million nine hundred ninety thousand (381,990,000) ordinary shares, representing 74.9% of the entire issued share capital of MBAC. The paid-up capital of MBAC upon incorporation is four billion eight hundred twenty eight million four hundred sixty four thousand and four hundred and twelve Saudi Riyals (SAR 4,828,464,412).

<table>
<tr><td>MBAC's Business Activities</td><td>According to its articles of association, MBAC's activity is manufacturing previous and non-ferrous basic metals, pursuant to investment license number (121032019272) dated 21/01/1432H (corresponding to 27/12/2010G).

Separately, pursuant to its commercial registration, MBAC carries out the following activities:
1- Smelting, rolling, drawing, refining and casting of aluminium and its alloys, pursuant to investment license number (121032019272) dated 21/01/1432H (corresponding to 27/12/2010G).
2- Production of alumina from nickel or copper, pursuant to investment license number (121032019272) dated 21/01/1432H (corresponding to 27/12/2010G).

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

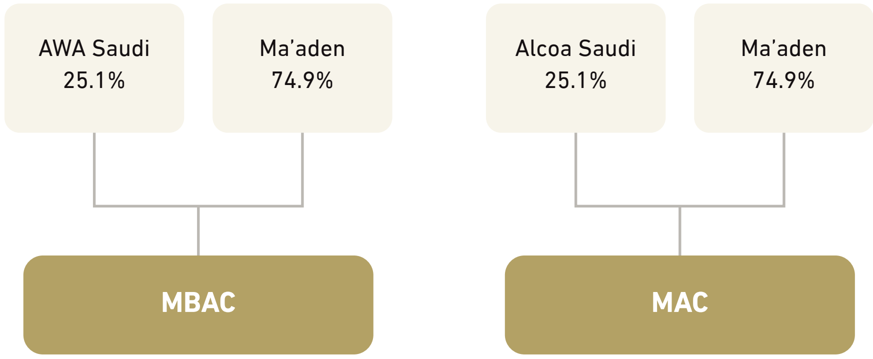
For more details about MBAC, please refer to Section (3-7) ("Overview of the Target Companies' Operations").</td></tr>
<tr><td>Substantial Shareholders in MBAC and their number of shares and shareholding percentage before and after the Transaction Completion.</td><td>The following table shows details of direct ownership in MBAC of each of the Substantial Shareholders prior to and following the Transaction Completion as of 13/08/1446H (corresponding to 12/02/2025G):
<table>
<tr><th rowspan="2">Shareholder</th><th colspan="2">Pre-Completion</th><th colspan="2">Post-Completion</th></tr>
<tr><th>No. of Shares</th><th>Shareholding %</th><th>No. of Shares</th><th>Shareholding %</th></tr>
<tr><td>Ma'aden</td><td>381,990,000</td><td>74.9%</td><td>510,000,000</td><td>100%</td></tr>
<tr><td>AWA Saudi</td><td>128,010,000</td><td>25.1%</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Total</td><td>510,000,000</td><td>100%</td><td>510,000,000</td><td>100%</td></tr>
</table></td></tr>
<tr><td>MBAC's Share Capital</td><td>Five billion and one hundred million Saudi Riyals (SAR 5,100,000,000).</td></tr>
<tr><td>Total Number of MBAC's Shares</td><td>Five hundred and ten million (510,000,000) equal ordinary shares.</td></tr>
<tr><td>Shares to be Acquired</td><td>One hundred twenty eight million and ten thousand (128,010,000) ordinary shares.</td></tr>
<tr><td>Name of the Selling Shareholder in MBAC and the Total Number of Shares to be Acquired</td><td>AWA Saudi's total shareholding in MBAC amount to one hundred twenty eight million and ten thousand (128,010,000) ordinary shares, which will be wholly acquired by Ma'aden.</td></tr>
<tr><th colspan="2">Other</th></tr>
<tr><td>Ownership of the Target Companies' shareholders in Ma'aden after the Transaction Completion</td><td>After issuance of the Consideration Shares, the direct and indirect ownership by the Sellers in Ma'aden will collectively be equal to 2.21% of Ma'aden's share capital.</td></tr>
<tr><td>Related Parties</td><td>The Transaction does not involve Related Parties.</td></tr>
<tr><td>Total and Detailed Value of the Consideration</td><td>The total nominal value of the Consideration Shares is eight hundred fifty nine million seven hundred seventy five thousand and four hundred and seventy Saudi Riyals (SAR 859,775,470), and the total market value of the Consideration Shares is three billion five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 3,562,500,000) based on the agreed 30-calendar-day VWAP of Ma'aden's shares from 09/02/1446H (corresponding to 13/08/2024G) to 09/03/1446H (corresponding to 12/09/2024G) of SAR 41.44 per share, representing approximately 2.21% of the share capital of Ma'aden after the Transaction Completion. The total market value of the Consideration Shares amounts to three billion three hundred sixty one million seven hundred twenty two thousand and eighty eight Saudi Riyals (SAR 3,361,722,088) based on the closing prices of Ma'aden's shares as of 09/03/1446H (corresponding to 12/09/2024G) – which is the last trading day prior to signing the SPSA – in the amount of SAR 39.1 per share. The total value of Consideration Shares, as will be recorded on the consolidated financial statements of Ma'aden, will be determined based on the closing price of Ma'aden's share at the last trading day prior to the date of the Transaction Completion.

In addition to the issuance of the Consideration Shares to the Sellers, the Transaction consideration will also consist of the Cash Consideration to be paid by Ma'aden to AWA Saudi in the amount of five hundred sixty two million five hundred thousand Saudi Riyals (SAR 562,500,000).</td></tr>
</table>

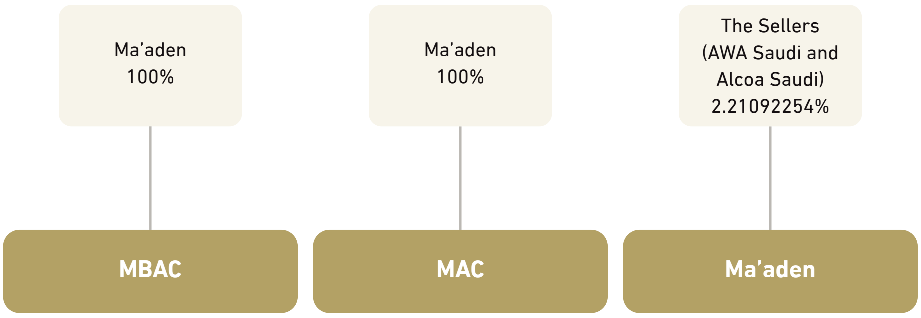
The Structure of Transaction

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

Shareholding before the completion of the Transaction:



Shareholding after the completion of the Transaction:



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

The following table shows details of the direct ownership* in Ma'aden prior to and following the Transaction Completion as of 13/08/1446H (corresponding to 12/02/2025G):

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Public Investment Fund	2,480,263,014	65.22226331%	2,480,263,014	63.78024959%
Members of Ma'aden's Board of Directors[(1)]	169,888	0.00446746%	169,888	0.00436869%
Ma'aden's Senior Executives[(2)]	697	0.00001833%	697	0.00001792%
Treasury Shares	7,866,754	0.20686818%	7,866,754	0.20229449%
Alcoa Saudi	N/A	N/A	67,612,162	1.73865455%
AWA Saudi	N/A	N/A	18,365,385	0.47226799%
Public[(3)]	1,314,485,518	34.5663827%	1,314,485,518	33.80214677%
Total	**3,802,785,871**	**100%**	**3,888,763,418**	**100%**

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

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

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

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

<table>
<tr><td>Pre-Completion and Post-Completion Shareholding Structure in MAC</td><td>
The following table shows details of the direct ownership in MAC prior to and following the Transaction Completion as of 13/08/1446H (corresponding to 12/02/2025G):
<table>
<tr><th rowspan="2">Shareholder</th><th colspan="2">Pre-Completion</th><th colspan="2">Post-Completion</th></tr>
<tr><th>No. of Shares</th><th>Shareholding %</th><th>No. of Shares</th><th>Shareholding %</th></tr>
<tr><td>Ma'aden</td><td>492,373,875</td><td>74.9%</td><td>657,375,000</td><td>100%</td></tr>
<tr><td>Alcoa Saudi</td><td>165,001,125</td><td>25.1%</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Total</td><td>657,375,000</td><td>100%</td><td>657,375,000</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>Pre-Completion and Post-Completion Shareholding Structure in MBAC</td><td>
The following table shows details of the direct ownership in MBAC prior to and following the Transaction Completion as of 13/08/1446H (corresponding to 12/02/2025G):
<table>
<tr><th rowspan="2">Shareholder</th><th colspan="2">Pre-Completion</th><th colspan="2">Post-Completion</th></tr>
<tr><th>No. of Shares</th><th>Shareholding %</th><th>No. of Shares</th><th>Shareholding %</th></tr>
<tr><td>Ma'aden</td><td>381,990,000</td><td>74.9%</td><td>510,000,000</td><td>100%</td></tr>
<tr><td>AWA Saudi</td><td>128,010,000</td><td>25.1%</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Total</td><td>510,000,000</td><td>100%</td><td>510,000,000</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>Dilution Effects</td><td>
The Transaction will lead to a decrease in the shareholding of the current Ma'aden shareholders from 100% to 97.79% of the total Ma'aden's share capital. This will not result in any change in the number of shares currently owned by Ma'aden Shareholders.

(For further information and details about the risks related to the dilution effects on voting power, etc. please refer to Section (11-11-1-11) ("Risks relating to the dilution of current shareholders' ownership and the associated reduction in voting rights").
</td></tr>
<tr><td>Impact on Earnings Per Share</td><td>
The table below shows Ma'aden's earnings per share based on Ma'aden's 2024G Financial Statements and the unaudited pro forma consolidated financial information for the fiscal year ended on December 31 2024G (which do not take into account the benefits of the Transaction):
<table>
<tr><td>Earnings per share (based on Ma'aden's audited financial statements for the year ended 31 December 2024G)</td><td>0.78</td></tr>
<tr><td>Earnings per share after the Capital Increase for the Transaction 2 (based on the unaudited proforma consolidated financial information for the year ended 31 December 2024G)</td><td>0.79</td></tr>
</table>
Transaction is expected to result in a slight increase of Ma'aden's earnings per share based on Ma'aden's audited financial statements for the year ended on 31 December 2024G and based on the pro forma consolidated financial information for the year ended on 31 December 2024G. despite the limitation on the increase in shares' earning, the transaction is of strategic significance for Ma'aden and is expected to create higher future value for its shareholders. It should be noted that it is difficult to predict any future events or results, and therefore you should not rely entirely on any expectations or statements regarding earnings per share after the Transaction Completion. For more details, please refer to Section (3-11) ("Increase or decrease in earnings per share as a result of the acquisition")
</td></tr>
<tr><td>The Transaction Rationale</td><td>
The acquisition of Awa and Alcoa's stakes in Ma'aden Aluminum Company (MAC) and Ma'aden Bauxite and Alumina Company (MBAC) is an important step forward in Ma'aden Strategy which focuses on delivering superior growth, developing the mining sector as the third pillar of the Saudi economy and strengthening the company's competitive position in the mining industry. MAC and MBAC are among the largest Aluminum manufacturers in the region and the Transaction provides great strategic and financial benefits to Ma'aden. For further details please refer to Section (3-2) ("Transaction Rationale").
</td></tr>
</table>

Summary of Key Steps to Effect the Capital Increase and Issue the Consideration Shares	The key steps required for the Transaction Completion and finalization of the related procedures, which are not carried out at the date of this Circular, are as follows: • Obtaining the approval of the CMA on the application of Ma'aden's Capital Increase. • Obtaining the approval of the CMA on the invitation to the EGM in relation to the Transaction in accordance with the relevant laws and regulations and the Ma'aden's bylaws. • Obtaining approval from Ma'aden Shareholders on the Acquisition Resolution at Ma'aden's Transaction EGM. • Obtaining the approval of Tadawul to list the Consideration Shares and depositing them in the portfolio of each Seller. • Notifying the Ministry of Industry and Mineral Resources of the change of ownership in MAC as a result of the Transaction. • Notifying the Ministry of Industry and Mineral Resources of the change of ownership in MBAC as a result of the Transaction. • Cancellation by MISA of the foreign investment license of MAC and the issuance by MISA of the national company certification/resolution with effect from the Transaction Completion. • Cancellation by MISA of the foreign investment license of MBAC and the issuance by MISA of the national company certification/resolution with effect from the Transaction Completion. • Obtaining the approval of the Ministry of Commerce on the proposed amendments to Ma'aden's bylaws and Ma'aden's commercial registration certificate as well as each Target Company's articles of association to reflect the Transaction. • Satisfying all other terms and conditions set out in the SPSA as summarized in Section (5-2-5-1) ("**SPSA Terms and Conditions**"). For more information please refer to Section (3) ("The Transaction") and "Key Dates and Milestones" Section.
Entitlement to Dividends of the Consideration Shares	The Consideration Shares will entitle their holders to receive dividends declared by Ma'aden following the date of Transaction Completion according to the maturity date for each declared dividend.
Required Approvals in connection with the Capital Increase	The Transaction and the Capital Increase are conditional upon obtaining a number of approvals as follows: • CMA approval of the Capital Increase and the publication of this Circular. This approval was obtained on 06/12/1446H (corresponding to 02/06/2025G). • Approval of the Saudi Exchange (Tadawul) on the listing of Consideration Shares on the Saudi Exchange (Tadawul). This approval was obtained on 06/11/1446H (corresponding to 04/05/2025G). • A non-objection certificate from the General Authority for Competition with respect to the economic concentration arising from the Transaction. This non-objection certificate was obtained on 26/01/2025G. • Cancellation by MISA of the foreign investment license of MAC and the issuance by MISA of the national company certification/resolution with effect from the Transaction Completion, which shall be obtained after the Transaction Completion. • Cancellation by MISA of the foreign investment license of MBAC and the issuance by MISA of the national company certification/resolution with effect from the Transaction Completion, which shall be obtained after the Transaction Completion. • Approval of the Ministry of Commerce on the proposed amendments to Ma'aden's bylaws and Ma'aden's commercial registration certificate as well as each Target Company's articles of association to reflect the Transaction, which shall be obtained after the Transaction Completion. • The CMA approval to convene Ma'aden's Transaction EGM, the date and time of such EGM shall be posted on Saudi Tadawul's website. • Approvals from Ma'aden's Shareholders on the Acquisition Resolution at Ma'aden's Transaction EGM, which has not been convened yet. For further information on the conditions and procedures of the Transaction, please refer to Section (4-1) ("**Legal Information**").
Voting Rights of the Consideration Shares	All Ma'aden's shares are of one class and no share gives its shareholders preferred rights. The Consideration Shares will be issued of the same class of the current Ma'aden's shares with the same rights they enjoy including voting rights and rights to receive dividends in accordance with the Companies Law and the bylaws of Ma'aden.

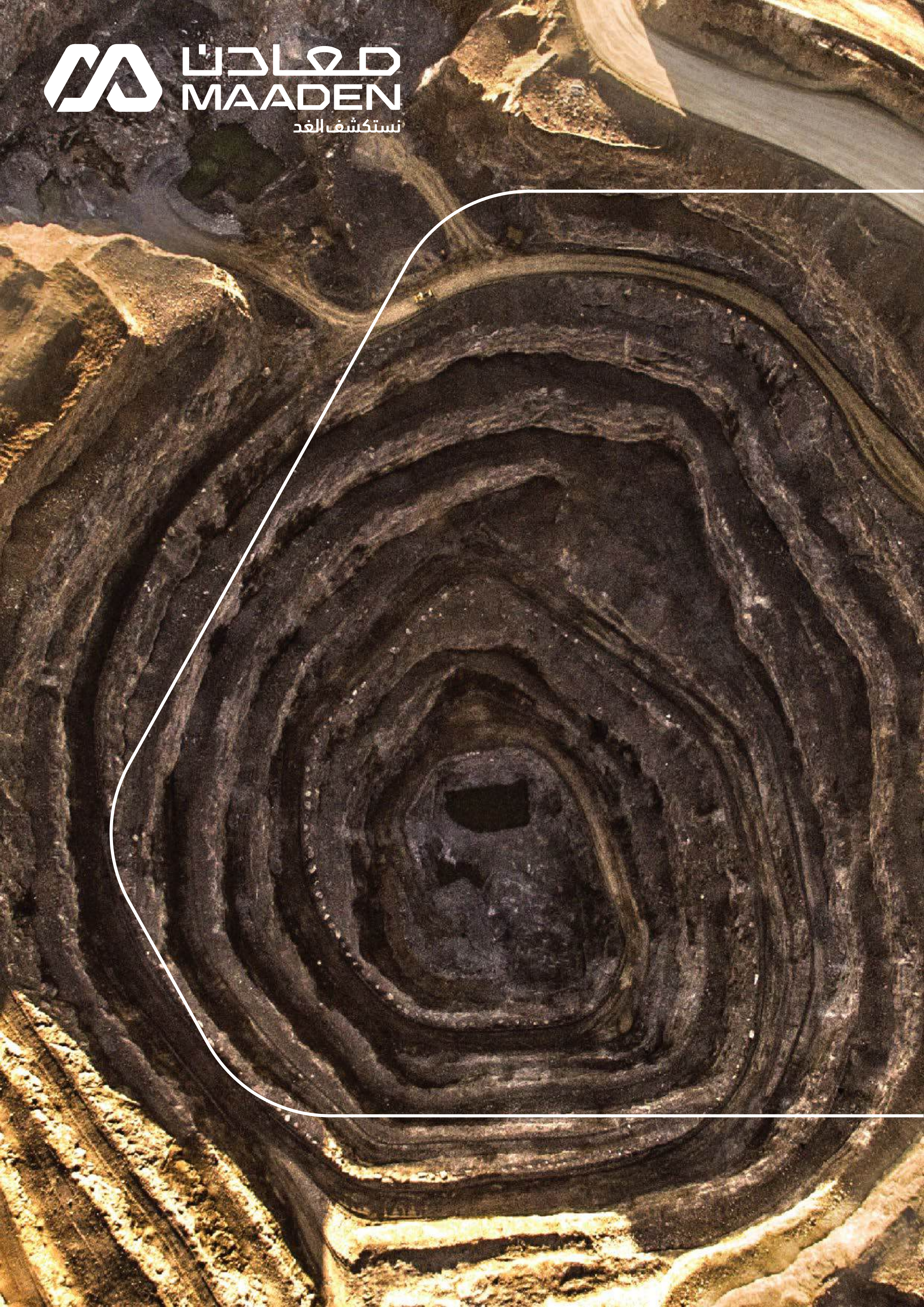
Restrictions on the Consideration Shares	Pursuant to the SPSA, the Sellers may not, directly or indirectly, transfer or dispose of any of the Consideration Shares other than to its affiliates in certain circumstances without the prior written consent of Ma'aden, except as follows: • following the third anniversary of the Transaction Completion, the Sellers may transfer or dispose of an amount of the Consideration Shares equal to up to one-third of the aggregate amount of the Consideration Shares (the "**1st Lock-Up Period**"); • following the fourth anniversary of the Transaction Completion, the Sellers may transfer or dispose of an amount of the Consideration Shares equal to up to two-thirds of the aggregate amount of the Consideration Shares (the "**2nd Lock-Up Period**"); and • following the fifth anniversary of the Transaction Completion, the Sellers may transfer or dispose of an amount of the Consideration Shares equal to up to 100% of the Consideration Shares ("**3rd Lock-Up Period**"). The 1st Lock-Up Period, the 2nd Lock-Up Period, and the 3rd Lock-Up Period are collectively referred to as (the "**Lock-Up Periods**"). Notwithstanding the above, the Sellers are permitted certain rights as further detailed in Section (5-2-5-4) ("**Lock-Up Periods**") of this Circular.
Ma'aden's share Capital Increase is conditional upon approval of Ma'aden's Transaction EGM.	

KEY DATES AND MILESTONES

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

Event	Timeline/ Expected Date
1. Actions required in relation to EGM	
Submission of the final draft of this Circular to the CMA.	The final draft of this Circular was submitted to the CMA on 06/12/1446H (corresponding to 02/06/2025G)
CMA approval of the Capital Increase and publication of this Circular.	06/12/1446H (corresponding to 02/06/2025G)
CMA approval to convene Ma'aden's Transaction EGM.	07/12/1446H (corresponding to 03/06/2025G)
Publication of the invitation to Ma'aden's Transaction EGM on Saudi Exchange's (Tadawul) website (and refer to the possibility of holding a second meeting within an hour after the end of first meeting if the quorum is not met in the first meeting).	07/12/1446H (corresponding to 03/06/2025G)
Publication of this Circular.	07/12/1446H (corresponding to 03/06/2025G)
Documentation available for inspection.	07/12/1446H (corresponding to 03/06/2025G)
Electronic voting period for Ma'aden's EGM.	23/12/1446H (corresponding to 19/06/2025G)
Ma'aden's Transaction EGM (first meeting) – quorum required is shareholders representing at least 50% of the share capital.	28/12/1446H (corresponding to 24/06/2025G)
Ma'aden's Transaction EGM (second meeting) (if quorum for first meeting is not attained) – quorum required is shareholders representing at least 25% of the company's share capital.	After one hour from the end of the first inquorate meeting in the event that the quorum required to hold the first meeting is not present.
Announcement on Saudi Exchange's (Tadawul) website of the Acquisition Resolutions passed at Ma'aden's Transaction EGM (first or second meeting) (or, if the EGM was not quorate, the announcement of such fact).	29/12/1446H (corresponding to 25/06/2025G)
2. Actions Required in the event that the first and second EGM are not quorate	
CMA approval to convene Ma'aden's Transaction EGM (third meeting).	01/01/1447H (corresponding to 26/06/2025G)
Publication of the invitation to Ma'aden's Transaction EGM (third meeting) on Saudi Exchange's (Tadawul) website.	04/01/1447H (corresponding to 29/06/2025G)
Electronic voting period for Ma'aden's Transaction EGM (third meeting) on Saudi Exchange's (Tadawul) website.	20/01/1447H (corresponding to 15/07/2025G)
Ma'aden's Transaction EGM (third meeting) will be valid irrespective of the number of shares represented in the meeting.	25/01/1447H (corresponding to 20/07/2025G)
Publication and Announcement on Saudi Exchange's (Tadawul) website of the Acquisition Resolutions passed by the third meeting of Ma'aden's EGM (as the case may be).	26/01/1447H (corresponding to 21/07/2025G)

Event	Timeline/ Expected Date
3. Transaction Completion	
Effectiveness of Acquisition Resolution and Transaction Completion.	28/12/1446H (corresponding to 24/06/2025G) (if approval is obtained in the first or second meeting of Ma'aden's EGM). 25/01/1447H (corresponding to 20/07/2025G) (if approval is obtained in the third meeting of Ma'aden's EGM, as the case may be).
Documenting the Transaction and transferring the Sellers' shares in each respective Target Company to Ma'aden.	28/12/1446H (corresponding to 24/06/2025G) (if approval is obtained in the first or second meeting of Ma'aden's EGM). 25/01/1447H (corresponding to 20/07/2025G) (if approval is obtained in the third meeting of Ma'aden's EGM, as the case may be).
Listing the Consideration Shares on the Saudi Exchange (Tadawul) and allocating such shares to the benefit of the Sellers.	Within a period of not less than the third trading period and not exceeding the sixth trading period after the date of Transaction Completion.
Amendment of Ma'aden's commercial registration certificate and providing the Ministry of Commerce with amended bylaws.	Within thirty (30) days as of the date of Transaction Completion, which is expected to occur on: 29/01/1447H (corresponding to 24/07/2025G) (If approval is obtained in the first or second meeting of Ma'aden's EGM). 25/02/1447H (corresponding to 19/08/2025G) (if approval is obtained in the third meeting of Ma'aden's EGM, as the case may be).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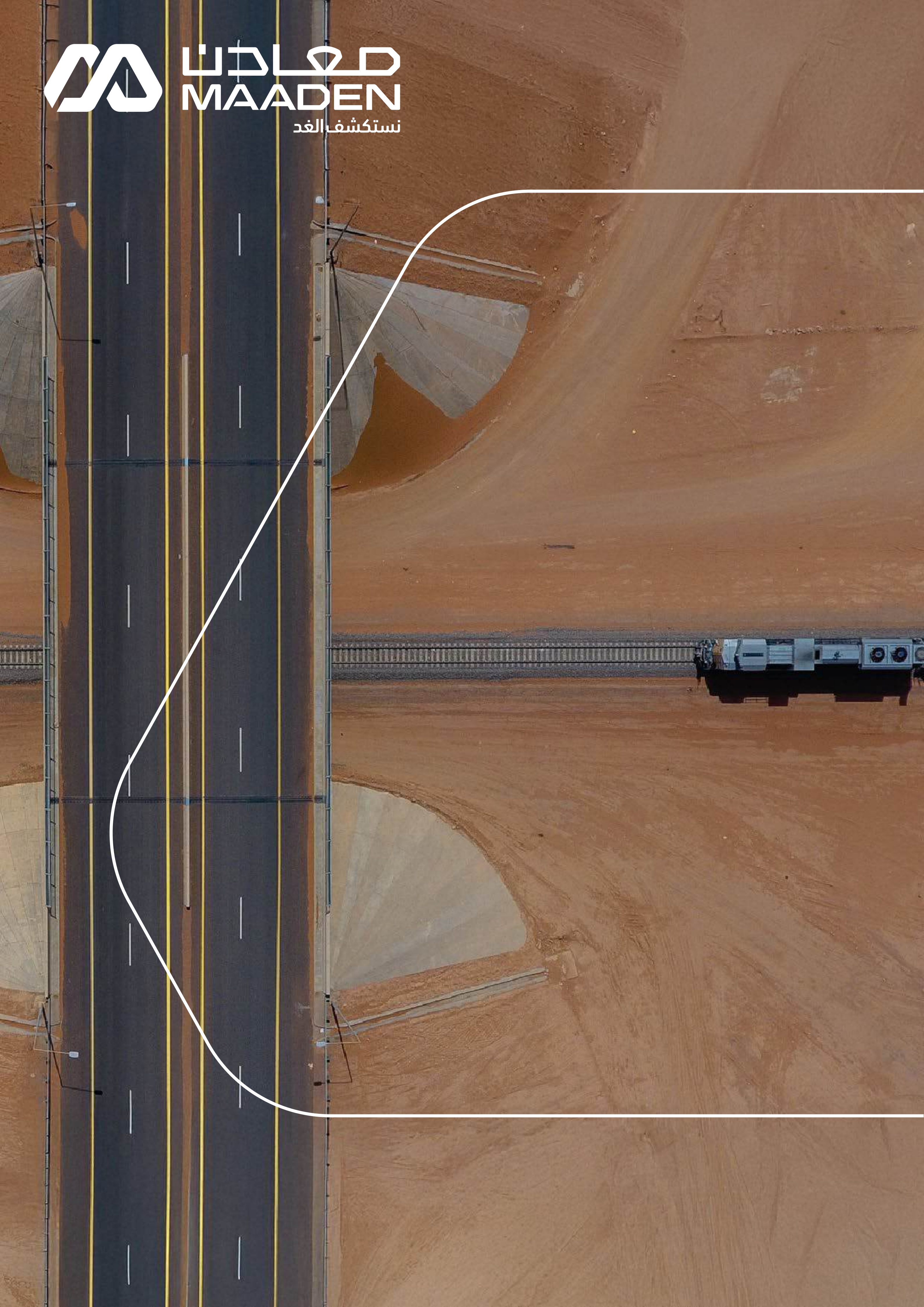
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DEFINITIONS AND TERMS

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

Ma'aden	Saudi Arabian Mining Company (Ma'aden), a public joint-stock company, incorporated and existing under the laws of the Kingdom of Saudi Arabia, with commercial registration number (101064391), and having its registered address at P.O Box 68861, Riyadh 11537, Kingdom of Saudi Arabia.
MAC	Ma'aden Aluminium Company, a limited liability company incorporated under the laws of Saudi Arabia with commercial registration number 2055012511 and with its registered address at Ras Al-Khair Industrial City, Kingdom of Saudi Arabia and its postal address at P.O Box 11342, Al-Jubail Industrial City 31961, Kingdom of Saudi Arabia.
MBAC	Ma'aden Bauxite and Alumina Company, a limited liability company incorporated under the laws of Saudi Arabia with commercial registration number 2055012955 and with its registered address at Ras Al-Khair Industrial City, Kingdom of Saudi Arabia and its postal address at P.O Box 11342, Al-Jubail Industrial City 31961, Kingdom of Saudi Arabia.
Target Company or Target Companies	MAC and MBAC.
Alcoa Saudi	Alcoa Saudi Smelting Investments B.V., a unipersonal limited liability company duly organised and existing under the laws of the Netherlands, pursuant to the registration number 96716266, and having its registered office at Weena 798, 3014 DA Rotterdam, the Netherlands (formerly referred to as Alcoa Saudi Smelting S.L, with commercial register number B85947356, and having its registered office at Calle Pedro Teixeira 8, Madrid 28020, Spain), and owned by Alcoa Corporation.
AWA Saudi	AWA Saudi Limited, a limited liability company duly organised and existing under the laws of Hong Kong with commercial registration number 1481005 and having its registered office at South China Building, 1-3 Wyndham Street, 14th Floor, Central, Hong Kong, and owned by Alcoa Corporation.
Guarantor or Alcoa Corporation	Alcoa Corporation, a corporation duly organised and existing under the laws of the State of Delaware, USA with its registered address at 201 Isabella Street, Pittsburgh, PA 15212 USA, and it is a listed company in the New York Stock Exchange (NYSE).
SPSA	The binding share purchase and subscription agreement dated 12/03/1446H (corresponding to 15/09/2024G) entered into between Ma'aden, Alcoa Saudi, AWA Saudi and the Guarantor for the purpose of Ma'aden's acquisition of 100% of the shares owned by the Sellers in each respective Target Company against Ma'aden's issuance of the Consideration Shares to the Sellers, which sets out the terms and conditions of, and the parties' rights and obligations in connection with, the Transaction. The SPSA has been amended through a side letter dated 25/02/2025G signed by the parties to the SPSA, to update the domicile of Alcoa Saudi from its previous location in Spain to its current location in the Netherlands.
Transaction Announcement	The announcement made by Ma'aden on 12/03/1446H (corresponding to 15/09/2024G). confirming the signing of the SPSA.
Transaction Completion	Consummation of the Transaction after the approval of the Ma'aden Transaction EGM and the satisfaction or waiver of certain other closing conditions included in the SPSA.
EGM	An extraordinary general assembly meeting of the shareholders of Ma'aden convened in accordance with the provisions of the Ma'aden Bylaws.
Consideration Shares	The new Ma'aden shares to be issued to the Sellers pursuant to the Transaction amounting to eighty five million nine hundred seventy seven thousand and five hundred and forty seven (85,977,547) ordinary shares with a nominal value of SAR 10 per share, whereby Alcoa Saudi will be allocated a total of sixty seven million six hundred twelve thousand and one hundred and sixty two (67,612,162) ordinary shares from the Consideration Shares, representing 1.74% of Ma'aden's share capital after the Transaction Completion, and AWA Saudi will be allocated a total of eighteen million three hundred sixty five thousand and three hundred and eighty five (18,365,385) ordinary shares from the Consideration Shares representing 0.47% of Ma'aden's share capital after the Transaction Completion.
Affiliate	A person who controls another person or is controlled by such other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Circular	This Shareholder Circular issued by Ma'aden in line with the requirements of Article 60 of the OSCOs.
Restricted Jurisdiction	Any country or jurisdiction where the offer of the Consideration Shares, or distribution or publication of this Circular or any other documents related to, the Consideration Shares would violate the laws of, or regulations applicable to, that country or jurisdiction.
SAR	Saudi Arabian Riyals, the official currency of KSA.

Capital Increase	The proposed increase in the share capital of Ma'aden from thirty eight billion twenty seven million eight hundred fifty eight thousand and seven hundred and ten Saudi Riyals (SAR 38,027,858,710) to thirty eight billion eight hundred eighty seven million six hundred thirty four thousand and one hundred and eighty Saudi Riyals (SAR 38,887,634,180) and the increase in the number of its shares from three billion eight hundred two million seven hundred eighty five thousand and eight hundred and seventy one (3,802,785,871) ordinary shares to three billion eight hundred eighty eight million seven hundred sixty three thousand and four hundred and eighteen (3,888,763,418) ordinary shares, which represents an increase of 2.26% for the current capital of Ma'aden.
Closing Price	Last trading price for the shares, according to the mechanism set by the Saudi Exchange (Tadawul).
Saudization	An initiative by the government that aims to increase the local participation in private sector jobs, and it is supervised by the Ministry of Human Resources and Social Development.
Saudi Exchange (Tadawul)	The Saudi Stock Exchange (Tadawul), which is the market in which securities are traded in the Kingdom and is managed and operated by the Saudi Exchange and regulated by the Capital Market Authority. It also means, depending on the context, Saudi Exchange, a wholly owned subsidiary of Saudi Tadawul Group, which is responsible for operating the market.
Control	The ability to influence the actions or decisions of another person, directly or indirectly, alone or with other relative or affiliate through: (a) holding 30% or more of the voting rights in a company, (b) holding the right to appoint 30% or more of the administrative body and the word "Controller" shall be interpreted accordingly.
Subsidiary	In relation to Ma'aden, another company which it controls.
Transaction or Transaction 2	Ma'aden's acquisition of 100% of the shares owned by the Sellers in each respective Target Company in exchange for Ma'aden's issuance of the Consideration Shares to the Sellers by increasing Ma'aden's share capital from thirty eight billion twenty seven million eight hundred fifty eight thousand and seven hundred and ten Saudi Riyals (SAR 38,027,858,710) to thirty eight billion eight hundred eighty seven million six hundred thirty four thousand and one hundred and eighty Saudi Riyals (SAR 38,887,634,180) and the increase in the number of its shares from three billion eight hundred two million seven hundred eighty five thousand and eight hundred and seventy one (3,802,785,871) ordinary shares to three billion eight hundred eighty eight million seven hundred sixty three thousand and four hundred and eighteen (3,888,763,418) ordinary shares.
Aluminium Purchase Agreement or Offtake Agreement	The aluminium purchase agreement entered into between Ma'aden (as seller) and the Guarantor (as purchaser) on 03/01/1431H (corresponding to 20/12/2009G) which was later novated by Ma'aden to MAC (as seller) on 09/05/2011G, with the most recent amendment on 01/09/2021G, under which the Guarantor purchases a portion of MAC's products equivalent to Alcoa Saudi's shareholding percentage in MAC (i.e., 25.1%) at a discounted price, effective only until Transaction Completion, after which MAC retains 100% of the products and their economic benefits.[1]
Side Letter	The side letter entered into between MAC and the Guarantor on 15/09/2024G which amends the Aluminium Purchase Agreement to suspend the parties' rights and obligations from 01/01/2025G, with MAC providing the Guarantor a monthly compensation of USD 1,500,000 until either the Transaction Completion date or 01/01/2026G, whichever is earlier.
Ma'aden's Bylaws	The bylaws of Ma'aden, amended based on the extraordinary general assembly resolution dated 10/06/1446H (corresponding to 11/12/2024G).
Board of Directors	The board of directors of Ma'aden.
Senior Executives	Any natural person to whom the governing body of a company, or a member of the governing body of a company, has given responsibility, either alone or jointly with others, for management and supervision and either reports to: 1- the governing body directly; 2- a member of the governing body; or 3- the CEO.

1 **Note:** The issuer confirms that Ma'aden is neither a party to the Aluminium Purchase Agreement nor the Side Letter, and that the agreement and its side letter have no direct or indirect impact on Ma'aden's business or financial performance. Should there be any impact, it will be confined to the financial statements and pro forma financial information of MAC. Consequently, references to the agreement and the side letter are included solely in Section 3-9 ("**Summary of Unaudited Pro forma Consolidated Financial Information**") of this Circular. It should be noted that the Aluminium Purchase Agreement will terminate upon the Transaction Completion, at which point all economic benefits and advantages of the aluminium will revert to MAC. Additionally, the Side Letter pertains to a temporary arrangement and will expire either on the Transaction Completion date or on 01/01/2026G, whichever occurs first, as previously defined.

Public	Persons other than the following: 1- Affiliates of the Issuer; 2- Substantial Shareholders of the Issuer; 3- directors and Senior Executives of the Issuer; 4- directors and Senior Executives of Affiliates of the Issuer; 5- directors and Senior Executives of Substantial Shareholders of the Issuer; 6- any Relative of persons described at (1), (2), (3), (4) or (5) above; 7- any company controlled by any persons described at (1), (2), (3), (4), (5) or (6) above; or 8- persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
VAT Tax	The Value Added Tax is an indirect tax imposed on all goods and services that are bought and sold by businesses, with a few exceptions and provisions, which is in effect at a rate of 15% fifteen percent.
Related Party	Means in the OSCOs as follows: 1- Affiliates of the issuer, except for the companies fully owned by the issuer; 2- Substantial Shareholders of the issuer; 3- Directors and senior executives of the issuer; 4- Directors of affiliates of the issuer; 5- Directors and senior executives of Substantial Shareholders of the issuer; 6- Any relatives of the persons referred to in (1, 2, 3, or 5) above – Relatives herein mean father, mother, husband, wife, and children; and 7- Any company controlled by a person referred to in (1, 2, 3, 5, or 6) above.
Acquisition Resolution	The resolution in relation to the Transaction, which will be presented to Ma'aden's shareholders, as follows: Approval of the acquisition of 100% of the shares owned by the Sellers in each respective Target Company in exchange for Ma'aden's issuance of the Consideration Shares to the Sellers by increasing Ma'aden's share capital from thirty eight billion twenty seven million eight hundred fifty eight thousand and seven hundred and ten Saudi Riyals (SAR 38,027,858,710) to thirty eight billion eight hundred eighty seven million six hundred thirty four thousand and one hundred and eighty Saudi Riyals (SAR 38,887,634,180) and the increase in the number of its shares from three billion eight hundred two million seven hundred eighty five thousand and eight hundred and seventy one (3,802,785,871) ordinary shares to three billion eight hundred eighty eight million seven hundred sixty three thousand and four hundred and eighteen (3,888,763,418) ordinary shares, in accordance with the terms and conditions of the SPSA, including approval of the following matters related to the Transaction: a- Approval of the provisions of the SPSA entered into between Ma'aden, Alcoa Saudi, AWA Saudi and the Guarantor on 12/03/1446H (corresponding to 15/09/2024G) b- Approval of the increase of Ma'aden's share capital from thirty eight billion twenty seven million eight hundred fifty eight thousand and seven hundred and ten Saudi Riyals (SAR 38,027,858,710) to thirty eight billion eight hundred eighty seven million six hundred thirty four thousand and one hundred and eighty Saudi Riyals (SAR 38,887,634,180) in accordance with the terms and conditions of the SPSA; this increase shall be effective on the date of Transaction Completion as per the Companies Law and the SPSA. c- Approval of the amendments to Ma'aden's Bylaws with effect from the Date of Transaction Completion. d- The authorization of Ma'aden's Board of Directors, or any person authorized by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions.
Relative	Husband, wife and minor children.
Listing Rules	The Listing Rules issued by the Board of the Capital Market Authority pursuant to Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and amended by the CMA Board Resolution No. (4-114-2024G) dated 04/04/1446H (corresponding to 07/10/2024G).
OSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by the board of CMA pursuant to its resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) as amended by the board of CMA pursuant to its resolution No. (3-114-2024G) dated 04/04/1446H (corresponding to 07/10/2024G).
Substantial Shareholder	A shareholder owning five percent (5%) or more of the shares in Ma'aden.
Financial Advisor	SNB Capital Company.
Ma'aden 2023G Financial Statements	The audited consolidated financial statements of Ma'aden for the year ended 31 December 2023G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.

Ma'aden 2024G Financial Statements	The audited consolidated financial statements of Ma'aden for the year ended 31 December 2024G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MAC Financial Statements	The MAC 2021G Financial Statements, the MAC 2022G Financial Statements, the MAC 2023G Financial Statements and the MAC 2024G Financial Statements.
MBAC Financial Statements	The MBAC 2021G Financial Statements, the MBAC 2022G Financial Statements, the MBAC 2023G Financial Statements and the MBAC 2024G Financial Statements.
MAC 2021G Financial Statements	The audited financial statements of MAC for the year ended 31 December 2021G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MAC 2022G Financial Statements	The audited financial statements of MAC for the year ended 31 December 2022G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MAC 2023G Financial Statements	The audited financial statements of MAC for the year ended 31 December 2023G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MAC 2024G Financial Statements	The audited financial statements of MAC for the year ended 31 December 2024G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MBAC 2021G Financial Statements	The audited financial statements of MBAC for the year ended 31 December 2021G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MBAC 2022G Financial Statements	The audited financial statements of MBAC for the year ended 31 December 2022G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MBAC 2023G Financial Statements	The audited financial statements of MBAC for the year ended 31 December 2023G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
MBAC 2024G Financial Statements	The audited financial statements of MBAC for the year ended 31 December 2024G prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in KSA and other standards and pronouncements issued by SOCPA.
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.
SOCPA	Saudi Organization for Chartered and Professional Accountants.
KSA/ the Kingdom/ Saudi Arabia	Kingdom of Saudi Arabia.
Companies Law	The Saudi Arabian Companies Law issued pursuant to Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30 June 2022G).
Labor Laws	Labor Law issued by Royal Decree No. (M/51) dated 23/08/1426H (corresponding to 27/09/2005G) and its amendments.
CMA or the Authority	The Capital Market Authority of Saudi Arabia.
MHRSD	The Ministry of Human Resources and Social Development in Saudi Arabia.
ZATCA	The Zakat, Tax and Customs Authority of Saudi Arabia
GAC	The General Authority for Competition in Saudi Arabia.
MOC	The Ministry of Commerce of Saudi Arabia
MISA	The Ministry of Investment of Saudi Arabia
Ministry of Industry and Mineral Resources	Ministry of Industry and Mineral Resources of Saudi Arabia
SIDF	The Saudi Industrial Development Fund
Business Day	Any day, other than a Friday, Saturday or public holidays in KSA.
GCC States	Bahrain, Kuwait, Oman, Qatar, KSA and United Arab Emirates.


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1- Risk Factors

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

The risk factors below focus on the risk factors related to the Transaction, the issuance of the Consideration Shares and those related to the Target Companies and the sector in which they operate. The directors of Ma'aden further acknowledge that, to the best of their knowledge and belief, there are no material risks other than those mentioned in this section relating to the Transaction, the issuance of the Consideration Shares and the Target Companies whose non-disclosure materially affects the shareholders' decisions to vote on the Acquisition Resolution.

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

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

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

1-1 Risks related to the Transaction and the business post-completion of the Transaction and the issuance of the new shares

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

On 12/03/1446H (corresponding to 15/09/2024G), Ma'aden made an announcement confirming the signing of the SPSA. This announcement may have or may have had (whether or not the Transaction is completed) an effect on the business and share prices of Ma'aden for several reasons, including, but not limited to, the shift of management's focus in Ma'aden from management of Ma'aden's business to the Transaction Completion and the potential negative impact on Ma'aden's operations or services provided to customers. It may also affect Ma'aden's relationships with their contractors due to their expectations relating to the Transaction and how it will impact their existing business with Ma'aden, as well as the proliferation of rumors and expectations among investors and speculators in relation to the Transaction and the speculation of shares or other factors.

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

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

One of the main objectives of Transaction Completion by Ma'aden is to realize several benefits. For more details about the Transaction Rationale please refer to Section (3-2) ("**Transaction Rationale**") and Section (3-10) ("**Increase or decrease in earnings per share as a result of the acquisition**") of the Circular. The ability of Ma'aden to realize these benefits, in the event of Transaction Completion, depends on several factors, including, but not limited to, obtaining the approvals required to carry out any necessary actions to realize the benefits of the Transaction and to avoid any delays or difficulties related to realizing them. Realization of such benefits depends on other factors beyond the control of Ma'aden including unforeseeable events such as major changes in the regulatory or operational environment in which Ma'aden operates, changes in real estate market and sector, commercial, political, and economic situation in the KSA in general. Therefore, Ma'aden may not be able, after the Transaction Completion, to realize anticipated financial benefits and growth opportunities or the timing of this realization may be affected.

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

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

1-1-3 Risks relating to the Transaction costs

Ma'aden will incur fixed and unrecoverable costs in relation to the Transaction. Ma'aden's costs related to the Transaction are estimated at about eleven million eight hundred sixty one and four hundred and four Saudi Riyals (SAR 11,861,404). These expenses include the fees of the Financial Advisor, the Legal Advisor, and other advisors, in addition to the fees due to government entities, marketing expenses, printing and distribution costs and other costs related to the Transaction. These costs do not include internal costs in relation to overtime or internal administrative costs. Accordingly, if the Transaction is not completed, Ma'aden will incur some or all of these costs without return, which may affect Ma'aden's financial results.

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

1-1-4 Risks related to tax and Zakat assessments and dues arising from the Transaction

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

Each Target Company is required to submit its zakat returns to ZATCA on annual basis, in respect of the Saudi shareholding in such Target Companies. The Target Companies have also submitted all their income tax returns in respect of Alcoa Saudi and AWA Saudi's respective shareholding in each Target Company as of 31 December 2024G. Furthermore, it should be noted that both Target Companies are subject to ZATCA assessment on zakat, income tax, withholding tax, transfer pricing audit and VAT which might result in additional tax liabilities. ZATCA has the right of assess or reassess its assessments within 5-10 years from the statutory date of filing the relevant return or notification. In addition to this, MBAC is subject to assessments relating to severance fees which is not subject to any statutory limits. Separately, the Target Companies are exposed to the risks of material changes in the laws and regulations which might affect the value of Zakat or income taxes due or change ZATCA's policies or practices, and the Target Companies might incur additional Zakat or income tax dues as a result of these changes or assessments, as well as any additional Zakat or income tax dues as a result of the Transaction. This, if it materializes, may have a material adverse effect on the Target Companies' businesses, operations, financial positions, cash flows, and future forecasts. As such, this will increase Ma'aden's current financial exposure.

MBAC has settled the zakat and income tax assessments for the year ended 31 December 2018G and have settled the dues for the preceding years. As for the years ended 31 December 2019G to 2022G, ZATCA has not issued any assessments for zakat or income tax to be settled by MBAC. As for the year ended 31 December 2023G, MBAC has settled zakat and income tax assessment issued by ZATCA for that year. Additionally, MBAC has submitted its zakat and income tax statements for the year ending on 31 December 2024G. As for the years for which the zakat and income tax assessments have not been finalized, ZATCA may impose or claim zakat and income tax differences that exceed such amounts as expected by the Target Companies.

MAC has settled the zakat and income tax assessments for the year ended 31 December 2018 and have settled the dues for the preceding years. Additionally, MAC has submitted its zakat and income tax statements for the year ending on 31 December 2024G, and ZATCA has not yet issued zakat and income tax assessments, if any, for that year or for any of the preceding years since 2019. As for the years for which the zakat and income tax assessments have not been finalized, ZATCA may impose or claim zakat and income tax differences that exceed such amounts as expected by the Target Companies.

The Target Companies have registered for VAT purposes in the KSA as members of Ma'aden's VAT group, which also includes a number of subsidiaries that Ma'aden controls, other than the other subsidiaries and joint ventures that Ma'aden does not control and which are not members of Ma'aden's VAT group and thus, submit their tax declarations separately. ZATCA has finalized VAT assessments for the Target Companies for the years ended on 31 December 2018 through 2023G. Accordingly, ZATCA may issue VAT assessments for previous periods as is the practice by ZATCA, which may include imposition of additional tax differences and incorrect or late payment fines. During the first quarter of 2025G, a VAT audit report for the Ma'aden VAT group pertaining to the year 2024G was received, and a response was subsequently sent to ZATCA.

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

1-1-5 Risks related to the valuation of the Consideration Shares

Ma'aden will issue the Consideration Shares to the Sellers, in the event of the Transaction Completion, based on the agreed 30-calendar-day volume weighted average price (VWAP) of the shares of Ma'aden from 09/02/1446H (corresponding to 13/08/2024G) to 09/03/1446H (corresponding to 12/09/2024G) in the amount of SAR 41.44 per share. The agreed upon price of the Consideration Shares was determined based on a set of principles, forecasts and assumptions in a period of time prior to this Circular, which includes – but is not limited to - the price of Ma'aden's shares, the Target Companies' financial information, valuation of the Target Companies, financial forecasts and assumptions about the Target Companies' performance and plans after the Transaction Completion, the benefits expected from the Transactions and other factors and assumptions, at discretion of the management of companies in consultation with their financial advisors.

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

1-1-6 Risks related to forward-looking statements

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

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

1-1-7 Risks related to relying on information which is not included in this Circular

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

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

1-1-8 Risks related to the decrease in share profitability and share price as a result of the Transaction

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

Earnings per share may also be affected positively or adversely after the Transaction Completion; based on the extent to which the expected financial assumptions of the Transaction materialize. It should be noted that the expected change in earnings per share, based on the pro forma consolidated financial information for the year ended 31 December 2024G, is considered slight. For more details, please refer to Section (3-11) ("**Increase or decrease in earnings per share as a result of the acquisition**")

1-1-9 Risks related to selling a large number of shares and issuing the Consideration Shares

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

In addition, restrictions will be imposed on the Consideration Shares as the Sellers may not, directly or indirectly, transfer or dispose of any of the Consideration Shares without the prior written consent of Ma'aden during the Lock-Up Periods subject to certain exceptions, such as transferring the Consideration Shares to the Sellers' affiliates during the lock-up periods, and permitted rights, including entering into derivate transactions and contracts, in accordance with the SPSA and applicable laws. Following the fifth anniversary of the Transaction Completion, the Sellers may transfer or dispose of an amount of the Consideration Shares equal to up to 100% of the Consideration Shares. For more details about the Lock-Up Periods, please refer to Section (5-2-5-4) ("**Lock-Up Periods**"). In case a large number of the Consideration Shares are sold, or the market perceives that such a sale may happen, this may constitute a high offer that may not be matched by a similar demand in quantity. The market value of the shares will decrease as a result.

1-1-10 Risks related to the fluctuations of Ma'aden's share price

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

1-1-11 Risks relating to the dilution of current shareholders' ownership and the associated reduction in voting rights

Upon the Transaction Completion, Ma'aden will issue the Consideration Shares to the Sellers according to the agreed 30-calendar-day volume weighted average price (VWAP) of the shares of Ma'aden at 12 September 2024G in the amount of SAR 41.44 per share. As a result, the Transaction will lead to a decrease in the ownership percentage of Ma'aden's existing shareholders to 97.79% of Ma'aden's share capital after the Transaction Completion, while the ownership percentage of the Sellers in Ma'aden after the Transaction Completion will be 2.21%.

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

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

As a result of the Sellers' ownership in Ma'aden after the Transaction Completion, the level of ownership of the Public Investment Fund and the Public will decrease to 63.780% and 33.802%% respectively.

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

1-1-12 Risks related to Ma'aden's ability to distribute dividends

Ma'aden's profits, financial position and its liquidity ratio may be affected after the Transaction Completion by a number of factors which are beyond the control of Ma'aden, including, without limitation, the operational, financial, and economic factors and market conditions, which could greatly affect Ma'aden's profits, revenues, and distributable reserves. In addition, Ma'aden's dividends which are attributable to the Target Companies may also be impacted by several factors after the Transaction Completion, including operational, financial and economic factors, market conditions, and other factors that may affect the Target Companies' ability to contribute dividends to Ma'aden after the Transaction Completion. All these factors may in turn affect Ma'aden's ability to distribute dividends to its shareholders.

Thus, the amount of profits to be generated or distributed (if any) by Ma'aden, after the Transaction Completion, cannot be determined. Ma'aden may not be able to distribute dividends, the Board of Directors may not recommend distributing dividends or the shareholders may not approve distributing dividends for any reason. In addition, there is no guarantee that Ma'aden's shareholders will, after the Transaction Completion, receive or be entitled to any dividends equal to the dividends previously distributed by Ma'aden.

Future distribution of dividends will depend on several factors, including, without limitation, Ma'aden's future profits, financial position, cash flow, working capital requirements, capital expenditures and distributable reserves. Ma'aden may incur expenses or liabilities that would consume some or all of the cash available for dividend distribution. If Ma'aden fails to pay dividends, shareholders will receive no return on investment with respect to their shareholding unless they sell the shares at a price higher than the price at which they bought the shares.

1-2 Commercial and legal risks

1-2-1 Risks related to liquidity and debt collection

The liquidity ratio of MAC amounted to 1.85, 1.70, 1.03 and 1.34 times as at 31 December 2021G, 2022G, 2023G and 2024G, respectively, while the liquidity ratio of MBAC amounted to 1.74, 0.84, 0.56 and 0.95 times as at 31 December 2021G, 2022G, 2023G and 2024G, respectively. The cash liquidity of MAC amounted to 0.57, 0.63, 0.11 and 0.32 as at 31 December 2021G, 2022G, 2023G and 2024G, respectively, while the cash liquidity of MBAC amounted to 1.05, 0.32, 0.13 and 0.04 as at 31 December 2021G, 2022G, 2023G and 2024G, respectively.

It is worth noting that the Target Companies' operations require sufficient liquidity to finance their future operating activities and capital expenditures. If the Target Companies are unable to maintain sufficient cash resources or secure financing in the future, this may cause business interruptions or incurrence of higher purchase costs and expenses which could adversely affect the Target Companies' businesses, financial positions, the results of their operations, future expectations, and subsequently Ma'aden's share price post-Transaction Completion. There is no guarantee that the Target Companies will be able to maintain high liquidity rates in the future, nor is there any guarantee that the Target Companies will be able to meet their obligations on due dates. If the Target Companies are unable to provide sufficient liquidity in the future to cover their operational and capital expenditures, either through its internal resources or by obtaining external financing, this will adversely affect their businesses, financial positions, the results of their operations, future expectations, and subsequently Ma'aden's share price post-Transaction Completion.

Table (1-1): Account receivables, total net accounts receivables and total term of accounts receivables of MAC

MAC	2021G	2022G	2023G	2024G
Total account receivables	SAR 1,853,007,035	SAR 1,250,974,821	SAR 1,416,439,745	SAR 1,693,336,299
Total net accounts receivables	SAR 1,853,007,035	SAR 1,250,974,821	SAR 1,416,439,745	SAR 1,693,336,299
Total terms of accounts receivables	60 days	60 days	60 days	60 days

Table (1-2): Account receivables, total net accounts receivables and total term of accounts receivables of MBAC

MBAC	2021G	2022G	2023G	2024G
Total account receivables	SAR 213,002,707	SAR 142,385,683	SAR 238,135,264	SAR 502,280,206
Total net accounts receivables	SAR 213,002,707	SAR 142,385,683	SAR 238,135,264	SAR 502,280,206
Total terms of accounts receivables	30 days	30 days	30 days	30 days

As of 31 December 2024G, MAC's total 1 to 3-year account receivables amounted to SAR 1,693,336,299, while MBAC's total 1 to 3-year account receivables amounted to SAR 502,280,206.

The Target Companies follow policies regarding credit, collection, and write-off of bad debts in accordance with International Financial Reporting Standards (IFRS) recognized in the KSA and other standards and versions recognized by the Saudi Organization for Chartered and Professional Accountants (SOCPA). In case the current financial position of any of the Target Companies' customers is subject to an adverse effect, this will have an adverse affect on their businesses, financial positions, the results of their operations, future expectations, and subsequently Ma'aden's share price post-Transaction Completion.

1-2-2 Risks related to financing, interest rates and operating expenses

MAC has entered into multiple facility agreements with the Public Investment Fund and certain commercial banks in 2017G, 2022G and 2024G with a total amount of SAR 9,700,375,000. On the other hand, MBAC has entered into multiple facility agreements with the Public Investment Fund and certain commercial banks in 2018G and 2024G with a total amount of SAR 9,626,250,000.

The following table presents the figures related to the facility agreements entered into by the Target Companies.

Table (1-3): Paid amounts and outstanding sums owed by the Target Companies under the facility entered into as of 31 December 2024G

MAC							
Financer	**Date of the Original Facility Agreement**	**Facility Term or Availability period**	**Financing Cost**	**Total Financing Value**	**Amount Paid (in SAR)**	**Outstanding Sums as of 31 December 2024G (in SAR)**	**Repayment and Maturity**
Public Investment Fund	14 December 2017G	14 years	42,753,750	4,275,375,000	1,114,365,872	3,161,009,128	Repayment occurs on a semi-annual basis, to be fully settled by 30 March 2032G.
Commercial Banks with Saudi National Bank acting as their agent	24 March 2024G	7 years	25,800,000	4,300,000,000	zero	4,300,000,000	Repayment occurs on a semi-annual basis, to be fully settled by 30 March 2031G.
Commercial Banks with the Saudi National Bank acting as their agent	8 August 2022G	5 years	5,062,500	1,125,000,000	zero	1,125,000,000	Repayment occurs on a semi-annual basis, to be fully settled by 8 August 2027G.
Total			**73,616,250**	**9,700,375,000**	**1,114,365,872**	**8,586,009,128**	

MBAC							
Financer	Date of Original Facility Agreement	Facility Term or Availability period	Financing Cost	Total Financing Value	Amount Paid (in SAR)	Outstanding Sums as of 31 December 2024G (in SAR)	Repayment and Maturity
Public Investment Fund	16 July 2018G	13 years	35,062,500	3,506,250,000	1,043,067,054	2,463,182,946	Repayment occurs on a semi-annual basis, to be fully settled by 30 June 2032G.
Commercial Banks with the Saudi National Bank acting as their agent	16 July 2018G	10 years	23,700,000	2,370,000,000	996,585,000	1,373,415,000	Repayment occurs on a semi-annual basis, to be fully settled by 30 June 2028G
Commercial Banks with the Saudi National Bank acting as their agent	16 July 2018G	13 years	16,550,000	1,655,000,000	258,676,500	1,396,323,500	Repayment occurs on a semi-annual basis, to be fully settled by 30 December 2030G
Alinma Bank with HSBC Saudi Arabia acting as its agent	16 July 2018G	13 years	2,200,000	220,000,000	34,386,000	185,614,000	Repayment occurs on a semi-annual basis, to be fully settled by 30 December 2030G
Commercial Banks with Al Rajhi Bank acting as their agent	4 January 2024G	5 years	11,250,000	1,875,000,000	zero	950,000,000	Repayment occurs on a semi-annual basis, to be fully settled by 4 January 2029G*
Total			**88,762,500**	**9,626,250,000**	**2,332,714,554**	**6,368,535,446**	

* This financing is a working capital facility and does not require repayment at a specific time; however, the end date of the financing term or the availability period of the financing amount has been included.

It should be noted that, pursuant to the facility agreements, the Target Companies are subject to a number of covenants and restrictions, the material of which include dividend block, cash sweep and gearing.

The Target Companies' operations require sufficient liquidity to fund their operating expenditures. The Target Companies have been able to pay their debts as scheduled and have made repayments and prepayments from excess funds to close their respective debts. The Target Companies are in the process of paying down their entire commitments with no plans to raise new debts currently to secure adequate funding for their businesses.

1-2-3 Risks related to legal disputes

As of the date of this Circular, there are no ongoing lawsuits or legal disputes against the Target Companies, either within or outside the Kingdom of Saudi Arabia, nor are there any pending claims (including threatened lawsuits) that could have a material effect on the Target Companies' business or their financial position. For more details please see section (5-4) ("**Lawsuits and claims against the Target Companies**").

However, the absence of current legal disputes does not eliminate future legal risks, as the Target Companies remain susceptible to potential lawsuits or claims due to the nature of their activities, contractual transactions, their relationships with employees, customers, suppliers and regulatory authorities. These risks could also arise from contractual breaches, tort liability or potential violations of relevant laws and regulations, including environmental, regulatory and commercial laws. Since no provisions are made by the Target Companies for the cases in which they potentially could be a party in, the loss of any such cases by the Target Companies will cause direct financial losses that could impact their financial performance. The Target Companies may also get involved in other judicial disputes, whether with employees, tenants, contracting parties, or others. Such disputes may relate to substantial amounts. There is no guarantee that the outcome of these disputes will be determined in favor of the Target Companies. Therefore, the Target Companies' loss of any material dispute or their failure to make an accurate provision for the disputed amounts will have a material adverse effect on the Target Companies' businesses, financial positions, results of operations and future prospects, therefore, increasing Ma'aden's stake in the Target Companies will increase Ma'aden's current financial exposure after the Transaction Completion.

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

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

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

1-2-5 Risks related to conflict of interest and related party transactions

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

As for the related party transactions in accordance with the accounting standards, as shown in MAC's financial statements, the amounts due to related parties are SAR 4,885,309,108, SAR 4,523,004,292 and SAR 3,907,788,831 for the fiscal years ending in 2021G, 2022G and 2023G, respectively. The amounts due from related parties are SAR 2,046,284,140, SAR 1,838,139,748 and SAR 2,011,653,753 for the fiscal years ending in 2021G, 2022G and 2023G, respectively. Additionally, a trade receivable amounting to SAR 232,004,758 is due from Alcoa Saudi as at 30 June 2024G.

Furthermore, the related party transactions in accordance with the accounting standards, as shown in MBAC's financial statements, the amounts due to related parties are SAR 3,469,391,838, SAR 3,343,103,068 and SAR 3,167,841,337 for the fiscal years ending in 2021G, 2022G and 2023G, respectively. The amounts due from related parties are SAR 231,818,263, SAR 190,604,691 and SAR 180,509,446 for the fiscal years ending in 2021G, 2022G and 2023G, respectively. No amounts are due from AWA Saudi at 30 June 2024G. It should be noted that board of managers of the Target Companies have approved all Related Party transactions as at the years ending on 31 December 2021G, 2022G and 2023G. As at the date of this Circular, each of the Target Companies' Related Party transactions have been conducted on purely commercial basis. However, if any of the Target Companies enter into any agreement with a Related Party on terms that are not purely commercial or if these agreements result in undue benefits for such Related Parties, this could have an effect on the respective Target Company's business, financial position, results of operations and future prospects. As such, increasing Ma'aden's stake in the Target Companies will increase Ma'aden's current financial exposure after the Transaction Completion.

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

1-2-6 Risks related to competition and anti-competitive practices

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

1-3 Risks related to the market, industry and sector in which THE TARGET COMPANIES operates

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

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

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

The extraction of bauxite and production business of alumina and aluminum sectors in which the Target Companies operate have significant expansion opportunities and positive market outlook. This may attract more companies to enter and invest in these sectors. Also, companies in the same line of business as the Target Companies can conduct mergers and acquisitions. This will lead to an increase in their market shares and intensifying competition among companies operating in the extraction of bauxite and production of alumina and aluminum sectors. Moreover, if there is an increased competition from companies offering similar products within the Kingdom or the GCC, this would constitute an additional competition factor which could add more pressure on the sales and profit margins that companies within the business can generate. If any of the aforementioned materializes, the Target Companies may not be able to retain their position in the market or their overall market shares in the extraction of bauxite and production of alumina and aluminum which could have an adverse effect on the Target Companies' businesses, financial positions, results of operations and future prospects, and therefore, increasing Ma'aden's stake in the Target Companies will further expose Ma'aden to the Kingdom's volatility and competitive environment after the Transaction Completion.

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

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

1-3-2 Risks related to regulatory requirements

The Target Companies are subject to a number of laws and regulations that require the Target Companies to obtain the necessary licenses and permits from the competent regulatory authorities in the KSA or abroad in order to carry out their business activities as well as adhere to specific reporting measures implemented by the relevant authorities such as the Carbon Border Adjustment Mechanism ("**CBAM**") reporting requirements. The Target Companies are required to obtain and maintain appropriate regulatory licenses, permits and approvals in connection with their business activities, including but not limited to the commercial registry certificates, Chamber of Commerce membership certificates, Saudization certificates, Zakat certificates, social insurance certificates, necessary permits and approvals from the municipality, civil defense and other licenses in relation to the Target Companies' business activities.

Such licenses and permits are required to remain valid on an ongoing basis through the Target Companies' compliance with the laws, regulations and conditions governing such licenses and permits. If the Target Companies are unable to obtain, maintain or renew all necessary licenses and permits to carry out their business activities, or if the Target Companies are unable to comply with the reporting requirements, whether for CBAM or otherwise, then the Target Companies' businesses may be suspended, they may not obtain certain government services or they may be subject to monetary penalties and violations. This will have a material adverse effect on the Target Companies' businesses, financial positions, results of operations and future prospects, and therefore, increasing Ma'aden's stake in the Target Companies will further expose Ma'aden to such regulatory requirements after the Transaction Completion or jeopardize Ma'aden's reputation as a green company.

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

The Target Companies are subject to certain financial covenants, such as the commitment to maintain their debts at a reasonable level compared to their actual value and the sufficiency of their profits to cover their financing costs; otherwise, the distribution of dividends will be restricted, and other covenants, such as the requirement to set aside a portion of surplus cash for PIF prior to allowing the distribution of the remaining surplus as dividends. These are under the terms of their facilities and loan arrangements with PIF and commercial banks. For more information on these facilities and loans, please refer to Section (1-2-2) ("**Risks Related to Financing, Interest Rates, and Operating Expenses**"). As at the date of this Circular, the Target Companies are compliant with all financial covenants applicable to them. However, if the Target Companies are unable to comply with the restrictions and covenants in their existing or future debt and other agreements, a default under the terms of those agreements may result. In the event of a default under those agreements, and once all possible cures have been exhausted, the lenders may opt to consider alternative remedy under the relevant loan agreements to settle the commitments and if such event continues, the lenders may declare all or parts of the amounts borrowed cancelled or due and payable.

1-3-4 Risks related to the inability to attract and retain talent in critical disciplines of the Target Companies

The Target Companies' future growth and success depends in part upon their ability to attract and retain highly qualified employees in the mining industry who possess experience, relationships and knowledge that are important to the operation of the Target Companies' businesses as well as profitability and future growth. Given the that the Target Companies' headquarters are located in a remote area, the Target Companies may face difficulties in maintaining key personnel. Any failure to continue existing or generate new client relationships because of such persons leaving the Target Companies could have a material adverse effect on their businesses, results of operations, financial positions or future prospects. There can be no assurance that the Target Companies will always be able to retain the services of their key managers or personnel or attract and retain replacements or additional qualified managers, as and when needed. The Target Companies' inability to meet future recruitment requirements may also result in high costs. The occurrence of any of the above risks could have a material adverse effect on the Target Companies' businesses, financial positions, results of operations and future prospects and therefore, increasing Ma'aden's stake in the Target Companies will increase Ma'aden's current exposure to such risks.

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

Companies operating in the manufacturing field are more exposed to health, environmental and safety hazards given the nature of the industry as a whole. Although Ma'aden has developed and implemented an integrated environment, health, safety and security management system (the "**MSHEM**") to reduce health and safety risks, there can be no assurances against non-compliance with the MSHEM and the training programs and policies in relation thereto or a failure in the override protection system which may lead to personal injury or loss of life and damage to equipment.

Given the nature of the fields in which the Target Companies operate, they are subject to operational safety incidents arising as a result of the lack of adherence to the Environment and Human Health, Safety, and Security ("**EHSS**") requirements and practices. Additionally, the Target Companies' operations are subject to the risks inherent in the use of chemicals in manufacturing. These hazards include loss of production, equipment defects, fires, explosions, release of toxic or hazardous substances, gases or materials and pollution which may result in penalties of fines imposed by the Ministry of Environment, Water and Agriculture ("**MEWA**") or the Royal Commission for Jubail and Yanbu, as appropriate, exposing the health and safety of the employees to risks and business interruptions.

If any of the abovementioned factors materialize, they may have a material adverse effect on the Target Companies' businesses, financial positions, results of operations and prospects and therefore, increasing Ma'aden's stake in the Target Companies will increase Ma'aden's current exposure to such risks.

1-3-6 Risks related to closure, unplanned cession of work, interruption of business, malfunction of devices and equipment

The Target Companies' businesses involve inherent risks that include malfunction of machines and equipment in addition to expectations of performance in terms of productivity, efficiency and effectiveness. Malfunctions of machine and equipment and performance-related issues may arise from a variety of factors including human errors, design errors, quality issues, lack of maintenance, wear and tear as a result of normal use over time, accidents, explosions, leaks, fires, natural events, theft, performance failure, dependence on main machines and equipment, power, water, systems and failure of equipment and other risks that are not expected and are beyond the respective Target Company's control.

In addition, the equipment in the facilities, old and new, require regular upgrades, maintenance, improvement and repair. Each scheduled shutdown period results in a decrease of the respective Target Company's production. In case of any issues discovered during such shutdown period, there is a risk that the shutdown period may continue, which will result in a decrease of production or increase of the estimated costs. In addition, the production facility may experience unscheduled shutdown periods from time to time which may result in longer interruption of production. The Target Companies will proceed with scheduled regular maintenance to ensure safety and operational sustainability however such risks may still materialize which could have a material adverse effect on the Target Companies' businesses, financial positions, results of operations and future prospects and therefore, increasing Ma'aden's stake in the Target Companies will increase Ma'aden's current exposure to such risks.

In case of critical malfunctions in equipment, the respective Target Company may incur substantial losses due to high repair costs, suffer potential loss of revenues during the period of the facility being out of service, claim liability for damage or injuries which may increase insurance costs or incur losses that may not be covered adequately by the relevant insurance policy. Any interruption of production may have an adverse effect on workers, environment and production quantity. If the respective Target Company was not able to recover or replace the operating capacity required, such Target Company's business may be disrupted and its reputation may be negatively affected. Any such failure may increase the rates of such Target Company's disruption, reduce commercial availability and lead to additional expenses and lengthy shutdown period which may have a material adverse effect on the respective Target Company's business, results of operation, financial position and future expectations.

In addition, if the equipment utilized by the Target Companies malfunctions or requires replacement or regular maintenance, it may be difficult to obtain such replacements or spare parts especially where the respective Target Company depends on single or a limited number of suppliers, or if the relevant suppliers become insolvent. Failure to obtain replacements or spare parts may have a negative effect on the ability of production facility to perform, which may in turn have a material impact on the respective Target Company's business, results of operations, financial position and future prospects. In addition, any malfunction of critical equipment necessitating its replacement could cause the relevant Target Company to incur significant capital expenses, especially if such equipment is not covered in the warranty period of the supplier or the period of hidden defects or under any property malfunction insurance.

If any of the abovementioned risks materialize, it will have a material adverse effect on the respective Target Company's business, financial position, results of operations and future prospects, and therefore increasing Ma'aden's stake in the Target Companies will increase Ma'aden's current exposure to such risks.

1-3-7 Risks related to prices of raw materials

Similar to other aluminum companies, the Target Companies' operations depend on obtaining petroleum coke, tar pitch, caustic soda, process scrap, alloyed molten metal. Therefore, any factor that affects these materials, condition, availability or the supply chain will have a material impact on the Target Companies' profitability.

The supply of raw materials is affected by several factors, including, without limitation, the local and international supply and demand, governmental decrees such as issuing laws, regulations and orders that affect raw materials, changes in the economic conditions and policies in the KSA, the quantity of resources already available, expected or unexpected shutdown periods of the relevant operations and any other factors that affect business, operations or supply chains of the suppliers.

The fluctuation in raw material prices has a direct impact on the profit margins of the Target Companies which, if decreased, will have a material adverse effect on the Target Companies' businesses, financial positions, results of operations and future prospects, and therefore will increase Ma'aden's current financial exposure after the Transaction Completion.

An increase in the operating costs of raw material suppliers, whether due to internal operational incompetencies, rising energy prices, regulatory compliance requirements, or sustainability commitments, could lead to higher supply costs on the Target Companies. These increases could result in disruptions to current supply arrangements, renegotiation of contract terms, or a reduction in the quantities of materials available, placing additional pressure on the Target Companies' ability to maintain competitive pricing while ensuring profitability at the same time.

Additionally, variations in suppliers' responses to regulatory and environmental requirements could lead to fluctuations in raw material prices, potentially forcing the Target Companies to resort to alternative suppliers at higher costs or to bear additional financial burdens to ensure the continuity of the supply chain, materials quality, and regulatory compliance. This could have a material adverse effect on the Target Companies' business, financial condition, operational results, and future prospects, therefore increasing Ma'aden's current financial exposure after the Transaction Completion.

1-3-8 Risk related to the Target Companies' revenue is primarily dependent on the final product prices

The aluminium industry has historically been cyclical and is influenced by factors that include global, economic and political conditions. The Aluminium business unit has at times in the past and is likely at times in the future to be materially adversely affected by these factors which are reflected in fluctuations in London Metal Exchange (LME) aluminium prices and regional premia on its products. The aluminium industry has been and is expected to continue to be cyclical, with frequent price volatility. Historically, the international markets for primary aluminium products, over which the Target Companies have no control, have experienced alternating periods of increased demand, causing prices and margins to increase, followed by periods of excess supply, causing prices and margins to decline. The demand for aluminium is sensitive to, and quickly impacted by, demand for the finished goods manufactured by the Target Companies' customers in industries that are also cyclical, such as the automotive, packaging, construction, building products and aerospace industries, which may change as a result of changes in the global economy, currency exchange rates, energy prices, oil prices, logistics costs, consumer tastes or other factors beyond the Target Companies' control. In addition to LME prices, the Target Companies' revenue is also dependent on regional premiums that are paid for delivery of its products, which it has no ability to control. Regional premiums are also primarily affected by supply and demand factors, although are generally less volatile than LME prices.

There are several factors that influence the LME price and regional premiums. These include changes in the global economy and significant political events. The global supply and demand for bauxite, alumina, aluminium, and other raw materials like silicon, carbon, and liquid pitch also play a role. Additionally, fluctuations in global aluminium production capacity and inventories, as well as volatility in energy costs, transport costs, and demand for aluminium in key sectors like automotive, packaging, construction, aerospace, infrastructure, and electronics, can impact prices. Movements in U.S. dollar exchange rates, oil prices, interest rates, inflation rates, and speculation or forward sales of aluminium by producers and investors are also important. The adoption of new technologies, particularly those that enable commodity substitution or the use of scrap commodities, and the implementation of decarbonisation policies aimed at reducing greenhouse gas emissions, particularly through the use of low-carbon energy sources, are other significant factors. Government stimulus packages, changes in Chinese government policy, and various regulations and regulatory actions, including tariffs, quotas, customs duties, taxes, embargos, and warehousing rules, also have an impact.

The Aluminium business unit is unable to predict the future course of aluminium industry variables or the strength of the global economy and the effects of governmental intervention. Negative economic conditions, such as a major economic downturn, a prolonged recovery period, a downturn in the commodity sector, or disruptions in the financial markets, could result in a weak aluminium pricing environment or deterioration in aluminium and bauxite prices which, in turn, would have a material adverse effect on the Aluminium segment's financial condition and results of operations. The cyclical nature of the aluminium industry and volatility in prices has materially affected the Aluminium segment's results of operations since 2021G and is expected to continue to affect its results of operations in the future.

1-3-9 Risks related to emerging carbon taxes

As carbon taxes have begun to emerge globally - including in North America, and the Carbon Border Adjustment Mechanism (CBAM) in the European Union from 2026 - the Target companies may incur additional costs to cover such carbon taxes which will affect their product sales and thus result in financial implications. Therefore, the Target Companies' incurrence of such additional costs may have a material adverse effect on the Target Companies' businesses, financial positions, results of operations and future prospects. Therefore, increasing Ma'aden's stake in the Target Companies will increase Ma'aden's current financial exposure after the Transaction Completion.

1-3-10 Risks related to cyber attacks on the Target Companies' information and operational technology systems

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

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

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


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2- Market and Industry Section

Overview of Alumina

Alumina, also known as aluminum oxide, is a chemical compound with the formula Al_2O_3. Alumina is composed of aluminum and oxygen and it appears as a white, crystalline powder. It is very hard and has a high melting point around 2,072°C or 3,762°F and as a result of its physical and chemical properties it is used in a range of industries.

The vast majority of alumina is used in the production of aluminum, but it is also used in a variety of roles including ceramics, abrasives, catalysts, refractories or as an electrical insulator.

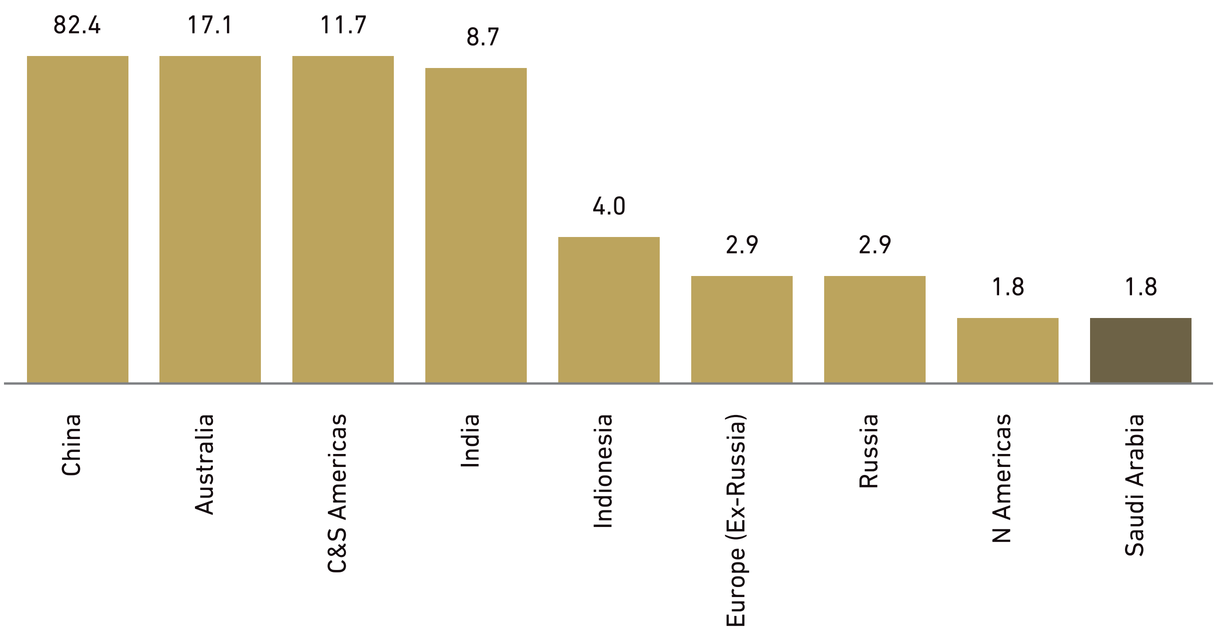
Background to the Alumina Industry

Alumina is produced by the extraction of aluminum oxide from bauxite ore found in the earth's crust. This process involves converting mined bauxite to alumina using the Bayer process.

The earth's crust is currently estimated to have bauxite deposits amounting to 30 billion dry metric tonnes. Each year around 350-400 million tonnes of bauxite is mined, from which some 142-148 million tonnes of alumina is derived being sufficient to produce 72-73 million tonnes of primary aluminum.

The Kingdom of Saudi Arabia is estimated to have bauxite deposits of 180 million tonnes containing 90-100 million tonnes of alumina, which is estimated to be sufficient to produce 45-50 million tonnes of primary aluminum. Based on current production levels, the bauxite resources available to Ma'aden are sufficient to operate its alumina refinery for more than 50 years.

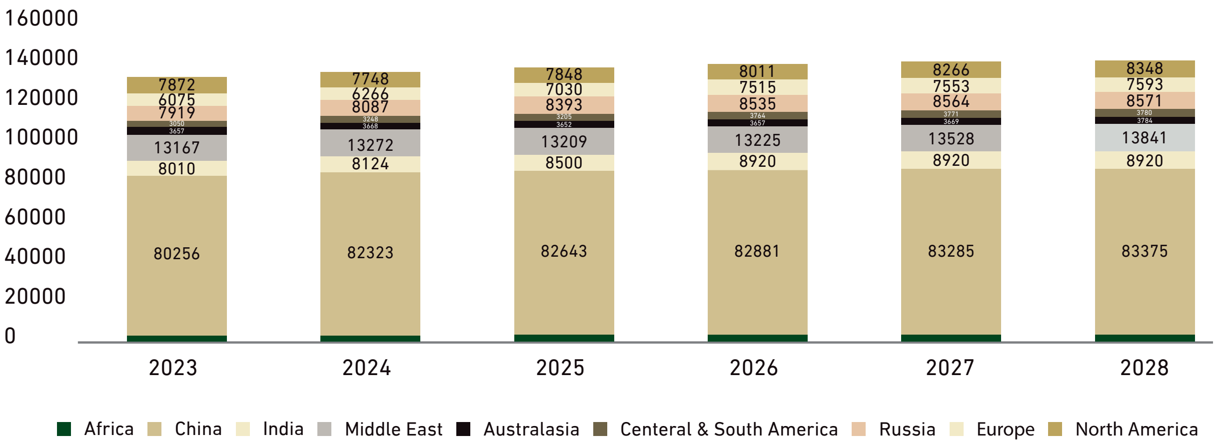
Figure (4): Leading alumina producer by country in 2024G in Million tonnes per year. (CRU)



Alumina Demand

The vast majority of Alumina is consumed in the production of primary aluminum. Other applications constitute a very small portion of total demand. Global alumina demand is set to grow at a compound annual growth rate ("**CAGR**") of 1.7% per annum. Demand outside of China is expected to grow at a faster pace of 2.9% per annum as Chinese primary aluminum production capacity is currently capped at 45 million tonnes per annum.

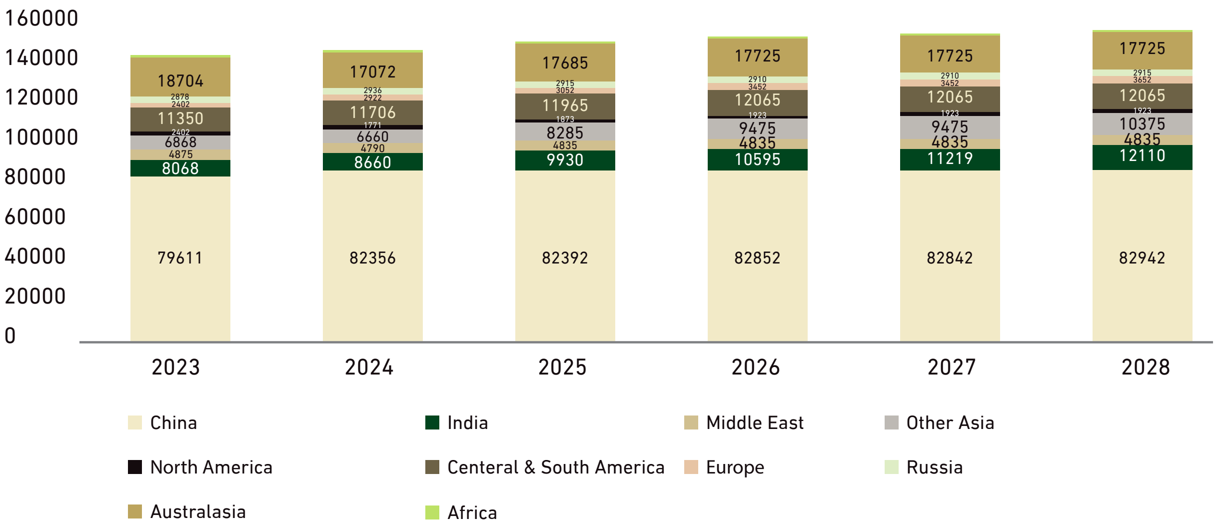
Figure (5): Forecast alumina usage by region from 2023G to 2028G. (Source: CRU)



Alumina Supply

In the period to 2028, it is forecast that Alumina supply will grow at a CAGR of 1.7% matching the growth in demand set out above. In this period, the expansion in supply will predominantly come from mines located in Asia.

Figure (6): Forecast alumina supply by region from 2023G to 2028G. (Source: CRU)



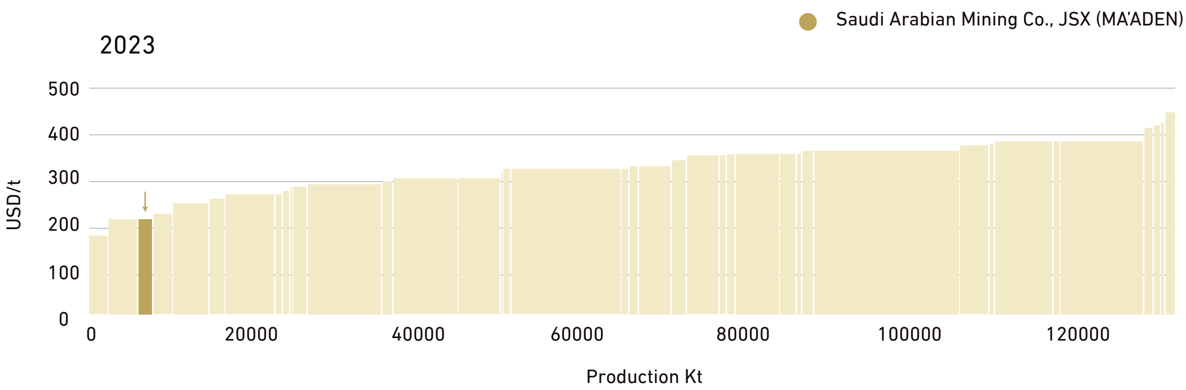
Alumina Industry cost curve

The cash costs of producing Alumina are defined as the cash costs of production, at a site level including mining costs, transport, refining, administration costs and royalties. The cash costs of Alumina Industry participants and Ma'aden's position on it, are set out in the cash cost curve graph below. The cash cost base is lowest for integrated producers having both access to bauxite mines and closely located alumina refinery units in order to leverage lower freight costs and lower bauxite cost.

Ma'aden leverages its integrated assets from its bauxite mine to alumina refinery to aluminum making through its smelter within KSA to become of the lowest cost producers globally.

Figure (7): Cost curve for Global Alumina producers for 2023G. (Source: CRU).

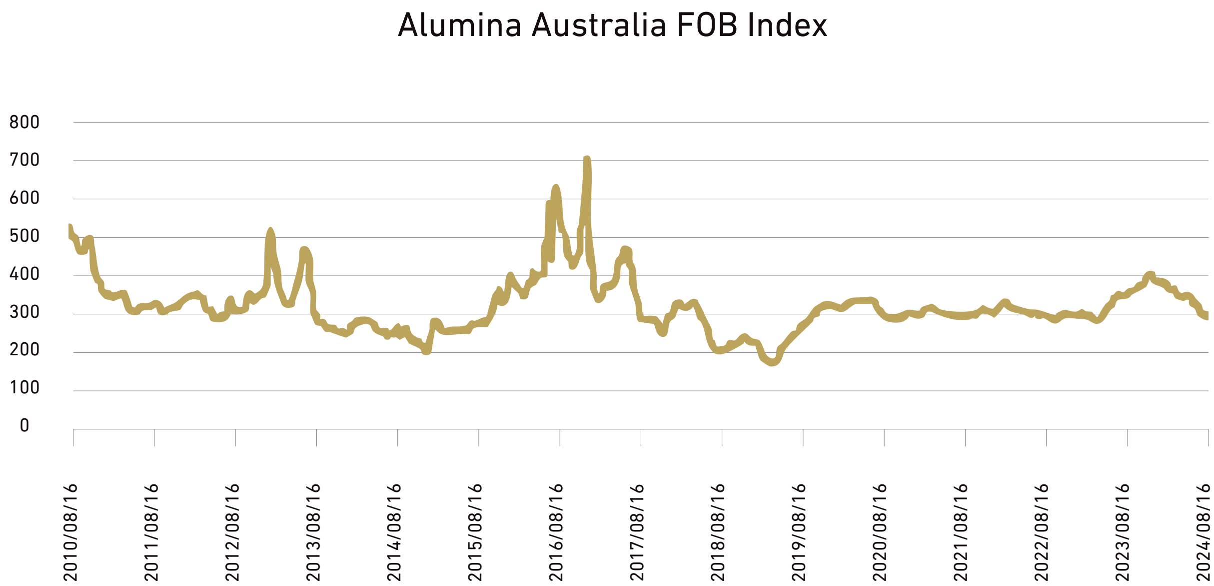
Alumina Company Curve



Alumina pricing

Alumina prices are reported on a daily basis on a number of exchanges. The Platts Alumina Index is considered as a benchmark for alumina pricing. The global price of alumina is driven by the actions and operations of the large global alumina producers which are located in Australia and Central and South America and demand driven by the operations of the global aluminum refinersr.

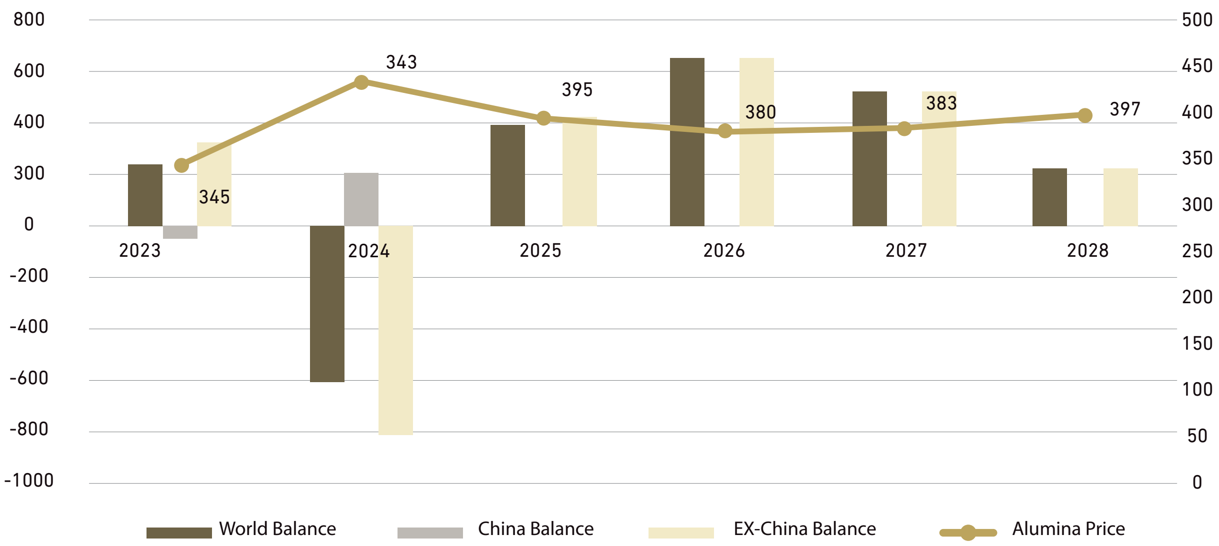
Figure (8): The table graph below sets out the prices are alumina on FOB basis from 2010-2023G. (Source: Platts)



Alumina Outlook

In 2023G, the alumina market was in a slight surplus position moving to a deficit in 2024G which is forecast to ease in 2024G as Australian supplies coming back online in Q4 2024G. In the following periods, additional supplies will come online in Indonesia and India such that the market will remain in surplus for 2025 onwards. New smelting capacity is due to come online in later years across most geographies apart from China and this is expected to reduce this surplus over time.

Figure (9): Alumina forecast supply and demand balance for 2023G to 2025G. (Source: CRU)



Overview of Aluminum

Aluminum is a versatile and widely used elemental metal with the chemical symbol Al and atomic number 13. Aluminum is a relatively light metal with a density of 2.73g/cm3, making it less dense than many other metals. It is also non-toxic, has a high thermal conductivity, has excellent corrosion resistance and can be easily cast, machined and formed. It is also non-magnetic and non-sparking. It is the second most malleable metal and the sixth most ductile.

On its own, aluminum is not particularly strong, however once alloyed with other elements such as with copper, manganese, magnesium and silicon it forms lightweight, but strong alloys which find extensive use in aircraft construction and other transportation and structural applications. Aluminum is also a good electrical conductor and is often used in electrical transmission lines.

The key uses of aluminum can be found in the following industries:

a- Transportation (Aircraft, spacecraft, vehicles, ships);

b- Construction (Building materials, windows frames);

c- Electrical industry (Conductors, cables); and

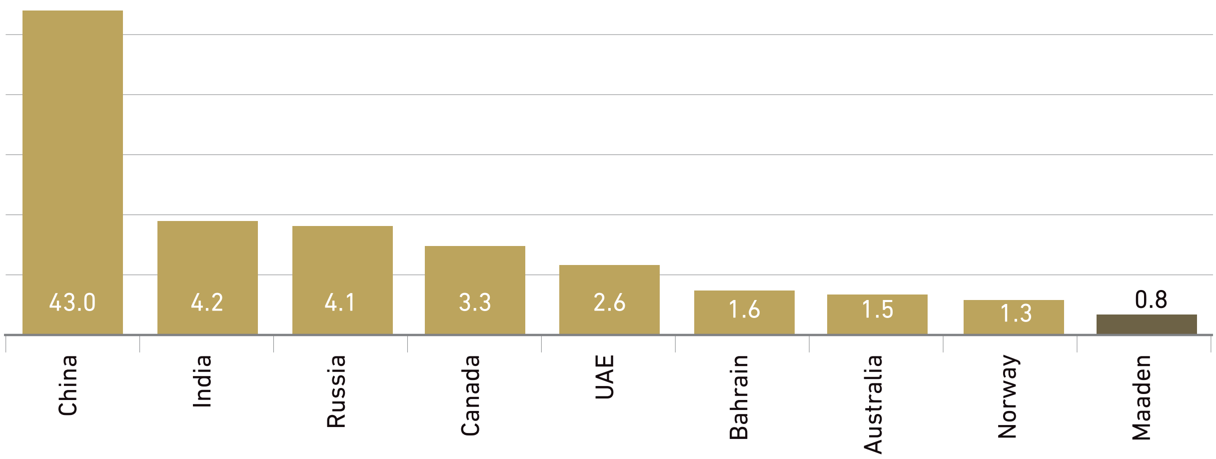
d- Packaging (Cans, foils).

Background of the Aluminum Industry

As set out above aluminum is produced through extraction of pure alumina from bauxite ore found in the Earth's crust. The process involves converting mined bauxite to alumina first, then followed by alumina conversion to aluminum.

Most commercially produced aluminum is extracted by the Hall–Héroult process. In this process, alumina is dissolved in molten cryolite and then electrolytically reduced to pure aluminum. This is an energy intensive process however, once it has been extracted, it does not readily corrode and can be easily recycled. Approximately 70% of the annual global aluminum supply is provided by primary aluminum extraction with the remainder (secondary supply) supplied via recycling existing aluminum metal.

Figure (10): Leading aluminum producer by country in 2024G in Millions tonne per year. (Source: CRU)



Aluminum Demand

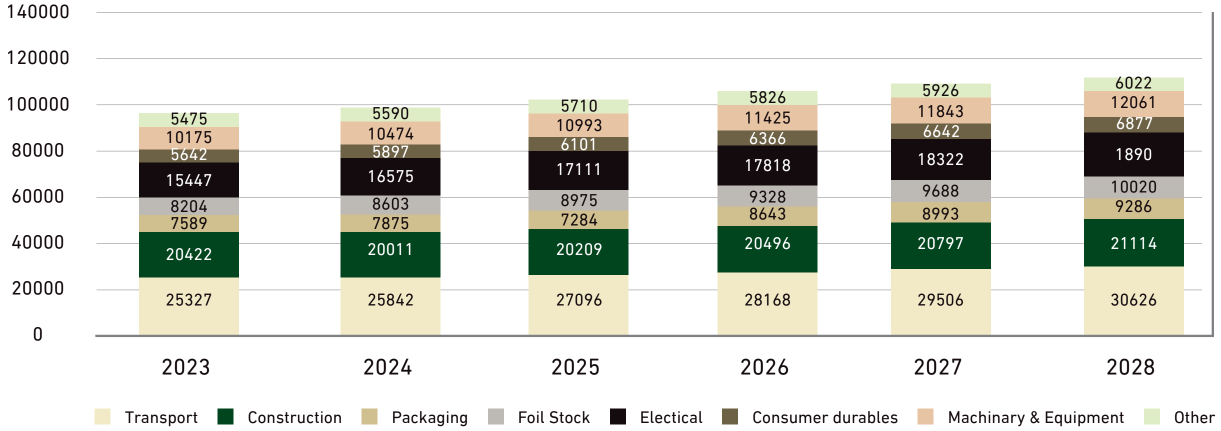
Aluminum is used extensively across a range of industry sectors and the demand for aluminium is driven by the growth in those sectors coupled with the increasing use of aluminum to replace other metals in certain applications where weight is a critical factor, due to its low density, but relatively high strength. As such aluminum demand operates in close correlation with GDP & Industrial production growth.

In terms of tonnage, primary aluminum consumption in 2023G was 70,088kt and it is expected to be 71,946kt in 2024G as per CRU. Total combined consumption of primary and secondary aluminum was 98,280kt in 2023G and is expected to be 100,866kt in 2024G.

Total aluminium consumption is expected to grow at a CAGR of 3.2% for the period 2023G to 2028.

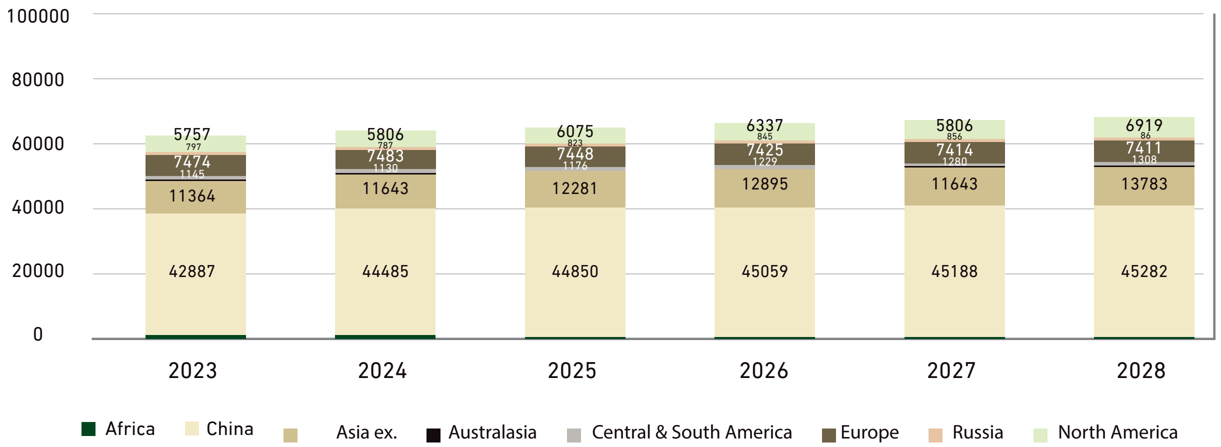
In 2023G, the transportation sector accounted for the largest consumption of aluminum accounting for 26% of world demand, with construction and electrical uses accounting for 21% and 16% of global demand respectively.

Figure (11): Global aluminum (primary & secondary) demand by application from 2023G to 2028. (Source: CRU)



In the period 2023G to 2028G, global demand for primary aluminum is expected to grow at a CAGR of 2% with the Middle East (including India) and North America showing higher rates of growth, with both exhibiting rates of growth of 3.5% or more. Demand growth in China is expected to have a CAGR of 1.1% over the same period.

Figure (12): Regional demand for primary aluminum for the period 2023G to 2028G. (Source: CRU)

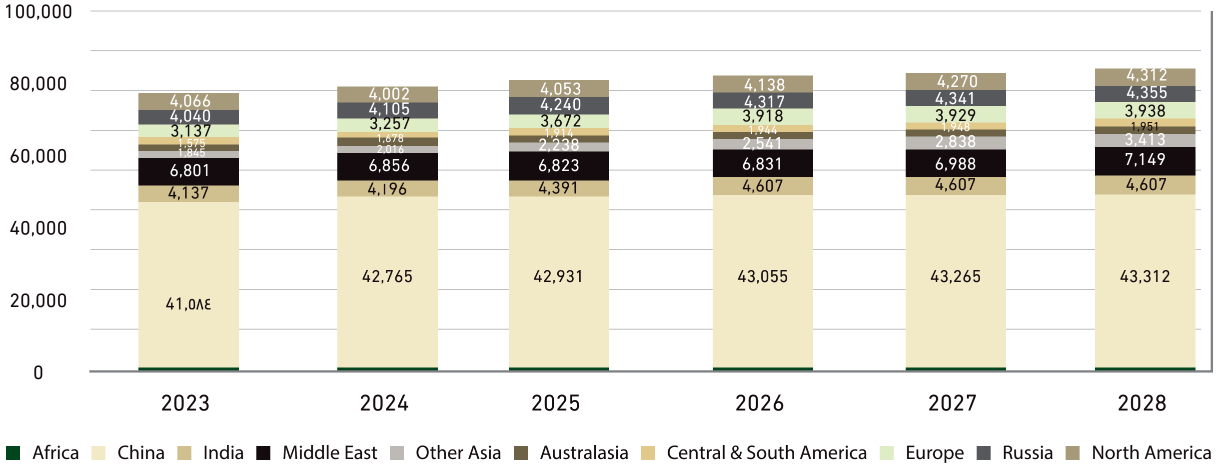


Aluminum Supply

From 2020G to 2023G, global primary aluminum supplies grew at a CAGR of 3% with Chinese supplies driving the majority of this growth in the period.

Global supplies are expected to grow at a CAGR of 1.7% during the period from 2023G to 2028G. Unlike the prior period, supplies outside of China are expected to grow at a faster pace of 2.9%, as in 2018, China announced a capacity cap of 45 million tonnes on aluminum as part of its effort to control energy consumption in power intensive sectors.

Figure (13): The regional supply of primary aluminium for the period from 2023G to 2028G (Source: CRU).



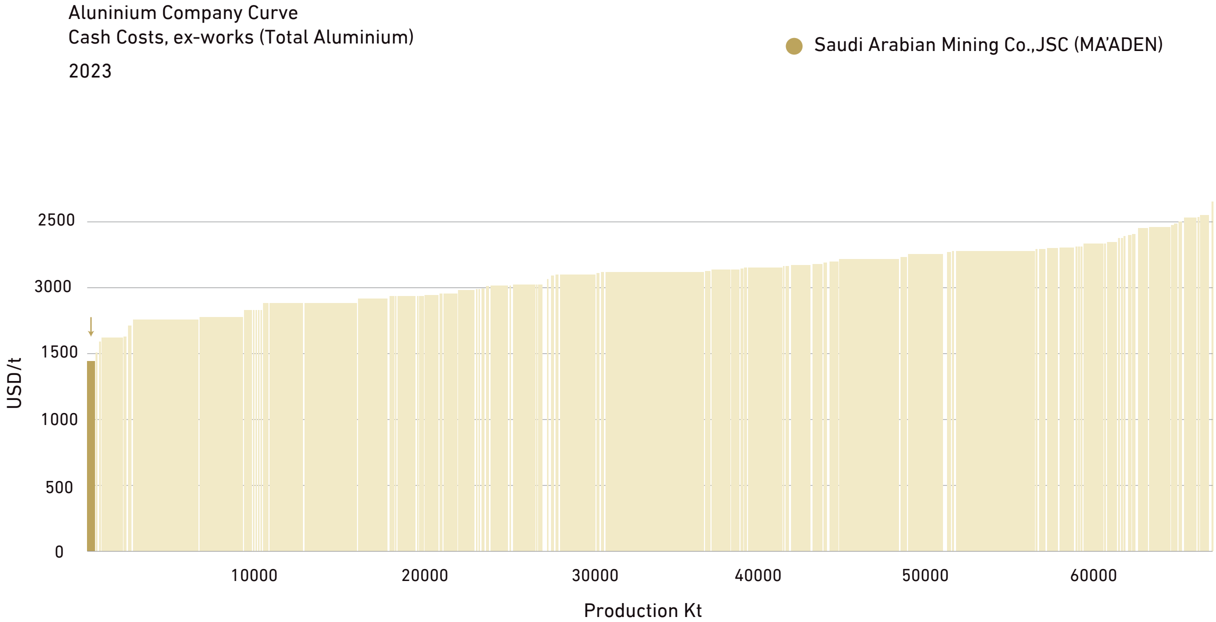
Aluminum Industry cost curve

As with Alumina, the Aluminum Industry production cost curve is lowest for integrated producers having access to bauxite, alumina refinery and aluminum smelting units in close proximity in order to leverage lower freight costs. In addition, energy constitutes the major portion of cost in primary aluminum production and depending on the producer, this equates to between 20-50% of total costs depending on the technology used and the source of energy.

Other elements of the cost structure aside from energy and alumina production and refining include the costs of anode production for smelting.

Ma'aden leverages its integrated assets from the bauxite mine to the alumina refinery to aluminum production through smelters within KSA to allow it to be one of the lowest cost producers globally.

Figure (14): The cost curve for global aluminum producers for 2023G. (Source: CRU)



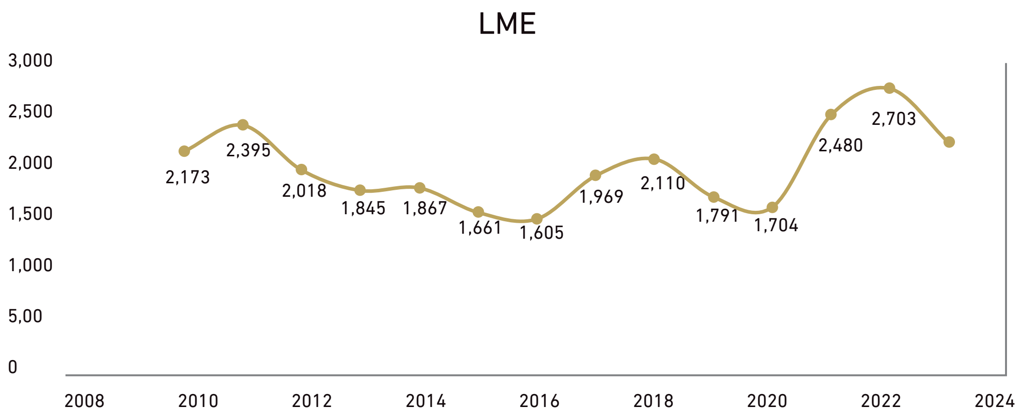
Aluminum pricing

Aluminum prices are quoted on the London metal exchange (LME) based on aluminum metal of a certain specification or quality as set out in the LME Rulebook. There are typically regional premiums added to the price quoted reflecting product location and other premiums for value added products.

The LME price is driven fundamentally by the demand and supply of primary aluminum in global markets.

The historical trend in aluminum pricing is set out in the graph below which shows movements in the LME aluminum spot price from 2010 to 2023G in US dollars per tonne.

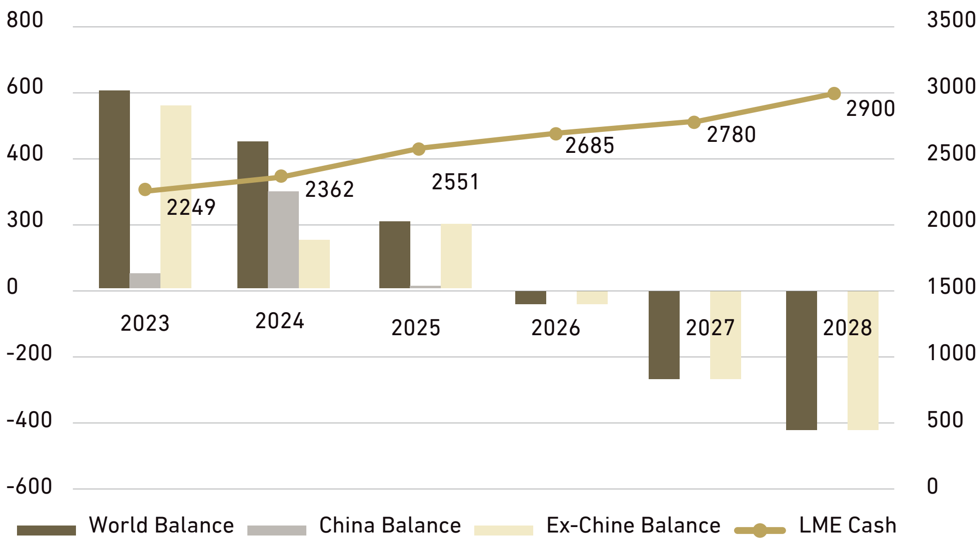
Figure (15): LME aluminum spot prices from 2010 to 2023G. (Source: CRU)

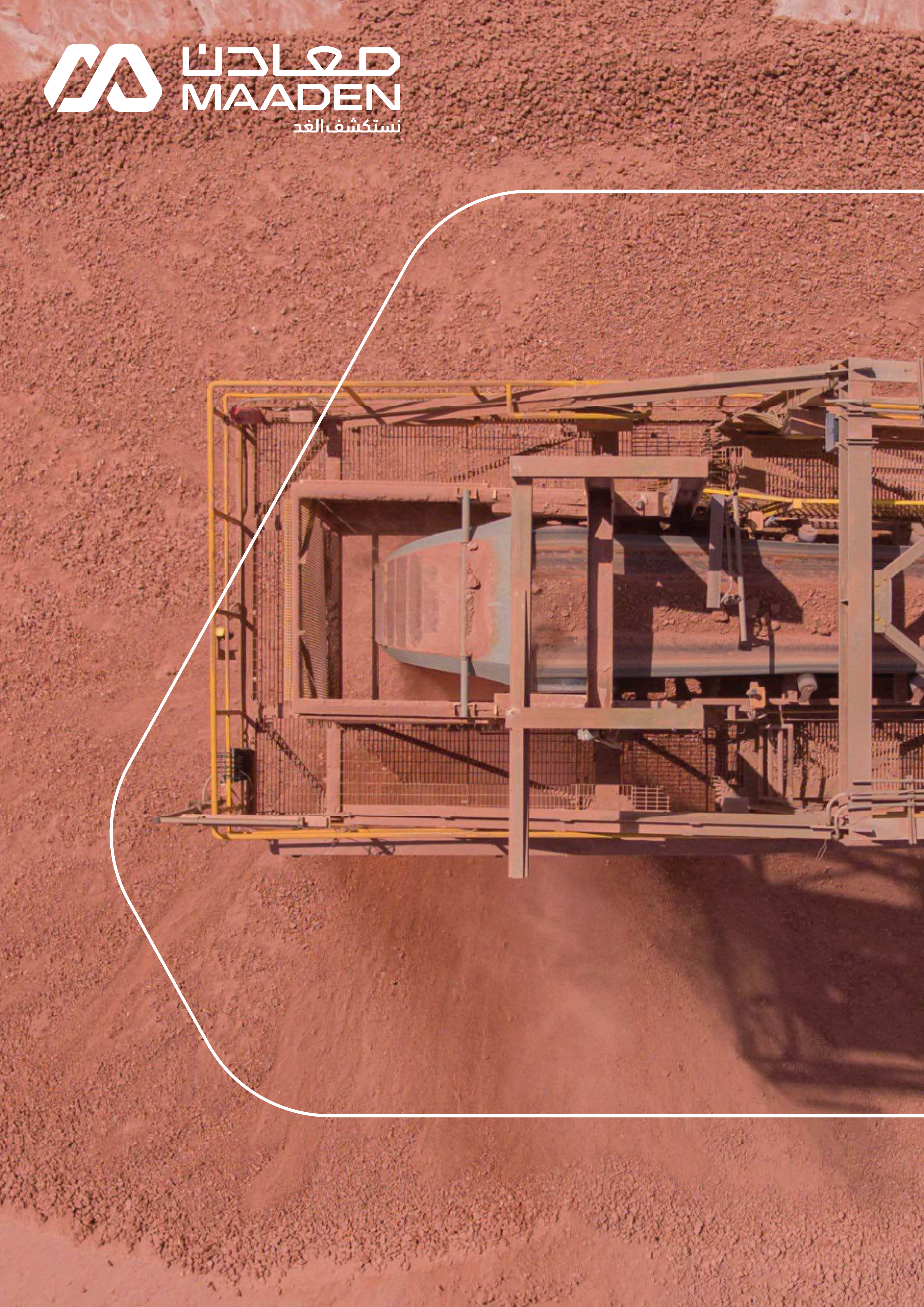


Aluminum Outlook

The market for aluminum is anticipated to gradually tighten across the period from 2023G to 2028G. In 2024G the global aluminum market is forecast to have a surplus of 400 kt , however, as demand gradually increases in the period to 2028, aluminum production is not expected to keep pace. In the same period, China supply and demand is expected to become balanced. Based on CRU estimates, the market is therefore expected to be in deficit by over 400 kt in 2028, and as a result prices are estimated to be averaging almost $3,000 /t with consumption outside of China outpacing production and providing support to prices.

Figure (16): Aluminum forecast supply and demand balance for 2023G to 2025G. (Source: CRU)

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3- The Transaction

3-1 Overview of the Transaction

On 12/03/1446H (corresponding to 15/09/2024G), Ma'aden made an announcement confirming signing the SPSA in respect of the Transaction. The SPSA included all the provisions and steps necessary to implement and complete the Transaction. For more information on the provisions of the SPSA, please refer to Section (5-2-5) ("Summary of the SPSA").

Pursuant to the SPSA, Ma'aden shall acquire 100% of the shares owned by Alcoa Saudi in MAC, which are one hundred sixty five million one thousand and one hundred and twenty five (165,001,125) ordinary share with a nominal value of SAR 10 per share, and 100% of the shares owned by AWA Saudi in MBAC, which are one hundred twenty eight million and ten thousand (128,010,000) ordinary shares with a nominal value of SAR 10 per share, by increasing the share capital of Ma'aden in accordance with Article (60) of the Rules on the Offer of Securities and Continuing Obligations and issuing eighty five million nine hundred seventy seven thousand and five hundred and forty seven (85,977,547) new ordinary shares, with nominal value of SAR 10 per share, in Ma'aden to the Sellers, whereby Alcoa Saudi will be allocated a total of sixty seven million six hundred twelve thousand and one hundred and sixty two (67,612,162) ordinary shares from the Consideration Shares, representing 1.74% of Ma'aden's share capital after the Transaction Completion, and AWA Saudi will be allocated a total of eighteen million three hundred sixty five thousand and three hundred and eighty five (18,365,385) ordinary shares from the Consideration Shares representing 0.47% of Ma'aden's share capital after the Transaction Completion, through the Capital Increase, in addition to a cash payment by Ma'aden to AWA Saudi in the amount of five hundred sixty two million five hundred thousand Saudi Riyals (SAR 562,500,000). The Guarantor will guarantee the performance of the obligations and liabilities of the Sellers under the SPSA to Ma'aden.

These shares will be issued by way of increasing the share capital of Ma'aden by 2.26% from thirty eight billion twenty seven million eight hundred fifty eight thousand and seven hundred and ten Saudi Riyals (SAR 38,027,858,710) to thirty eight billion eight hundred eighty seven million six hundred thirty four thousand and one hundred and eighty Saudi Riyals (SAR 38,887,634,180) and increasing the number of Ma'aden's shares from three billion eight hundred two million seven hundred eighty five thousand and eight hundred and seventy one (3,802,785,871) ordinary shares to three billion eight hundred eighty eight million seven hundred sixty three thousand and four hundred and eighteen (3,888,763,418) ordinary shares.

Upon the Transaction Completion, the current Ma'aden Shareholders will own 97.97% of Ma'aden's share capital after the Capital Increase and the Sellers will own 2.21% of Ma'aden's share capital.

The 25.1% stakes in the Target Companies has a valuation of four billion and one hundred and twenty five million Saudi Riyals (SAR 4,125,000,000). Based on this valuation, the Transaction consideration will consist in issuing the Consideration Shares in Ma'aden with a total value of eight hundred fifty nine million seven hundred seventy five thousand and four hundred and seventy Saudi Riyals (SAR 859,775,470) in addition to the Cash Consideration to be paid by Ma'aden to AWA Saudi amounting to five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 562,500,000). The total market value of the Consideration Shares is three billion five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 3,562,500,000) based on the agreed 30-calendar-day volume weighted average price ("**VWAP**") of Ma'aden's shares from 09/02/1446H (corresponding to 13/08/2024G) to 09/03/1446H (corresponding to 12/09/2024G) of SAR 41.44 per share, which represents approximately 2.21% of the share capital of Ma'aden after the Transaction Completion. The total market value of the Consideration Shares is three billion three hundred sixty one million seven hundred twenty two thousand and eighty eight Saudi Riyals (SAR 3,361,722,088) calculated based on the closing price of Ma'aden's shares as of 09/03/1446H (corresponding to 12/09/2024G) – which is the last trading day prior to signing the SPSA –of SAR 39.1 per share. The total value of Consideration Shares to be recorded in the consolidated financial statements of Ma'aden will be determined based on the closing price of Ma'aden's share at the last trading day prior to the date of the Transaction Completion.

Based on the final valuation and number of Consideration Shares to be issued, the Sellers will have no fractions of shares.

The following table shows details of the direct ownership* in Ma'aden of each of the Substantial Shareholders of Ma'aden and the public prior to and following the Transaction as of 13/08/1446H (corresponding to 12/02/2025G):

Table (3-1): Details of the direct ownership of Ma'aden's Substantial Shareholders and the Public in the Company before and after the Transaction Completion

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares in Ma'aden	Shareholding % in Ma'aden	No. of Shares in Ma'aden	Shareholding % in Ma'aden
Public Investment Fund	2,480,263,014	65.22226331%	2,480,263,014	63.78024959%
Members of Ma'aden's Board of Directors (1)	169,888	0.00446746%	169,888	0.00436869%
Ma'aden's Senior Executives (2)	697	0.00001833%	697	0.00001792%
Treasury Shares	7,866,754	0.20686818%	7,866,754	0.20229449%
Alcoa Saudi	N/A	N/A	67,612,162	1.73865455%
AWA Saudi	N/A	N/A	18,365,385	0.47226799%
Public (3)	1,314,485,518	34.5663827%	1,314,485,518	33.80214677%
Total	**3,802,785,871**	**100%**	**3,888,763,418**	**100%**

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

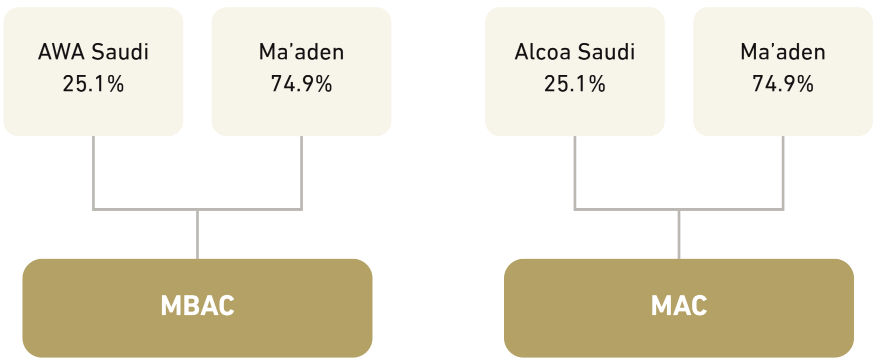
(2) Based on the shares owned directly by Ma'aden's Senior Executives only.

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

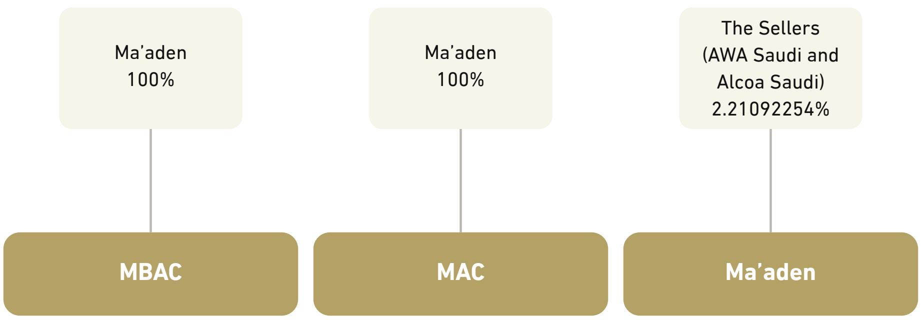
* It should be noted that none of Ma'aden's Substantial Shareholders hold any indirect interest in Ma'aden.

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

Shareholding before the completion of the Transaction:



Shareholding after the completion of the Transaction:



3-2 Transaction Rationale

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

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

The Transaction holds a strategic importance for Ma'aden and the national economy, aligning with Vision 2030, as Ma'aden aims to develop this sector into the third pillar of the Saudi economy and reinforce Ma'aden's role as a global leader in the mining sector. It is expected to enhance the Issuer's aluminum business and maximize financial returns and foster innovation through enhanced supply chain management and full operational independence.

Below are the main motives, synergies and expected benefits of the Transaction:

- **Delivers on Ma'aden growth agenda with limited dilution to existing shareholders:** Milestone towards the objective of developing the mining sector as the third pillar of the Saudi Arabia's economy.
- **Market expansion opportunities:**
  - The transaction will simplify Ma'aden's aluminum portfolio, enhance visibility in the value of investment in Saudi Arabia and improve its long-term competitiveness;
  - Full ownership of the aluminum business with a streamlined structure will enable Ma'aden to better identify and capitalize on growth opportunities; and
  - The MENA region is one of the fastest-growing markets for aluminum, with primary aluminum consumption expected to increase at 3.4% per year over the next decade, outpacing the global average demand growth of 1-1.5% per year. This growth presents Ma'aden with opportunities to expand its operations, and consequently its market share.
- **Focus on domestic markets:** The transaction will allow Ma'aden to focus on serving homegrown markets rather than export. The product offerings and technical resources are tailored to meet growing local/regional needs, explore new applications and customer base. This will help foster aluminum deep processing and end-user sectors in the Kingdom, such as smart cities/green buildings, sustainable packaging, solar power, or even Saudi-made Electric Vehicle.
- **Streamlined governance of MAC and MBAC:** The transaction will streamline MAC and MBAC governance structure, with only one shareholder enhancing the efficiency of the Board and management.
- **Simplifying future merger and acquisition ("M&A") transactions:** The acquisition of the remaining 25.1% stake in MAC and MBAC will allow Ma'aden to simplify its decision-making process by eliminating the complexities and delays in obtaining necessary approvals linked to minority shareholders. Reducing the number of counterparties involved in the coordination of strategic initiatives and future M&A transactions will lead to a more streamlined process with fewer potential conflicts. As a result, Ma'aden will be better positioned to pursue opportunities that align with its long-term objectives, thereby enhancing its competitiveness in the market.
- **Reducing value leakage to Ma'aden shareholders:** The acquisition of a further 25.1% stake will reduce minority interests in Ma'aden income statement and balance sheet.
- **Maximizing dividend capture:** Historically dividends from MAC and MBAC were shared proportionally with minority shareholders. Achieving full ownership of MAC and MBAC will enable Ma'aden to capture 100% of the dividends generated by the Target Companies, resulting in substantial benefits and returns for Ma'aden shareholders.

- **Enhanced capital structure and flexibility to strategically leverage debt:** The acquisition of the remaining 25.1% stake in MAC and MBAC will enhance Ma'aden's strategic flexibility in managing capital structure, particularly in leveraging debt to influence exchange ratios in prospective M&A transactions. It also allows for better working capital management across the entire aluminum value chain in which Ma'aden operates.
- **Commitment to ESG leadership:** The transaction will accelerate Ma'aden's commitment to becoming a global ESG leader in the mining sector. Ambitious projects and initiatives are underway to minimize carbon footprint, save water and energy usage and increase the capability and capacity of aluminum scrap recycling. Ma'aden is making headways towards carbon neutrality and a greener future for Saudi Arabia.
- **Strategic and other synergistic benefits:** Achieving full ownership of MAC and MBAC will grant Ma'aden operational independence of a critical growth segment, including the enablement of key downstream sectors in the Kingdom of Saudi Arabia. Owning all affiliates outright will allow Ma'aden to direct operations and marketing activities in the best interest of its aluminum business across the value chain.

3-3 Shareholding of Ma'aden's Directors

The table below indicates the shareholding of Ma'aden's directors and their controlling interes, if any, in Ma'aden, MAC or MBAC as of 13/08/1446H (corresponding to 12/02/2025G):

Table (3-2): Details of the shareholding of Ma'aden's directors and their controlling interest, if any, in Ma'aden, MAC or MBAC as of 13/08/1446H (corresponding to 12/02/2025G)

Name	Position	Status	Representing	Shareholding in Ma'aden				Shareholding in MAC				Shareholding in MBAC			
				Direct	Indirect Interest [1]	Total	%	Direct	Indirect Interest [1]	Total	%	Direct	Indirect Interest [1]	Total	%
H.E. Yasir bin Othman bin Homoud Al-Rumayyan	Chairman	Non-executive	N/A	150,000	N/A	150,000	0.003944477%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
H.E. Eng. Khalid bin Saleh bin Muhammed Al-Mudaifer	Vice Chairman	Non-Executive	N/A	19,737	N/A	19,737	0.000519014%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Ganesh Kishore	Member of the board of directors	Non-Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Sofia Bianchi	Member of the board of directors	Non-Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Abdullah bin Saleh bin Jum'ah Aldosari	Member of the board of directors	Independent	N/A	1	N/A	1	0.000000026 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name	Position	Status	Representing	Shareholding in Ma'aden				Shareholding in MAC				Shareholding in MBAC			
				Direct	Indirect Interest (1)	Total	%	Direct	Indirect Interest (1)	Total	%	Direct	Indirect Interest (1)	Total	%
H.E. Ahmed Abdulaziz Mohammed Alhakbani	Member of the board of directors	Independent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Mohammed bin Yahya Abdulmughni Al-Qahtani	Member of the board of directors	Non - Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Eng. Nabila bint Mohammed Makki Al-Tunisi	Member of the board of directors	Independent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Richard O'Brien	Member of the board of directors	Independent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Robert Glenn Wilt	Member of the board of directors	Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Manar Moneef Abdullah AlMoneef	Member of the board of directors	Non - Executive	N/A	150	N/A	150	0.000003944%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Ma'aden

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

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

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

3-5 Related Parties and Conflicted Directors

The Transaction does not involve Related Parties nor conflicted directors.

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

The following table shows details of the direct ownership* in Ma'aden of each of the Substantial Shareholders of Ma'aden and the public prior to and following the Transaction Completion as of 13/08/1446H (corresponding to 12/02/2025G):

Table (3-3): Details of the direct ownership* in Ma'aden of each of the Substantial Shareholders of Ma'aden and the Public before and after the Transaction Completion as of 13/08/1446H (corresponding to 12/02/2025G)

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares in Ma'aden	Shareholding % in Ma'aden	No. of Shares in Ma'aden	Shareholding % in Ma'aden
Public Investment Fund	2,480,263,014	65.22226331%	2,480,263,014	63.78024959%
Members of Ma'aden's Board of Directors (1)	169,888	0.00446746%	169,888	0.00436869%
Ma'aden's Senior Executives (2)	697	0.00001833%	697	0.00001792%
Treasury Shares	7,866,754	0.20686818%	7,866,754	0.20229449%
Alcoa Saudi	N/A	N/A	67,612,162	1.73865455%
AWA Saudi	N/A	N/A	18,365,385	0.47226799%
Public (3)	1,314,485,518	34.5663827%	1,314,485,518	33.80214677%
Total	**3,802,785,871**	**100%**	**3,888,763,418**	**100%**

Source: Ma'aden.

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

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

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

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

3-7 Overview of the Target Companies' Operations

3-7-1 MAC's Operations

3-7-1-1 Incorporation and Shareholding Structure

MAC is a limited liability company incorporated under the laws of Saudi Arabia with commercial registration number 2055012511 and with its registered address at Ras Al-Khair Industrial City, Kingdom of Saudi Arabia and its postal address at P.O Box 11342, Al-Jubail Industrial City 31961, Kingdom of Saudi Arabia.

MAC's current share capital is six billion five hundred seventy three million and seven hundred and fifty thousand Saudi Riyals (SAR 6,573,750,000) divided into six hundred fifty seven million and three hundred and seventy five thousand (657,375,000) equal ordinary shares, with nominal value of SAR 10 per share. The paid-up capital of MAC's upon incorporation is six billion five hundred seventy three million and seven hundred and fifty thousand Saudi Riyals (SAR 6,573,750,000). The below table shows MAC's shareholding as of the date hereof:

Table (3-4): Details of MAC's current share capital

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Ma'aden	492,373,875	74.9%	657,375,000	100%
Alcoa Saudi	165,001,125	25.1%	N/A	N/A
Total	**657,375,000**	**100%**	**657,375,000**	**100%**

Source: Ma'aden

3-7-1-2 MAC's Business Activities

The activities of MAC, under its articles of association, are indicated below:

1- Manufacturing previous and non-ferrous basic metals.
2- Non-ferrous metals casting.

Separately, pursuant to its commercial registration, MAC carries out the following activities:

1- Smelting, rolling, drawing, refining and casting of aluminium and its alloys.
2- Non-ferrous metal casting, finished products including aluminium, zinc, etc.
3- Non-ferrous metals casting, semi-finished products including aluminum and zinc, etc.

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

3-7-1-3 Projects under study or implementation

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

1- construction of a 400ktpy recycling plant, which would leverage the KSA's scrap availability to produce secondary aluminium value-added products (billets and slabs). This would enable MAC to increase its output capacity with 95% lower emissions than through primary smelting. The team has successfully handed over Stage 2 and secured approval to move to Stage 3 (Bankable Feasibility Study);
2- construction of an extension to Potlines 1 & 2, which will add 89ktpy of incremental primary aluminium in the form of molten metal to support local downstream industry. This will enable MAC to increase the annual production of the smelter whilst maximising existing assets. The team has previously successfully completed Stage 3 (Bankable Feasibility Study), which will undergo a refresh;
3- addition of an additional remelt furnace to the smelter casthouse to process up to 85ktpy of excess scrap produced from the casthouse and rolling mill facilities; and
4- construction of Potline 3, which will add approximately 590ktpy of primary hot metal capacity accompanied by an increase in MAC's value-added products portfolio (including billet, slab & PFA).

3-7-1-4 MAC's Managers and Executives

MAC's current board of managers consists of five (5) managers, three (3) of whom are appointed by Ma'aden and two (2) of whom are appointed by Alcoa Saudi. MAC does not have any committees in place.

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

Table (3-5): Details of MAC's managers, their position titles, membership capacities, the entities each manager represents, and their respective ownership in each of MAC and Ma'aden

Name	Title	Entity Repre-sented	Shareholding in MAC				Shareholding in Ma'aden[2]			
			Direct	Indirect Inter-est (1)	Total	%	Direct	Indirect Inter-est (1)	Total	%
Ali Bin Saeed Bin Abdullah Al-Orayj	Chairman	Ma'aden	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ghannam Abdullah Bin Ali Al-Ghannam	Member	Ma'aden	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Attaullah Nihal Nihal Khan	Member	Ma'aden	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vidar Bruland	Member	Alcoa Saudi	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Andrew Estel	Member	Alcoa Saudi	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Ma'aden

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

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

Table (3-6): Details of MAC's Senior Executives and their respective positions

Name	Title
Ali Bin Saeed Bin Abdullah Al-Orayj	Executive Vice President, Aluminum BU
Abdullah Ayed Mabrouk Al-Ghamdi	SVP, Upstream Production
Ghannam Abdullah Bin Ali Al-Ghannam	Vice President, Commercial
Abdullah Aiyedh Maadah Al-Garni	Vice President, Safety & Security
Attaullah Nihal Nihal Khan	Vice President, Finance
Abdullah Ayed Ali Al-Qahtani	Vice President, Technical & Continuous Improvement
Khalid Mohammed Hazza Al-Otaibi	Vice President, Due Diligence Procurement
Mohammed Bakr Nedhamuddin Binyaqoub	Vice President, Strategy & Business Development

Source: Ma'aden

3-7-1-5 Lawsuits and claims against MAC

There are no lawsuits or claims (including any pending or threatened lawsuit) that could have a material effect on MAC's business and subsidiaries or its financial position.

For more information on risks related to legal disputes, please see Section (1-2-3) ("**Risks related to Legal Disputes**").

2 **Note:** As part of a long-term incentive plan established by Ma'aden, the directors in MAC will own a certain number of shares in Ma'aden. However, such shares have not been allocated to these directors given that the initial allocation of the aforesaid incentive plan is scheduled to take place in 2026G.

3-7-2 MBAC's Operations

3-7-2-1 Incorporation and Shareholding Structure

MBAC is a limited liability company incorporated under the laws of Saudi Arabia with commercial registration number 2055012955 and with its registered address at Ras Al-Khair Industrial City, Kingdom of Saudi Arabia and its postal address at P.O Box 11342, Al-Jubail Industrial City 31961, Kingdom of Saudi Arabia.MBAC's current share capital is five billion and one hundred million Saudi Riyals (SAR 5,100,000,000) divided into five hundred and ten million (510,000,000) equal ordinary shares, with nominal value of SAR 10 per share equal ordinary shares, with nominal value of SAR 10 per share. The paid-up capital of MBAC upon incorporation is four billion eight hundred twenty eight million four hundred sixty four thousand and four hundred and twelve Saudi Riyals (SAR 4,828,464,412). The below table shows MBAC's shareholding as of the date hereof:

Table (3-7): Details of MBAC's shareholding

Shareholder	Pre-Completion		Post-Completion	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Ma'aden	381,990,000	74.9%	510,000,000	100%
AWA Saudi	128,010,000	25.1%	N/A	N/A
Total	**510,000,000**	**100%**	**510,000,000**	**100%**

Source: Ma'aden

3-7-2-2 MBAC's Business Activities

The activity of MBAC, under its articles of association, is manufacturing previous and non-ferrous basic metals.

Separately, pursuant to its commercial registration, MBAC carries out the following activities:

1- Smelting, rolling, drawing, purifying, and casting aluminum and its alloys.
2- Production of alumina from nickel or copper.

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

3-7-2-3 Projects under study or implementation

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

1- construction of a solar steam facility to remove fossil fuels from the generation of heat at MBAC's alumina refinery; initially a pilot plant will be built before moving to a full-scale project;
2- construction of a solar PV + BESS facility to replace diesel generation at MBAC's Al'Baitha bauxite mine;
3- explore initiatives for red mud residue: to extract and re-use caustic soda; and for industrial uses such as cement and red bricks;
4- construction of an additional alumina refinery, which will add approximately 2Mtpy of refined alumina capacity to MBAC, to support the increase in annual primary smelting capacity from Potline 3. The team has previously successfully completed Stage 1.

3-7-2-4 MBAC's Managers and Executives

MBAC's current board of managers consists of five (5) managers, three (3) of whom are appointed by Ma'aden and two (2) of whom are appointed by AWA Saudi. MBAC does not have any committees in place.

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

Table (3-8): Details of MBAC's mangers, their position titles, membership capacities, the entities each managers represents, and their respective ownership in each of MBAC and Ma'aden

Name	Title	Entity Represented	Shareholding in MBAC				Shareholding in Ma'aden[3]			
			Direct	Indirect Interest (1)	Total	%	Direct	Indirect Interest (1)	Total	%
Ali Bin Saeed Bin Abdullah Al-Orayj	Chairman	Ma'aden	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ghannam Abdullah Bin Ali Al-Ghannam	Member	Ma'aden	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Attaullah Nihal Nihal Khan	Member	Ma'aden	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vidar Bruland	Member	AWA Saudi	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Andrew Estel	Member	AWA Saudi	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Ma'aden

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

Table (3-9): Details of MBAC's Senior Executives and their respective positions

Name	Title
Ali Bin Saeed Bin Abdullah Al-Orayj	Executive Vice President, Aluminum BU
Abdullah Ayed Mabrouk Al-Ghamdi	SVP, Upstream Production
Ghannam Abdullah Bin Ali Al-Ghannam	Vice President, Commercial
Abdullah Aiyedh Maadah Al-Garni	Vice President, Safety & Security
Attaullah Nihal Nihal Khan	Vice President, Finance
Abdullah Ayed Ali Al-Qahtani	Vice President, Technical & Continuous Improvement
Khalid Mohammed Hazza Al-Otaibi	Vice President, Due Diligence Procurement
Mohammed Bakr Nedhamuddin Binyaqoub	Vice President, Strategy & Business Development

Source: Ma'aden

3 **Note:** As part of a long-term incentive plan established by Ma'aden, the directors in MBAC will own a certain number of shares in Ma'aden. However, such shares have not been allocated to these directors given that the initial allocation of the aforesaid incentive plan is scheduled to take place in 2026G.

3-7-2-5 Lawsuits and claims against MBAC

There is no lawsuit or claim (including any pending or threatened lawsuit) that could have a material effect on MBAC's business and subsidiaries or its financial position. For information on risks related to legal disputes, please see Section (1-2-3) ("**Risks related to Legal Disputes**").

3-8 Valuation of the Target Companies

Summary of Agreed Valuation

Pursuant to the SPSA, the agreed valuation of Ma'aden share for the purpose of the Transaction is SAR 41.44 per share calculated based on the 30-day volume-weighted average price (VWAP) of the shares of Ma'aden as of 12/09/2024G. The Parties also agreed that the valuation of the 25.1% of the share capital of MAC and 25.1% of the share capital of MBAC in aggregate is four billion and one hundred and twenty five million Saudi Riyals (SAR 4,125,000,000) consisting of a cash payment by Ma'aden to AWA Saudi of five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 562,500,000), with the remaining consideration of three billion five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 3,562,500,000) being paid through the issuance of eighty five million nine hundred seventy seven thousand and five hundred and forty seven (85,977,547) new shares in Ma'aden to the Sellers, whereby Alcoa Saudi will be allocated a total of sixty seven million six hundred twelve thousand and one hundred and sixty two (67,612,162) ordinary shares from the Consideration Shares, representing 1.74% of Ma'aden's share capital after the Transaction Completion, and AWA Saudi will be allocated a total of eighteen million three hundred sixty five thousand and three hundred and eighty five (18,365,385) ordinary shares from the Consideration Shares representing 0.47% of Ma'aden's share capital after the Transaction Completion. Please refer to Section (5-2-5) ("**Summary of the SPSA**") for more details about the SPSA and its terms.

Valuation Analysis Summary

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

1- 25.1% of the share capital of MAC, representing the entire ownership of Alcoa Saudi in MAC, representing 165,001,125 (one hundred sixty five million one thousand and one hundred and twenty five) ordinary shares; and

2- 25.1% of the share capital of MBAC, representing the entire ownership of AWA Saudi in MBAC, representing 128,010,000 (one hundred twenty eight million and ten thousand) ordinary shares.

Valuation of MAC and MBAC

For the purpose of the valuation, and given (i) Alcoa Saudi and Ma'aden are shareholders of MAC and (ii) AWA Saudi and Ma'aden are shareholders of MBAC, the parties agreed to refer to the latest business plan developed independently by the management of MAC and MBAC, and signed off by the respective Board of Directors as the base forecasts for the Transaction.

In order to determine the value of the entire shares owned by Alcoa Saudi and AWA Saudi in MAC and MBAC, respectively, Ma'aden and SNB Capital have used various methodologies, with a particular focus on Discounted Cash Flow ("DCF") valuation and comparable companies trading multiple analysis, which were deemed the most appropriate:

1- Discounted Cash Flow ("DCF") Analysis:

- Evaluates and assesses the fair value of MAC and MBAC using the unlevered free cash flows derived from the company's business plan, an appropriate risk-adjusting discount rate and long-term growth rate;
- The analysis involves running a number of assumption scenarios on the base forecasts, including changes in product prices and operating expenses based on Ma'aden's internal views as well as on forecasts provided by independent Market Data Provider.
- The valuation range for MAC and MBAC using the DCF valuation methodology, is estimated between three billion four hundred ten million (3,410,000,000) Saudi riyals and six billion three hundred eighty-one million (6,381,000,000) Saudi riyals.

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

- Derives the value of MAC and MBAC by benchmarking against selected listed companies which are considered to be comparable to MAC and MBAC from a financial and operational perspective, and subject to similar macroeconomic, market, sector, industry and business factors.
- The valuation range for MAC and MBAC using the comparable company trading multiple analysis methodology, is estimated between one billion two hundred twenty-four million (1,224,000,000) Saudi riyals and one billion seven hundred fifty-six million (1,756,000,000) Saudi riyals.

3- Analysis of valuation multiples from similar precedent transactions: Represents the analysis of the valuation multiples paid for similar transactions in the sector. However, given the specificities of the Transaction and the assets being acquired (such as focus on Bauxite exploitation, Alumina production and primary aluminum production, tax regime and cost base), this methodology was not deemed relevant and therefore not used to value MAC and MBAC due to a lack of reasonably comparable transactions.

Valuation of Ma'aden shares

The volume weighted average price ("**VWAP**") is the market norm for valuing the issuer in transactions where a publicly listed company seek to increase its capital to acquire a target company

To value the share price of Ma'aden for the purpose of determining the number of newly issued Ma'aden shares, Ma'aden and SNB Capital reviewed and considered the behavior and evolution of the Ma'aden share prices for the two-year period prior to the signing of the SPSA, including prices and volumes analysis.

The share price of Ma'aden for the Transaction was valued by SNB Capital Company at approximately 42.30 Saudi riyals per share, using the VWAP for 90 calendar days of Ma'aden during the period from 07/11/1445H (corresponding to 13/06/2024G) to 09/03/1446H (corresponding to 12/09/2024G).

Accordingly, an agreement was reached between Ma'aden, Alcoa Saudi, and Awa Saudi under the SPSA to evaluate the share price of Ma'aden using the VWAP of Ma'aden shares over 30 calendar days, covering the period from 09/02/1446H (corresponding to 13/08/2024G) to 09/03/1446H (corresponding to 12/09/2024G), with the price set at 41.44 Saudi riyals per share.

Accordingly, the total market value of the Consideration shares amounts to (three billion five hundred sixty-two million five hundred thousand 3,562,500,000 Saudi riyals). However, the total market value of the Consideration shares, based on the closing price of Ma'aden's share as of 09/03/1446H (corresponding to 12/09/2024G) – which is the last trading day before the signing date of the SPSA – amounts to (three billion three hundred sixty-one million seven hundred twenty-two thousand eighty-eight) 3,361,722,088 Saudi riyals, based on a closing price of 39.1 Saudi riyals per share.

Transaction Agreed valuation

Considering the outcome of the valuation methodologies described above, an agreement was reached for a total Transaction valuation of SAR 4,125,000,000 (four billion and one hundred and twenty five million Saudi Riyals) for the shares owned by Alcoa Saudi and AWA Saudi in MAC and MBAC, respectively. Parties agreed during negotiations that the Transaction Consideration, amounting to SAR 4,125,000,000 (four billion and one hundred and twenty five million Saudi Riyals), will be distributed among the Sellers as follows:

- **Consideration to be paid in shares (Consideration Shares):** New shares in Ma'aden will be issued to Alcoa Saudi and AWA Saudi, amounting to three billion five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 3,562,500,000)
  - **Alcoa Saudi's share of the Consideration Shares:** (two billion, eight hundred and one million, five hundred and twenty-five thousand, nine hundred and twenty-eight Saudi Riyals) SAR 2,801,525,928
  - **AWA Saudi's share of the Consideration Shares:** (seven hundred and sixty million, nine hundred and seventy-four thousand, seventy-two Saudi Riyals) SAR 760,974,072
- **Cash Consideration to be paid to AWA Saudi:** (five hundred and sixty-two million, five hundred thousand Saudi riyals) SAR 562,500,000, fully paid to AWA Saudi

The valuation of the Ma'aden shares was calculated based on the volume-weighted average price (VWAP) of the shares of Ma'aden over a 30-calendar day period prior to the date of signing the SPSA, which was equivalent to SAR 41.44 (forty one and forty four hundredths Saudi Riyals) per share.

As a result, the total number of fully paid-up Consideration Shares to be issued by Ma'aden will amount to 85,977,547 (eighty five million nine hundred seventy seven thousand and five hundred and forty seven) shares, fully paid with a nominal value of SAR 10 (ten Saudi Riyals) per share, whereby Alcoa Saudi will be allocated a total of sixty seven million six hundred twelve thousand and one hundred and sixty two (67,612,162) ordinary shares from the Consideration Shares, representing 1.74% of Ma'aden's share capital after the Transaction Completion, and AWA Saudi will be allocated a total of eighteen million three hundred sixty five thousand and three hundred and eighty five (18,365,385) ordinary shares from the Consideration Shares representing 0.47% of Ma'aden's share capital after the Transaction Completion, resulting in a total value of SAR 859,775,470 (eight hundred fifty nine million seven hundred seventy five thousand and four hundred and seventy Saudi Riyals). The total market value of the Consideration Shares is SAR 3,562,500,000 (three billion five hundred sixty two million and five hundred thousand Saudi Riyals) based on the agreed 30-day VWAP of SAR 41.44 (forty one and forty four hundredths Saudi Riyals) of Ma'aden's shares as of 09/03/1446H (corresponding to 12/09/2024G).

Table (3-10): Detailed Valuation Table

Combined valuation of the acquired 25.1% shares in MAC and 25.1% shares in MBAC	Four billion and one hundred and twenty five million Saudi Riyals (SAR 4,125,000,00)
Portion of the consideration to be paid in shares through the issuance of new shares in Ma'aden to Alcoa Saudi and AWA Saudi (Consideration Shares)	Three billion five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 3,562,500,000)
Portion of the consideration to be paid in shares through the issuance of new shares in Ma'aden to Alcoa Saudi	Two billion, eight hundred and one million, five hundred and twenty-five thousand, nine hundred and twenty-eight Saudi Riyals (SAR 2,801,525,928)
Portion of the consideration to be paid in shares through the issuance of new shares in Ma'aden to AWA Saudi	Seven hundred and sixty million, nine hundred and seventy-four thousand, seventy-two Saudi Riyals (SAR 760,974,072)
Portion of the consideration to be paid in cash by Ma'aden to AWA Saudi (Cash Consideration)	Five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 562,500,000)
Total value of the consideration to be paid in cash by Ma'aden to AWA Saudi (Cash Consideration) in addition to the portion of the (Consideration Shares) allocated to AWA Saudi	One billion three hundred twenty-three million four hundred seventy-four thousand seventy-two Saudi Riyals (SAR 1,323,474,072), divided between the Cash Consideration amounting to five hundred sixty-two million five hundred thousand Saudi Riyals (SAR 562,500,000) and Consideration Shares amounting to seven hundred sixty million nine hundred seventy-four thousand seventy-two Saudi Riyals (SAR 760,974,072)
Valuation of Ma'aden's shares (for the purpose of the Transaction)	SAR 41.44 per share calculated based on the 30-day VWAP of the shares of Ma'aden as of 12/09/2024G
Total number of Consideration Shares	Eighty five million nine hundred seventy seven thousand and five hundred and forty seven (85,977,547) ordinary shares, whereby Alcoa Saudi will be allocated a total of sixty seven million six hundred twelve thousand and one hundred and sixty two (67,612,162) ordinary shares from the Consideration Shares, representing 1.74% of Ma'aden's share capital after the Transaction Completion, and AWA Saudi will be allocated a total of eighteen million three hundred sixty five thousand and three hundred and eighty five (18,365,385) ordinary shares from the Consideration Shares representing 0.47% of Ma'aden's share capital after the Transaction Completion
Total value of the Consideration Shares	Eight hundred fifty nine million seven hundred seventy five thousand and four hundred and seventy Saudi Riyals (SAR 859,775,470)
The market value of the Consideration Shares (based on Ma'aden closing price of SAR 39.10 on 12/09/2024G (the last trading day preceding the signing of the SPSA))	Three billion three hundred sixty one million seven hundred twenty two thousand and eighty eight Saudi Riyals (SAR 3,361,722,088)
Ma'aden Valuation	The valuation of Ma'aden shares as of 12/09/2024G calculated based on the 30-day VWAP of the shares of Ma'aden, represents an equity value of (157,569,332,882)* Saudi Riyals at SAR 41.44 per share

* Based on Ma'aden total number of shares prior to the Transaction of 3,802,785,871

Important Information

SNB Capital provided financial advisory services to the Ma'aden board of directors in connection with their consideration of the Transaction, in accordance with certain terms and conditions agreed in the engagement letter between the parties. Neither Ma'aden, its board of directors, nor its shareholders shall regard SNB Capital's work as a recommendation as to how any Ma'aden Shareholder should vote with respect to the proposal resolutions at the Ma'aden EGM or any other matter, nor an opinion on the fairness or suitability of the Transaction. SNB Capital does not accept any liability towards any Ma'aden Shareholder, and provided its advice solely to the Ma'aden board.

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

3-9 Summary Unaudited Pro Forma Consolidated Financial Information

The unaudited pro forma consolidated financial information consists of the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2024 and the unaudited pro forma consolidated statement of financial position as at 31 December 2024 and the related notes (the "**unaudited pro forma consolidated financial information**"). The applicable criteria on the basis of which management has compiled the unaudited pro forma consolidated financial information are specified in Annex 20 and Annex 21 of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia and described in Note 1 to the accompanying unaudited pro forma consolidated financial information (the "**applicable criteria**").

The unaudited pro forma consolidated financial information has been compiled by management to illustrate the impact of the acquisitions by Maaden of twenty-five point one percent (25.1%) equity interest in Ma'aden Bauxite and Alumina Company ("**MBAC**"), a subsidiary of the Company, from a minority shareholder in MBAC holding twenty-five point one percent (25.1%) equity interest ("**Seller 1**"), and twenty-five point one percent (25.1%) equity interest in Ma'aden Aluminium Company ("**MAC**"), a subsidiary of the Company, from a minority shareholder in MAC holding twenty-five point one percent (25.1%) equity interest ("**Seller 2**") through cash payment by the Company to Seller 1 and issuance of new ordinary shares of the Company to Seller 1 and Seller 2 (the "**Transaction**"), as set out in Note 1 to the unaudited pro forma consolidated financial information, on the Group's consolidated statement of financial position as at 31 December 2024 as if the Transaction had taken place at 31 December 2024 and on the Group's consolidated statement of profit or loss and the consolidated statement of comprehensive income for the year ended 31 December 2024 as if the Transaction had taken place at 1 January 2024. As part of this process, the information about the Group's financial position and financial performance has been extracted by management from the audited consolidated financial statements of the Group as at and for the year ended 31 December 2024, on which an unqualified audit report, dated 9 March 2025, was issued.

Management's responsibility for the unaudited pro forma consolidated financial information

Management is responsible for compiling the unaudited pro forma consolidated financial information on the basis of the applicable criteria described in Note 1 to the unaudited pro forma consolidated financial information and in accordance with the requirements of Annex 20 and Annex 21 of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia.

Table (3-11): Unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2024G

	Notes	Year ended 31 December 2024 (Audited)	Pro forma adjustments	Year ended 31 December 2024 (Unaudited pro forma)
Revenue	1	32,546,157,340	15,344,679	32,561,502,019
Cost of sales		(23,301,998,978)	-	(23,301,998,978)
Gross profit		**9,244,158,362**	**15,344,679**	**9,259,503,041**
Operating expenses				
Selling, marketing and logistic expenses		(666,420,530)	-	(666,420,530)
General and administrative expenses		(2,060,701,517)	-	(2,060,701,517)
Exploration and technical services expenses		(637,562,039)	-	(637,562,039)
Expected credit loss allowance		(165,919,179)	-	(165,919,179)
Other operating income, net		541,078,564	-	541,078,564
Operating profit		**6,254,633,661**	**15,344,679**	**6,269,978,340**
Finance income		797,972,012	-	797,972,012
Finance cost		(2,548,613,137)	-	(2,548,613,137)
Share in net profit of joint ventures that have been equity accounted		182,814,117	-	182,814,117
Profit before zakat, income tax and severance fees		**4,686,806,653**	**15,344,679**	**4,702,151,332**
Income tax		115,709,626	-	115,709,626
Zakat expense		(503,042,854)	-	(503,042,854)
Severance fees		(165,581,161)	-	(165,581,161)
Profit for the year		**4,133,892,264**	**15,344,679**	**4,149,236,943**
Profit for the year is attributable to:				
Ordinary shareholders of the parent company		2,871,544,808	110,805,236	2,982,350,044
Non-controlling interest	5	1,262,347,456	(95,460,557)	1,166,886,899
		4,133,892,264	**15,344,679**	**4,149,236,943**
Earnings per ordinary share (Saudi Riyals)				
Basic and diluted earnings per share attributable to ordinary shareholders of the parent company	2	0.78	0.01	0.79

Table (3-12): Unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2024G

	Notes	Year ended 31 December 2024 (Audited)	Pro forma adjustments	Year ended 31 December 2024 (Unaudited pro forma)
Profit for the year	**1**	**4,133,892,264**	**15,344,679**	**4,149,236,943**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Share in other comprehensive loss of a joint venture that has been equity accounted		(182,452,500)		(182,452,500)
Loss on exchange differences on translation		(31,099,997)	-	(31,099,997)
Cash flow hedge - changes in fair value and transfer to profit or loss, net		**130,971,393**	**-**	**130,971,393**
Items that will not be reclassified to profit or loss				
Share in other comprehensive loss of a joint venture that has been equity accounted		(169,435)	-	(169,435)
Change in fair value of equity investment classified as fair value through other comprehensive income		(111,793,623)	-	(111,793,623)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation		(66,933,593)	-	(66,933,593)
Other comprehensive loss for the year		(261,477,755)	-	(261,477,755)
Total comprehensive income for the year		**3,872,414,509**	**15,344,679**	**3,887,759,188**
Total comprehensive income for the year is attributable to:				
Ordinary shareholders of the parent company		2,630,860,506	96,343,490	2,727,203,996
Non-controlling interest	5	1,241,554,003	(80,998,811)	1,160,555,192
		3,872,414,509	**15,344,679**	**3,887,759,188**

Table (3-13): Unaudited pro forma consolidated statement of financial position as at 31 December 2024G

	Notes	31 December 2024 (Audited)	Pro forma adjustments	31 December 2024 (Unaudited pro forma)
Assets				
Non-current assets				
Mine properties		12,772,183,515	-	12,772,183,515
Property, plant and equipment		57,031,399,645	-	57,031,399,645
Right-of-use assets		1,482,897,489	-	1,482,897,489
Capital work-in-progress		5,939,457,218	-	5,939,457,218
Intangible assets and goodwill		184,952,568	-	184,952,568
Investment in joint ventures		6,167,061,237	-	6,167,061,237
Deferred tax assets		1,193,988,877	-	1,193,988,877
Investment in securities		644,867,955	-	644,867,955
Other non-current assets		707,015,230	-	707,015,230
Total non-current assets		**86,123,823,734**	**-**	**86,123,823,734**

	Notes	31 December 2024 (Audited)	Pro forma adjustments	31 December 2024 (Unaudited pro forma)
Current assets				
Advances and prepayments		447,811,412	-	447,811,412
Inventories		6,892,235,413	-	6,892,235,413
Trade and other receivables		6,131,193,721	-	6,131,193,721
Investment in securities		27,228,369	-	27,228,369
Derivative financial instruments		172,260,810	-	172,260,810
Time deposits		79,568,190	-	79,568,190
Cash and cash equivalents	1	15,215,248,369	(562,500,000)	14,652,748,369
Total current assets		**28,965,546,284**	**(562,500,000)**	**28,403,046,284**
Total assets		**115,089,370,018**	**(562,500,000)**	**114,526,870,018**
Equity and liabilities				
Equity				
Share capital	3	38,027,858,710	859,775,470	38,887,634,180
Share premium	4	4,334,902,008	3,415,028,167	7,749,930,175
Statutory reserve		157,732,649	-	157,732,649
Treasury shares held under employees' share-based payment plan		(345,583,162)	-	(345,583,162)
Other reserves		(346,587,222)	-	(346,587,222)
Retained earnings		10,057,828,380	(2,459,012,179)	7,598,816,201
Equity attributable to ordinary shareholders of the parent company		51,886,151,363	1,815,791,458	53,701,942,821
Non-controlling interest	5	8,270,080,164	(2,378,291,458)	5,891,788,706
Total equity		**60,156,231,527**	**(562,500,000)**	**59,593,731,527**
Liabilities				
Non-current liabilities				
Borrowings		29,038,184,390	-	29,038,184,390
Provision for decommissioning, site rehabilitation and dismantling obligations		1,954,435,249	-	1,954,435,249
Lease liabilities		1,213,678,022	-	1,213,678,022
Deferred tax liabilities		1,234,982,938	-	1,234,982,938
Employees' benefits		1,454,901,258	-	1,454,901,258
Trade, projects, and other payables		543,203,526	-	543,203,526
Total non-current liabilities		**35,439,385,383**	**-**	**35,439,385,383**

Table (3-14): Unaudited pro forma consolidated statement of financial position as at 31 December 2023G (Continued)

	31 December 2024 (Audited)	Pro forma adjustments	31 December 2024 (Unaudited pro forma)
Current liabilities			
Trade, projects, and other payables	4,698,427,438	-	4,698,427,438
Accrued expenses	6,685,500,436	-	6,685,500,436
Zakat and income tax payable	587,165,280	-	587,165,280
Severance fees payable	225,118,701	-	225,118,701
Borrowings	7,077,428,576	-	7,077,428,576
Lease liabilities	220,112,677	-	220,112,677
Total current liabilities	**19,493,753,108**	**-**	**19,493,753,108**
Total liabilities	**54,933,138,491**	**-**	**54,933,138,491**
Total equity and liabilities	**115,089,370,018**	**(562,500,000)**	**114,526,870,018**

1- Company overview and basis of preparation

Company overview

Saudi Arabian Mining Company ("**Maaden**") (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 Dhu al-Qadah 1417H (corresponding to 23 March 1997) with Commercial Registration No. 1010164391, dated 10 Dhu al-Qadah 1421H (corresponding to 4 February 2001). The Company has an authorized and issued share capital of Saudi Riyals ("**SAR**") 38,027,858,710 divided into 3,802,785,871 with a nominal value of SAR 10 per share.

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.

Basis of preparation

This unaudited pro forma consolidated financial information has been prepared by management in accordance with the applicable requirements of Annex 20 and Annex 21 of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia, to illustrate the financial impact of the below mentioned transaction, on the historical consolidated financial statements of the Group as of and for the year ended 31 December 2024 as if the transaction had taken place at 31 December 2024 for the purposes of the Group's consolidated statement of financial position and as if the transaction had taken place at 1 January 2024 for the purposes of consolidated statement of profit or loss and consolidated statement of comprehensive income for the year ended 31 December 2024, and the consequential adjustments arising from 1 January 2024 to 31 December 2024. The unaudited pro forma consolidated financial information is included for illustrative purposes only and the pro forma adjustments are based upon assumptions which are described below. Because of its nature, the unaudited pro forma consolidated financial information illustrates what the impact would have been if the transaction had been consummated at an earlier point in time and does not represent the Group's actual financial results or position, and does not give any indication of the results and future financial situation of the activities of the Group upon completion of the below mentioned transaction.

The unaudited pro forma consolidated financial information comprise:

- the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2024,
- the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2024,
- the unaudited pro forma consolidated statement of financial position as at 31 December 2024, and
- the notes to the unaudited pro forma consolidated financial information.

For the preparation of the accompanying unaudited pro forma consolidated financial information, management has used audited consolidated financial statements of the Group for the year ended 31 December 2024, which are prepared in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

1- Company overview and basis of preparation (continued)

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

Transaction

The further acquisition by the Company of twenty-five point one percent (25.1%) equity interest in Maaden Bauxite and Alumina Company ("**MBAC**"), a subsidiary of the Company, from AWA Saudi Limited ("**Seller 1**"), a minority shareholder in MBAC holding twenty-five point one percent (25.1%) equity interest in MBAC, and twenty-five point one percent (25.1%) equity interest in Maaden Aluminium Company ("**MAC**"), a subsidiary of the Company, from Alcoa Saudi Smelting Investments, B.V. (formerly known as Alcoa Saudi Smelting Inversiones S.L) ("**Seller 2**"), a minority shareholder in MAC holding twenty-five point one percent (25.1%) equity interest in MAC. Such further acquisition by the Company will be made through a cash consideration of SAR 562,500,000 to Seller 1 and through issuance of 85,977,547 new ordinary shares of the Company to Seller 1 and Seller 2, based on the Share Purchase and Subscription Agreement ("**SPSA**") signed between the Company, Alcoa Corporation (as the "**Guarantor**"), Seller 1 and Seller 2 on 15 September 2024 and subsequent communication with Alcoa Corporation on 10 April 2025, (the "**Transaction**"). The Transaction was approved by the Board of Directors of the Company on 12 August 2024 and is expected to be concluded in the second quarter of the financial year 2025.

Financial impact

On the completion of the Transaction, the following financial impacts will be reflected (i) transfer of cash consideration of SAR 562,500,000 by the Company to Seller 1, (ii) an increase in the share capital and share premium of the Company to reflect the issuance of 85,977,547 new ordinary shares to Seller 1 and Seller 2, (iii) a decrease in the non-controlling interest representing the share of Seller 1 and Seller 2 consisting of twenty-five point one percent (25.1%) equity interest in MBAC and MAC each, and (iv) the remaining impact on the retained earnings of the Group.

For the purpose of the illustration of the Transaction in this unaudited pro forma consolidated financial information, the share price of the new shares to be issued to Seller 1 and Seller 2 has been determined based on the volume-weighted average market price of the Company's shares on the Saudi Stock Exchange ("**Tadawul**") during the five trading days immediately prior to 31 December 2024. See Notes 3, 4 and 5. In accordance with the terms of the SPSA, any fluctuations in the share price of the Company between the date of the SPSA and the execution date, will not result in any adjustment to the number of new ordinary shares to be issued to Seller 1 and Seller 2 therein.

Pro forma assumptions and related impact

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

- The share issue price used for the purpose of determining the total value of 85,977,547 new ordinary shares, to be issued to Seller 1 and Seller 2, is assumed based on the volume-weighted average market price of the Company's shares on Tadawul during the five trading days immediately prior to 31 December 2024.
- In accordance with the Aluminium Purchase Agreement originally signed between MAC and the Guarantor dated 20 December 2009 and as amended and novated from time to time (the "**Offtake Agreement**"), MAC agreed to sell a portion of its products to the Guarantor, that equates to Seller 2's shareholding percentage in MAC, at a discounted price (fixed percentage) as compared to the prevailing market price of its products in addition to certain off-grade discount for products with certain production specifications.

In accordance with a side letter ("**Side Letter**") to the Offtake Agreement signed between MAC and the Guarantor on 15 September 2024, the Offtake Agreement would be suspended to extinguish the rights and obligations of the parties to the contract with effect from 1 January 2025 against a monthly compensation of USD 1,500,000 to the Guarantor until the earlier of completion of the Transaction or 1 January 2026.

As a result, the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2024 reflects an adjustment to increase the sales by reversing the discount of SAR 15,344,679 which was provided to the Guarantor in respect of the sales made during the year ended 31 December 2024 assuming the Offtake Agreement had been suspended with effect from 1 January 2024. This pro forma adjustment is resulting in a net increase of SAR 15,344,679 in the consolidated profits attributable to ordinary shareholders of the parent company. However, no pro forma adjustment has been recorded to reflect the impact of the monthly compensation of USD 1,500,000 that would have been paid for the suspension of the Offtake Agreement had the Side Letter existed as at 1 January 2024 as the total amount of the compensation is unknown since the Transaction is yet to close as at the date of this unaudited pro forma consolidated financial information.

- No impact on the zakat, income tax, severance fee and deferred tax assets and liabilities of the Group has been considered as a result of the Transaction. Also, no adjustments have been made to the zakat and income tax provisions and deferred tax assets and liabilities balances as at and for the year ended 31 December 2024 as a result of the Transaction.

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

2- Earnings per ordinary share

Table (3-15): Earnings per ordinary share

	Year ended 31 December 2024 (Audited)	Pro forma adjustments	Year ended 31 December 2024 (Unaudited pro forma)
Earnings attributable to ordinary shareholders of the parent company	2,871,544,808	110,805,237	**2,982,350,045**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (Note 2.1)	3,689,770,384	85,977,547	**3,775,747,931**
Basic and diluted earnings per ordinary share	0.78	0.01	**0.79**

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

2-1 Weighted average number of ordinary shares

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

Table (3-16): Weighted average number of ordinary shares for the purpose of computing basic earnings per share

	Year ended 31 December 2024 (Audited)	Pro forma adjustment	Year ended 31 December 2024 (Unaudited pro forma)
Issued ordinary shares	3,691,773,438	85,977,547	**3,777,750,985**
Effect of issuance of shares	2,123,189	-	**2,123,189**
Effect of treasury shares	(4,126,243)	-	**(4,126,243)**
Weighted average number of ordinary shares outstanding	3,689,770,384	85,977,547	**3,775,747,931**

3- Share Capital

Table (3-17): Share Capital

		31 December 2024 Before the Transaction	31 December 2024 After the Transaction
Authorized, issued and fully paid-up			
3,802,785,871	**Balance as reported** Ordinary shares with a nominal value of SAR 10 per share	38,027,858,710	**38,027,858,710**
85,977,547	**Pro forma adjustment** Ordinary shares with a nominal value of SAR 10 per share, following the Transaction	-	**859,775,470**
3,888,763,418		**38,027,858,710**	**38,887,634,180**

The actual issue price of 85,977,547 new shares to be issued to Seller 1 and Seller 2 at the date of the Transaction will be determined based on the actual market share price of the Company on the date of the Transaction.

For the purposes of preparing the unaudited pro forma consolidated statement of financial position as at 31 December 2024, management has calculated the trading price of the shares as the volume-weighted average market price of the Company's shares during the five trading days immediately prior to 31 December 2024 and it was SAR 49.72 (SAR forty-nine and seventy-two halalas) per share to determine the total value of 85,977,547 new ordinary shares to be issued to Seller 1 and Seller 2. This assumed share issue price of SAR 49.72 per share (SAR 10 nominal value plus premium of SAR 39.72 per share) would result in the increase of the share capital by SAR 859,775,470 and the share premium by SAR 3,415,028,167.

Note that the actual issue price may significantly differ from the assumed share issue price used for the purposes of preparing the unaudited pro forma consolidated financial information for the year ended 31 December 2024.

Table (3-18): Unaudited pro forma consolidated financial information for the year ended 31 December 2024

	SAR
Equity attributable to ordinary shareholders of the parent company	
Increase in issued share capital by issuance of 85,977,547 new ordinary shares at a nominal value of SAR 10 per share	859,775,470
Increase in share premium by issuance of 85,977,547 new ordinary shares at a premium of SAR 39.72 per share	3,415,028,167
Share consideration of the Transaction based on the assumed share issue price	**4,274,803,637**
Cash consideration of the Transaction	562,500,000
Total value of the Transaction	**4,837,303,637**

Table (3-19): Structure of the ordinary shares' ownership before and after the issuance of new shares is as follows:

Shareholders	Before Transaction			After Transaction		
	Number of shares	SAR	% shares	Number of shares	SAR	% shares
Public Investment Fund	2,480,263,014	24,802,630,140	65.22	2,480,263,014	24,802,630,140	63.78
AWA Saudi Limited and Alcoa Saudi Smelting Investments, B.V. (formerly known as Alcoa Saudi Smelting Inversiones S.L)	-	-	-	85,977,547	859,775,470	2.21
Free float - general public, including directors and treasury shares	1,322,522,857	13,225,228,570	34.78	1,322,522,857	13,225,228,570	34.01
Total	**3,802,785,871**	**38,027,858,710**	**100**	**3,888,763,418**	**38,887,634,180**	**100**

4- Share premium

Table (3-20): Share premium

		31 December 2024 Before the Transaction	31 December 2024 After the Transaction
	Balance as reported	**4,334,902,008**	**4,334,902,008**
85,977,547	**Pro forma adjustment** Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 39.72 per share	**-**	**3,415,028,167**
85,977,547		**4,334,902,008**	**7,749,930,175**

5- Non-controlling interest

Table (3-21): Non-controlling interest

	Note	Year ended 31 December 2024 (Audited)	Pro forma adjustments	Year ended 31 December 2024 (Unaudited pro forma)
31 December 2024 (Before pro forma adjustment)		8,270,080,164	-	8,270,080,164
Pro forma adjustment Derecognition of non-controlling interest in the unaudited pro forma consolidated financial information representing twenty-five point one percent (25.1%) equity interest each of Seller 1 and Seller 2 in MBAC and MAC, respectively, at 31 December 2024.	1	-	(2,378,291,458)	(2,378,291,458)
31 December 2024		**8,270,080,164**	**(2,378,291,458)**	**5,891,788,706**

6- Other Reserves

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

The unaudited pro forma consolidated financial information for the year ended 31 December 2024 was approved and authorized for issue by the Board of Directors on 30 April 2025.

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

Indicator	2021G	2022G	2023G	31-Dec-24	31-Dec-24
	Ma'aden	**Ma'aden**	**Ma'aden**	**Ma'aden (before the Transaction)**	**Ma'aden (after the Transaction)**
Gross profit margin %	34.2%	40.3%	23.6%	28.4%	28.4%
Net profit margin %	24.2%	30.1%	5.8%	12.7%	12.7%
Return on assets %	6.3%	10.9%	1.5%	3.6%	3.6%
Return on equity %	14.7%	21.6%	3.0%	7.0%	7.0%
Liabilities to equity (X)	1.35	0.99	0.97	0.92	0.92

3-10 Increase or decrease in earnings per share as a result of the acquisition

The table below shows the increase of Ma'aden's earnings per share based on Ma'aden 2024G Financial Statements and the unaudited pro forma consolidated financial information for the fiscal year ended on December 31 2024G:

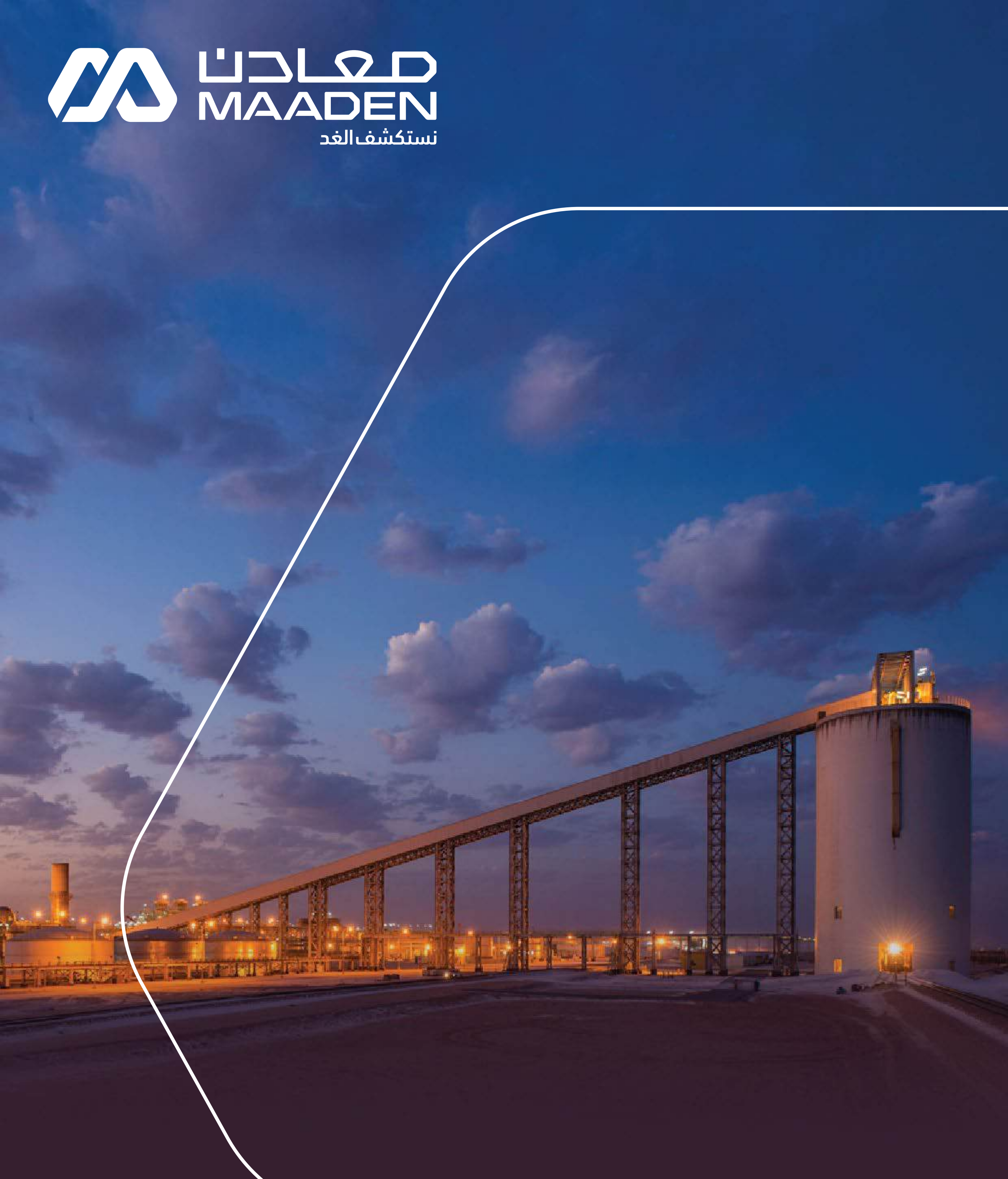
Earnings per share (based on Ma'aden's audited financial statements for the year ended 31 December 2024G)	0.78
Earnings per share after the Capital Increase for the Transaction (based on the unaudited proforma consolidated financial information for the year ended 31 December 2024G)	0.01
Earnings per share after the Capital Increase for the Transaction (based on the unaudited proforma consolidated financial information for the year ended 31 December 2024G)	0.79

3-11 Ma'aden's share price performance

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

Table (3-22): Ma'aden's share price performance during the year prior to the submission of the application for registering and offering the Consideration Shares, up to the date hereof

Date	Closing Price of Ma'aden's Share (SAR)
09/14/2023G	38.80
10/15/2023G	39.50
11/15/2023G	39.65
12/14/2023G	40.10
01/15/2024G	45.30
02/15/2024G	50.90
03/14/2024G	53.20
04/15/2024G	52.60
05/15/2024G	49.25
06/13/2024G	44.40
07/15/2024G	44.20
08/15/2024G	41.20
30/04/2025G	51.5
The last trading day before the signing of the SPSA	
09/12/2024G	39.10
The last trading day before the publication of this Circular	
02/06/2025G	49.50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4- Management's discussion and analysis of the financial position and results of operations

4-1 Management's discussion and analysis of the financial position and results of operations of Ma'aden Aluminium Company ("MAC")

4-1-1 Introduction

This Section "**Management Discussion and Analysis of Financial Position and Results of Operations**" ("**MD&A**") provides an analysis of the financial results of Ma'aden Aluminium Company ("**MAC**") and is based on the MAC 2021G Financial Statements, the MAC 2022G Financial Statements, the MAC 2023G Financial Statements, and the MAC 2024G Financial Statements, together being the ("**MAC Financial Statements**"). Information not directly derived from the MAC Financial Statements has been derived from the Company's information.

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

The above-mentioned financial statements are an integral part of this Circular and this section should be read in conjunction with financial statements, accompanying notes and their supplementary clarifications, contained in Appendix [1] ("**Financial Statements of Financial Years ended on 31 December 2021G, 2022G, 2023G and 2024G**") of this Circular.

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

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

4-1-2 Directors' Declarations on the Financial Statements

Members of the Board of Directors of Ma'aden bear no responsibility for the accuracy and completeness of the information provided in this section. The information in this section has been obtained from MAC's Financial Statements without making any material modification to them, in addition to information provided by MAC. MAC is committed to supplying Ma'aden with all necessary information available to MAC, as required for the preparation of this disclosure. MAC has also provided a guarantee to Ma'aden that all information provided to MAC related to the transaction is true, accurate, and materially non-misleading. MAC has further guaranteed that it has not intentionally withheld any material information from Ma'aden.

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

4-1-3 Overview of MAC

MAC (the "**Company**") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2055012511 dated 2nd of Thul-Quada 1431H (corresponding to 10th October 2010G), with an authorized share capital of Saudi Riyals ("**SAR**") 6,573,750,000 comprising of 657,375,000 ordinary shares at a nominal value of SAR 10 each.

The Company declared commercial production on 1st September 2014.

The objectives of the Company are the production and sale of primary aluminium products comprising of ingots, T-shaped ingots, slabs and billets and has a designed production capacity of 424k kMT of slabs, 520 kMT of ingots and 130 kMT of billets per year.

MAC is owned by one Saudi Arabian shareholder (Saudi Arabian Mining Company ("**Ma'aden**")) and one foreign shareholder (Alcoa Saudi Smelting Inversiones S.L. ("**ASSI**")) summarized in the following table:

Share capital	2021G	2022G	2023G	2024G
Saudi Arabian Mining Company	74.9%	74.9%	74.9%	74.9%
Alcoa Saudi Smelting Inversiones S.L.	25.1%	25.1%	25.1%	25.1%

Source: MAC Financial Statements

4-1-4 Summary of MAC accounting policies

4-1-4-1 Basis of preparation

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

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

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

Statement of compliance

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

The financial statements have been prepared on the historical cost basis except where IFRS requires other measurement basis.

The financial statements are presented in SAR which is the reporting currency of the Company.

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

Certain new accounting standards, amendments to standards and interpretations have been published by the IASB that are not mandatory for 31 December 2024G reporting period and have not been early adopted by the Company. The management is in the process of assessing the impact of the new standards, amendments and interpretations on its financial statements. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

New and amended IFRS standards adopted by the Company

The Company has applied the following amendments for the first time from 1 January 2024G:

Classification of liabilities as current or non-current and non-current liabilities with covenants – amendments to IAS 1;

- Lease liability in sale and leaseback – amendments to IFRS 16; and
- Supplier finance arrangements – amendments to IAS 7 and IFRS 7

No material effect was noted upon the adoption of the new and amended standards on the Company's financial statements. There are no other amendments or interpretations which are effective from 1 January 2024G that have a material effect on the Company's financial statements.

4-1-4-2 Summary of material accounting policies

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

4-1-4-2-1 Foreign currency translation

Foreign currency transactions are translated into SAR at the spot rates of exchange prevailing at the date the transactions first qualify for recognition.

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.

4-1-4-2-2 Revenue recognition

Revenue comprises of sales of primary aluminium goods and is recognized based on the considerations specified in contracts with the customers and excludes amounts, if any, collected on behalf of third parties. Revenue is recognized at a point in time when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

The Company is responsible to deliver the promised goods to a location within the Kingdom of Saudi Arabia resulting in the transfer of control over such goods to the customer and recognizing the related revenue at a point in time basis.

4-1-4-2-3 Contract liabilities

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

4-1-4-2-4 Logistic expenses

Logistic expenses comprise of all costs for transporting the finished goods to the customers.

4-1-4-2-5 General and administrative expenses

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

4-1-4-2-6 Property, plant and equipment

Property, plant and equipment are carried at the historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition, construction or development of plant, property and equipment including the initial estimate of any rehabilitation and decommissioning and dismantling obligation.

Depreciation is charged to the statement of profit or loss using the straight-line method to allocate the depreciable amount over the following estimated economic useful lives:

Categories of assets	Number of years
Land and buildings	25 - 50
Plant and equipment	8 - 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the 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.

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

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

4-1-4-2-7 Right of use-assets and lease liabilities

The company assesses whether a contract is or contains a lease, at inception of a contract. The company recognizes 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 company recognizes 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.

Lease liabilities

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

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

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

The lease liabilities are presented as a separate line in the statement of financial position.

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

The company remeasures the lease liabilities (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 liabilities 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 liabilities 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 liabilities is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets (RoU)

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

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is 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 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 company expects to exercise a purchase option, the related right-of-use asset is depreciated over the 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 statement of financial position.

The company 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 3.10.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liabilities 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 “cost of sales” in the statement of profit or loss.

4-1-4-2-8 Capital work-in-progress

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in 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 costs directly attributable to the construction or acquisition of an item of capital work-in-progress 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 year.

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.

4-1-4-2-9 Intangible assets

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 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 on intangible assets with finite lives is recognized in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortizes intangible assets with a limited economic useful life using the straight-line method over ten years.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually, or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from 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 statement of profit or loss when the asset is derecognized.

4-1-4-2-10 Asset Impairment

At each reporting date, the Company reviews the carrying amounts of its plant and equipment 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 Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the 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 to determine the asset or CGU's recoverable amount since the last impairment loss was recognized.

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

4-1-4-2-11 Employees' home owners program receivables

The Company has established an employees' home ownership program (HOP) that offer 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 upon completion of the full payment.

4-1-4-2-12 Inventories

Finished goods

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

Production costs include:

- raw material costs,
- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery) and contractor expenses which are directly attributable to the production of finished goods,
- direct and allocated production overheads,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- the depreciation of and leases of plant and equipment used in the production activities.

Work-in-process

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

- raw material costs,
- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery) and contractor expenses which are directly attributable to the production of finished goods,
- direct and allocated production overheads and
- the depreciation of and leases of property, plant and equipment used in the production activities

Spare parts and consumable materials

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

Raw materials

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

Net realizable value

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

4-1-4-2-13 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less expected credit loss ("**ECL**") allowance, if any. See Note 3.15 for a description of the Company's impairment policies

When a trade receivable is uncollectible, it is written-off against the allowance for doubtful debts. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

4-1-4-2-14 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash and cash equivalents are related to employees' savings plan obligation.

4-1-4-2-15 Financial instruments, financial assets and liabilities

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

Derivative instruments

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

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

Interest rate swaps and cash flow hedges

The Company uses interest rate swap contracts to manage its exposure to interest rate movements on its long-term borrowings.

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

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

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 exchange rates. The Saudi Riyal is pegged at SAR 3.75: USD 1, therefore the Company is not exposed to any risks from USD denominated financial instruments.

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

The Company does not use forward exchange contracts.

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces. The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Financial assets

The Company's principal financial assets include:

- due from a shareholder
- due from fellow subsidiaries
- derivative financial instruments
- trade and other receivable excluding pre-payments and Zakat / tax receivable
- cash and cash equivalents

Initial recognition of financial assets

Financial assets are initially recognized at fair value on trade date, including directly attributable transaction costs.

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

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

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

Classification of financial assets

Financial assets are measured at:

- amortized cost ("**AC**")
- fair value through other comprehensive income ("**FVOCI**")

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The financial assets are derived directly from the Company's operations.

Impairment and uncollectibility of financial assets

At each reporting date, the Company measures the loss allowance for a financial asset carried at amortized cost "**AC**" at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve-month ECL.

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 ECL.

Such impairment losses are recognized in the statement of profit or loss.

De-recognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of profit or loss.

Financial Liabilities

The Company's principal financial liabilities comprise of:

- due to a shareholder
- due to fellow subsidiaries
- long-term borrowings
- lease liabilities
- trade and other payables and accrued expenses- excluding Zakat/ tax liabilities and employees' end of service termination benefit obligations.

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

Initial recognition of financial liabilities

Financial liabilities are initially recognized at fair value of 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 statement of profit or loss over the period of long-term borrowings using effective interest rate method.

Classification of financial liabilities

Financial liabilities are classified as 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.

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

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

Offsetting a financial asset and a financial liability

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

4-1-4-2-16 Long-term borrowings

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

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

4-1-4-2-17 Provisions

Provisions are recognized when the Company has:

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

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

4-1-4-2-18 Employees' benefits

Employees' savings plan program

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

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum instalment 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 Company will contribute an amount equalling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Company's portion is charged to statement of profit or loss on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

Employees' end-of-service termination benefits obligation

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 statement of financial position.

Furniture loan

The Company 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.

The liability recognized in the statement of financial position, in respect of the defined employees' end-of-service-termination benefits plan, is the present value of the employees' end of service termination benefits obligation at the end of the reporting period. The defined 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 defined 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 unfunded defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

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

4-1-4-2-19 Trade and other payables and accrued expenses

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

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

4-1-4-2-20 Zakat, income tax, withholding tax and deferred tax

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

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

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

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

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

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

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

Further, the amounts for Zakat and income tax expense for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

4-1-4-3 Critical accounting, judgments, estimates and assumptions

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

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

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

The following critical judgement has the most significant effect on the amounts realized in the financial statements:

- right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company'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 Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

4-1-4-3-2 Key sources of estimation uncertainty

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

- economic useful lives of property, plant and equipment;
- dismantling obligations
- Zakat and income tax; and
- allowances for obsolete and slow-moving spare parts.

Economic useful lives of property, plant and equipment

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

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

Dismantling obligations

The Company's activities are subject to various environmental laws and regulations. The Company estimates environmental obligations based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, the Company's environmental policy and engineering estimates. Provision for dismantling of Property, Plant and Equipment 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 Company's environmental policy, usage of plant and facilities estimates could affect the carrying amount of this provision.

Zakat and income taxes

The Company is subject to Zakat for its Saudi shareholder and income tax for its foreign shareholder 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 finalization of final assessments are accounted for when such amounts are determined.

Allowances for obsolete and slow-moving spare parts and consumable materials

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date.

Changes in accounting estimate

During quarter ended 31 December 2023, as part of the Company'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 Company's business and industry, the Company management in consultation with their external experts carried out a detailed exercise and concluded to revise the following significant accounting estimates:

a- Property, Plant and Equipment dismantling obligations; and

b- Economic useful lives and residual values of property, plant and equipment.

Impact of change in estimate of useful lives and residual values

As a result, during the year, the Company has revised the estimate of useful life and residual value for all the components of assets related to its 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 Company for the year ended 31 December 2024G decreased by SAR 155.6 million (2023G: SAR 40.3 million), as compared to what it would have been using the previous estimates of useful lives and residual values.

Recognition of additional provision for site rehabilitation and dismantling for its mining and non-mining plants

As a result of recent developments in economic and legal environment where the Company operates, during 2023G, the Company reassessed and identified a legal obligation to dismantle its plants and processing facilities related to its operational properties where there was no contractual obligation based on the Company's underlying lease arrangements. This reassessment was concluded during the quarter ended 31 December 2023G and has resulted in the following impact:

a- Provision of SAR 278.8 million for plant dismantling and site rehabilitation with a corresponding increase in non-current assets as of 31 December 2023G,

b- increase in depreciation expense by SAR 9.2 million (2023G: SAR 2.3 million), and

c- increase in finance cost by SAR 15.6 million (2023G: SAR 3.9 million).

4-1-5 Results of the Operations for the Financial Years ended 31 December 2021G, 2022G and 2023G for MAC

4-1-5-1 Statement of profit or loss and other comprehensive income

The following table presents the statement of profit or loss and other comprehensive income of MAC for the financial years ended 31 December 2021G, 2022G and 2023G.

Table (4-1): Statement of profit or loss and other comprehensive income of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Statement of profit or loss and other comprehensive income						
SARm	**2021G**	**2022G**	**2023G**	**Var. 21G-22G**	**Var. 22G-23G**	**CAGR 21G-23G**
Sales	9,362.9	10,046.7	7,856.2	7.3%	(21.8%)	(8.4%)
Cost of sales	(7,072.7)	(8,681.2)	(8,691.6)	22.7%	0.1%	10.9%
Gross profit / (loss)	**2,290.2**	**1,365.5**	**(835.4)**	**(40.4%)**	**(161.2%)**	**N/A**
Logistic expenses	(37.7)	(48.9)	(33.9)	29.7%	(30.7%)	(5.2%)
General and administrative expenses	(76.5)	(101.6)	(129.7)	32.8%	27.7%	30.2%
Operating profit / (loss)	**2,176.0**	**1,215.0**	**(999.0)**	**(44.2%)**	**(182.2%)**	**N/A**
Other (expenses) / income						
Finance cost	(394.4)	(460.8)	(613.8)	16.8%	33.2%	24.8%
Finance income	4.4	40.3	38.4	815.9%	(4.7%)	196.0%
Finance cost, net	(390.0)	(420.6)	(575.4)	7.8%	36.8%	21.5%
Other income / (expenses), net	4.0	(9.7)	21.5	(342.5%)	(321.6%)	131.8%
Profit / (loss) before Zakat and income tax	**1,790.1**	**784.8**	**(1,552.9)**	**(56.2%)**	**(297.9%)**	**N/A**
Zakat expense	(51.2)	(91.3)	(25.9)	78.3%	(71.6%)	(28.9%)
Income tax and deferred tax, net	(80.1)	(27.6)	45.5	(65.5%)	(264.9%)	N/A
Profit / (loss) for the year	**1,658.7**	**665.8**	**(1,533.4)**	**(59.9%)**	**(330.3%)**	**N/A**
Gain / (loss) on cash flow hedge	136.6	238.5	(48.7)	74.6%	(120.4%)	N/A
Loss attributable to the re-measurements of employees' benefits obligation	(5.9)	(6.4)	(1.8)	8.5%	(71.9%)	(44.8%)
Other comprehensive gain / (loss) for the year	**130.7**	**232.1**	**(50.4)**	**77.6%**	**(121.7%)**	**N/A**
Total comprehensive profit / (loss) for the year	**1,789.5**	**897.9**	**(1,583.8)**	**(49.8%)**	**(276.4%)**	**N/A**

Source: MAC Financial Statements and Company Information

The following table presents the Key performance indicators of MAC for the financial years ended 31 December 2021G, 2022G and 2023G.

Table (4-2): Key performance indicators of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Key performance indicators (KPIs)						
	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Volumes sold (kMT)	992	948	902	(4.4%)	(4.9%)	(4.6%)
Average selling price (SAR/kMT)	9,438.4	10,597.8	8,709.8	12.3%	(17.8%)	(3.9%)
Volume produced (kMT)	999	952	895	(4.7%)	(6.0%)	(5.3%)
Production facility capacity (kMT)	1,075	1,075	1,075	-	-	-
Actual capacity available for production	1,072	1,092	1,058	1.9%	(3.1%)	(0.7%)
Utilization of production facility(1)	93.3%	87.2%	84.6%	(6.1 ppts)	(2.6 ppts)	N/A
Raw material and utilities cost as a % of sales	58.5%	66.9%	79.7%	8.4 ppts	12.8 ppts	N/A
Gross margin	24.5%	13.6%	(10.6%)	(10.9 ppts)	(24.2 ppts)	N/A
Operating margin	23.2%	12.1%	(12.7%)	(11.1 ppts)	(24.8 ppts)	N/A
Net profit margin	17.7%	6.6%	(19.5%)	(11.1 ppts)	(26.1 ppts)	N/A

Source: MAC Financial Statements and Company Information

(1) Note to table: Utilization of production facility is calculated by dividing volumes produced by actual capacity available for production.

Sales

MAC's sales comprise aluminium goods in the form of ingots, billets, and slabs and are recognized based on the considerations specified in contracts with the customers and exclude amounts, if any, collected on behalf of third parties. Sales are recognized at a point in time when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer. The Company is responsible to deliver the promised goods to a location within the Kingdom of Saudi Arabia resulting in the transfer of control over such goods to the customer and recognizing the related sales at a point in time basis.

Sales increased by 7.3% from SAR 9,362.9 million in 2021G to SAR 10,046.7 million in 2022G, mainly due to the increase in net average selling price by SAR 1,159.4 per kMT, from SAR 9,438.4 per kMT in 2021G to SAR 10,597.8 per kMT in 2022G. The sales volumes during the same period decreased from 992 kMT in 2021G to 948 kMT in 2022G.

Sales decreased by 21.8% from SAR 10,046.7 million in 2022G to SAR 7,856.2 million in 2023G, mainly due to the decrease in net average selling price by SAR 1,888.1 per kMT, from SAR 10,597.8 per kMT in 2022G to SAR 8,709.8 per kMT in 2023G as a result of the decline in the London Metal Exchange index prices. This was coupled with the decrease in sales volume from 948 kMT in 2022G to 902 kMT in 2023G primarily due to the potline instability that occurred during the first half of 2023G.

Actual production decreased from 999 kMT in 2021G to 952 kMT in 2022G and to 895 kMT in 2023G. This decrease in production in 2023G was due to lower molten production as a result of potline instability that occured in Q4 2022G, with a complete restoration of reduction furnaces during the second half of 2023G.

Cost of sales

Cost of sales mainly comprised of cash operating costs (including raw material and utilities consumed, salaries and staff related benefits, contracted services and consumables), other costs and change in inventory where cash operating costs represented an average of 88.4% total cost of sales over 2021G-2023G period.

Cost of sales increased by 22.7% from SAR 7,072.7 million in 2021G to SAR 8,681.2 million in 2022G as a result of the increase in raw material and utilities consumed by 22.7% from SAR 5,477.1 million in 2021G to SAR 6,722.1 million in 2022G despite a decline in volumes sold from 992 kMT to 948 kMT. This was coupled with the increase in global base oil prices during 2022G which increased the average purchase price of base oil from an average of SAR 4,686 per kMT in 2021G to SAR 5,404 per kMT in 2022G.

Over the 2022G-2023G period, cost of sales remained broadly stable and amounted to SAR 8,681.2 million in 2022G to SAR 8,691.6 million in 2023G despite a decline in sales by SAR 2,190.5 million or 21.8% as compared to 2022G, as well as a decline in production volumes by 46 kMT from 948 kMT in 2022G to 902 kMT in 2023G. While raw materials and utilities consumed decreased by SAR 464.3 million during 2023G, MAC witnessed an increase in overheads by SAR 117.0 million, an increase in contracted services by SAR 69.8 million and an increase in consumables by SAR 64.8 million which was partially due to an increase in the consumption of maintenance materials and tools related to the stabilisation of the plant after a period of operational disruption in the potlines from Q4 2022G until the second half of 2023G.

Gross profit / (loss)

Gross profit decreased by 40.4% from SAR 2,290.2 million in 2021G to SAR 1,365.5 million in 2022G mainly due to the decrease in volumes sold from 992 kMT in 2021G to 948 kMT in 2022G, despite an increase in net average selling price from SAR 9,438.4 in 2021G to SAR 10,597.8 in 2022G. However, the decrease in gross profit margin from 24.5% in 2021G to 13.6% in 2022G was primarily driven by the increase in raw material and utilities consumed costs as international base oil prices continued to increase in 2022G. This resulted in the increase in raw material and utilities consumed costs as a percentage of net sales from 58.5% in 2021G to 66.9% in 2022G.

Gross profit decreased by 161.2% from gross profit of SAR 1,365.5 million in 2022G to a gross loss of SAR 835.4 million in 2023G, and gross profit margin decreased from 13.6% in 2022G to gross loss margin of 10.6% in 2023G mainly due to the decrease in overall sales by 21.8% from SAR 10,046.7 million to SAR 7,856.2 million. However, cost of sales increased during this period by 0.12% from SAR 8,681.2 million to SAR 8,691.6 million due to higher contracted services, overheads and consumables costs (which combined represent 8.8% of total cost of sales in 2023G compared to 6.0% from total cost of sales in 2022G) as mentioned above which offset the decline of 6.9% or SAR 464.3 million in the consumption of raw materials during the year.

Logistic expenses

Logistic expenses comprised of expenses related to transporting goods from the Ras Al Khair facility to the warehouses of the shipping companies. Logistic expenses increased by 29.7% from SAR 37.7 million in 2021G to SAR 48.9 million in 2022G due to higher diesel costs primarily incurred from deliveries made between Dammam and Jeddah. In 2023G, logistic expenses declined by 30.7% to SAR 33.9 million primarily due to lower warehousing costs related to lower production volumes as a result of the disruption in November 2022G which impacted production levels in 2023G. In Q4 of 2022G, the aluminum smelter potlines, where primary aluminum is smelted and manufactured, encountered a disruption, which prevented the company from fully utilizing the potlines and affected its production in 2023G. However, the company returned to full production in the second half of 2023G.

General and administrative expenses

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

General and administrative expenses were mainly comprised of contracted services, overheads and salaries and employee related benefits during 2021G to 2023G period.

General and administrative expenses increased by 32.8% from SAR 76.5 million in 2021G to SAR 101.6 million in 2022G, mainly due to the increase in contracted services by SAR 11.9 million, overheads by SAR 7.7 million and salaries and employee related expenses by SAR 5.6 million.

General and administrative expenses further increased by 27.7% from SAR 101.6 million in 2022G to SAR 129.7 million in 2023G, primarily due to an increase in contracted services by 31.4% amounting to SAR 14.1 million and overheads by 28.4% amounting to SAR 12.4 million.

Finance costs

Finance costs are primarily comprised of interest on bank borrowings, finance charge on lease liabilities, bank charges, accrual of derivative interest and other finance costs.

Finance costs increased by 16.8% from SAR 394.4 million in 2021G to SAR 460.8 million in 2022G, mainly due to the increase in interest on borrowings by SAR 126.2 million primarily related to external financing obtained by the Group from PIF, Riyal Murabaha facility, Dollar conventional facility and Murabaha Riyal working capital facility.

Finance costs further increased by 33.2% from SAR 460.8 million in 2022G to SAR 613.8 million in 2023G primarily due to the increase in interest on borrowings by SAR 253.3 million which is offset by the decrease in accrual of derivative interest from SAR 44.5 million in 2022G to credit amount of SAR (56.6) million in 2023G.

Finance income

Finance income increased by 815.9% from SAR 4.4 million in 2021G to SAR 40.3 million in 2022G primarily due to an increase in the amount of time deposits from nil at 31 December 2021G to SAR 1,200.0 million at 31 December 2022G.

Finance income decreased by 4.7% from SAR 40.3 million in 2022G to SAR 38.4 million in 2023G due to the maturity of the time deposits of SAR 100 million in January 2023G. The Company maintained SAR 15.0 million in time deposits at 31 December 2023G. The finance income movement is driven by the timing and amount of time deposits in each year. The company does not maintain consistent or fixed investments in time deposits throughout the year; instead, it depends on the funds available for investment. The time deposits have different maturity dates each year. As of 31 December 2022G, the company had a time deposit of SAR 1.2 billion, with a longer placement period in 2022G and a shorter one in 2023G. The SAR 1.2 billion time deposit matured early in 2023G. The unmatured portion of time deposits was SAR 15 million as of 31 December 2023G.

Other income / (expense), net

Other income was mainly related to scrap sales and foreign exchange gain / (loss).

Other income decreased by 342.5% from SAR 4.0 million in 2021G to net expense of SAR 9.7 million in 2022G, mainly due to the net loss on scrap sales and others by SAR 8.4 million during 2022G.

Net other expenses decreased from SAR (9.7) million in 2022G to net other income of SAR 21.5 million in 2023G, mainly due to the gain on sale of scrap and others by SAR 16.6 million and foreign exchange gain by SAR 5.0 million.

Zakat expense

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

Zakat expense increased by 78.3% from SAR 51.2 million in 2021G to SAR 91.3 million in 2022G, mainly due to the additional Zakat provision of SAR 5.1 million against revised assessments by ZATCA. In addition, the Company recognized uncertain tax provision of SAR 14.7 million for the years 2019G through 2022G based on the Zakat and income tax assessments received for the years 2015G through 2018G.

Zakat expense decreased by 71.6% from SAR 91.3 million in 2022G to SAR 25.9 million in 2023G, mainly due to the Company's assessment that it is not anticipated any material liabilities, other than currently recognized, will be incurred as a result of outstanding assessments.

Income tax and deferred tax expense, net

Income tax expense represents tax levied by tax authorities. The company is jointly owned by GCC (Maaden) and non-GCC (Alcoa) entities, with ownership shares of 74.9% and 25.1%, respectively. As a result, Alcoa's 24.1% shareholding is subject to a 20% corporate income tax, while Maaden's 76.9% shareholding is not liable for income tax, instead, it is subject to Zakat at a rate of 2.5%.

Income tax expense decreased from SAR 80.1 million in 2021G to SAR 27.6 million in 2022G, mainly due to lower total comprehensive profit for the year of SAR 897.9 million in 2022G as compared to SAR 1,789.5 million in 2021G.

Net income tax expense changed from SAR (27.6) million in 2022G to income tax and deferred tax credit of SAR 45.5 million in 2023G mainly due to a total comprehensive loss for the year of SAR (1,583.8) million in 2023G as compared to total comprehensive profit for the year of SAR 897.9 million.

Profit / (loss) for the year

Net profit decreased by 59.9% from SAR 1,658.7 million in 2021G to SAR 665.8 million in 2022G, primarily due to the increase in cost of sales by 22.7% from SAR 7,072.7 million in 2021G to SAR 8,681.2 million in 2022G, whereas the sales increase during the same period was SAR 683.8 million.

In addition, logistic expenses increased by SAR 11.2 million, general and administrative expenses increased by SAR 25.1 million, finance costs increased by SAR 66.4 million and Zakat expense increased by SAR 40.1 million which had a negative impact on the net profit for the year.

Net profit decreased by 330.3% from SAR 665.8 million in 2022G to net loss of SAR 1,533.4 million mainly driven by decrease in sales by SAR 2,190.5 million along with increase in general and administrative expenses by SAR 28.1 million and increase in finance costs by SAR 153.0 million.

4-1-5-1-1 Sales by product

The following tables present the breakdown of sales by product as well as the key performance indicators ("**KPIs**") tracked by MAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-3): Sales of MAC by product for the financial years ended 31 December 2021G, 2022G, and 2023G:

Sales						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Domestic sale of primary aluminium goods						
Ingots	4,282.9	4,497.9	3,393.1	5.0%	(24.6%)	(11.0%)
Slabs	4,000.4	4,271.2	3,362.7	6.8%	(21.3%)	(8.3%)
Billets	1,079.6	1,277.7	1,100.4	18.3%	(13.9%)	1.0%
Total sales	**9,362.9**	**10,046.7**	**7,856.2**	**7.3%**	**(21.8%)**	**(8.4%)**

As % of total sales						
%	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ingots	45.7%	44.8%	43.2%	(0.9 ppts)	(1.6 ppts)	N/A
Slabs	42.7%	42.5%	42.8%	(0.2 ppts)	0.3 ppts	N/A
Billets	**11.5%**	**12.7%**	**14.0%**	**1.2 ppts**	**1.3 ppts**	**N/A**

Quantity sold and average selling price per kMT						
	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ingots						
Volumes sold (kMT)	478	449	436	(6.1%)	(2.9%)	(4.5%)
Average selling price (SAR/kMT)	8,960.1	10,017.5	7,782.3	11.8%	(22.3%)	(6.8%)
Slabs						

Quantity sold and average selling price per kMT						
	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Volumes sold (kMT)	396	377	348	(4.8%)	(7.6%)	(6.2%)
Average selling price (SAR/kMT)	10,101.9	11,329.3	9,663.0	12.1%	(14.7%)	(2.2%)
Billets						
Volumes sold (kMT)	119	123	118	3.9%	(4.0%)	(0.1%)
Average selling price (SAR/kMT)	9,072.5	10,387.7	9,325.1	14.5%	(10.2%)	1.4%

Actual Production (kMT)						
kMT	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Volumes produced in kMT						
Ingots	484	444	435	(8.3%)	(2.0%)	(5.2%)
Slabs	396	384	341	(3.2%)	(11.1%)	(7.2%)
Billets	118	124	119	4.9%	(4.5%)	0.4%
Total production	**998**	**952**	**895**	**(4.6%)**	**(6.0%)**	**(5.3%)**

Utilization / Efficiency						
%	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Actual capacity available for production	1,072	1,092	1,058	1.9%	(3.1%)	(0.7%)
Total utilization/ efficiency(1)	**93.3%**	**87.2%**	**84.6%**	**(6.1 ppts)**	**(2.6 ppts)**	**N/A**

Source: MAC Financial Statements and Company Information

(1) Note to table: Utilization of production facility is calculated by dividing volumes produced by actual capacity available for production.

Sales by Product

Sales by product includes sales of ingots, billets and slabs of aluminium to offtakers (Ma'aden, Alcoa and Ma'aden Rolling Company).

Sales of ingots accounted for 45.7%, 44.8% and 43.2% of total sales by product in 2021G, 2022G and 2023G respectively. Sales of ingots increased by 5.0% from SAR 4,282.9 million in 2021G to SAR 4,497.9 million in 2022G due to an increase in the London Metal Exchange index prices despite a decline in the sales volumes of ingots from 478 kMT in 2021G to 449 kMT in 2022G. The decline in volumes was primarily due to a slowdown in production as a result of the operational disruption in November and December 2022G.

Sales of ingots decreased by 24.6% from SAR 4,497.9 million in 2022G to SAR 3,393.1 million in 2023G due to a decline in the London Metal Exchange index prices coupled with the decline in sales volumes during the year from 449 kMT in 2022G to 436 kMT in 2023G as a result of the potline instability that occurred during the first half of 2023G. The production of ingots was comparatively lower in 2023G also due to the ramp up for the plant until the mid of 2023G.

Sales of slabs accounted for 42.7%, 42.5% and 42.8% of total sales by product in 2021G, 2022G and 2023G respectively. The sales of slabs increased by 6.8% from SAR 4,000.4 million in 2021G to SAR 4,271.2 million in 2022G due to an increase in the London Metal Exchange index prices despite a decline in the sales volumes of ingots from 396 kMT in 2021G to 377 kMT in 2022G. The decline in sales volumes was primarily due to the operational disruption in November 2022G.

Sales of slabs decreased by 21.3% from SAR 4,271.2 million in 2022G to SAR 3,362.7 million in 2023G due to a decline in the London Metal Exchange index prices coupled with the decline in sales volumes during the year from 377 kMT in 2022G to 348 kMT in 2023G. The production of slabs was comparatively lower in 2023G also due to the ramp up period for the plant until the mid of 2023G.

Sales of billets accounted for 11.5%, 12.7% and 14.0% of total sales by product in 2021G, 2022G and 2023G respectively. The sales of billets increased by 18.3% from SAR 1,079.6 million in 2021G to SAR 1,277.7 million in 2022G due to an increase in the London Metal Exchange index prices while the sales volumes of billets remained fairly stable at 119 kMT in 2021G and 123 kMT in 2022G.

Sales of billets decreased by 13.9% from SAR 1,277.7 million in 2022G to SAR 1,100.1 million in 2023G due to a decline in the London Metal Exchange index prices coupled with the decline in sales volumes during the year from 123 kMT in 2022G to 118 kMT in 2023G. The production of billets was comparatively lower in 2023G also due to the ramp up period for the plant until the mid of 2023G.

Refer to the Market and Industry Section [Section 2] for further details.

Sales by customer

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

Table (4-4): Sales by customer of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Sales by customer						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ingots	1,083.4	1,130.0	907.8	4.3%	(19.7%)	(8.5%)
Billets	261.1	319.6	226.3	22.4%	(29.2%)	(6.9%)
Slabs (RSI, RSP)	9.6	20.1	19.3	109.4%	(4.0%)	41.8%
Alcoa Inespal, S.A.	**1,354.0**	**1,469.6**	**1,153.4**	**8.5%**	**(21.5%)**	**(7.7%)**
Ingots	3,196.1	3,367.9	2,485.3	5.4%	(26.2%)	(11.8%)
Billets	818.6	958.1	874.1	17.0%	(8.8%)	3.3%
Slabs (RSI, RSP)	19.3	35.6	91.0	84.5%	155.6%	117.1%
Ma'aden	**4,033.9**	**4,361.6**	**3,450.4**	**8.1%**	**(20.9%)**	**(7.5%)**
Slabs	3,975.0	4,215.5	3,252.4	6.1%	(22.8%)	(9.5%)
MRC	**3,975.0**	**4,215.5**	**3,252.4**	**6.1%**	**(22.8%)**	**(9.5%)**
Total	**9,362.9**	**10,046.7**	**7,856.2**	**7.3%**	**(21.8%)**	**(8.4%)**

Source: MAC Financial Statements and Company Information

As % of total sales						
	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ingots	11.6%	11.2%	11.6%	(0.3 ppts)	0.3 ppts	N/A
Billets	2.8%	3.2%	2.9%	0.4 ppts	(0.3 ppts)	N/A
Slabs (RSI, RSP)	0.1%	0.2%	0.2%	0.1 ppts	0.0 ppts	N/A
Alcoa Inespal, S.A.	**14.5%**	**14.6%**	**14.7%**	**0.2 ppts**	**0.1 ppts**	**N/A**
Ingots	34.1%	33.5%	31.6%	(0.6 ppts)	(1.9 ppts)	N/A
Billets	8.7%	9.5%	11.1%	0.8 ppts	1.6 ppts	N/A
Slabs (RSI, RSP)	0.2%	0.4%	1.2%	0.1 ppts	0.8 ppts	N/A

As % of total sales						
	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	**43.1%**	**43.4%**	**43.9%**	**0.3 ppts**	**0.5 ppts**	**N/A**
Slabs	42.5%	42.0%	41.4%	(0.5 ppts)	(0.6 ppts)	N/A
MRC	**42.5%**	**42.0%**	**41.4%**	**(0.5 ppts)**	**(0.6 ppts)**	**N/A**
Total	**100.0%**	**100.0%**	**100.0%**	**-**	**-**	**N/A**

Source: MAC Financial Statements and Company Information

Quantity sold						
kMT	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ingots	121	114	114	(6.4%)	0.8%	(2.9%)
Billets	28	30	24	6.8%	(20.9%)	(8.1%)
Slabs* (RSI, RSP)	0	0	0	0	0	0
Alcoa Inespal, S.A.	**150**	**144**	**138**	**(4.0%)**	**(4.2%)**	**(4.1%)**
Ingots	357	335	321	(6.1%)	(4.1%)	(5.1%)
Billets	90	93	94	3.0%	1.6%	2.3%
Slabs* (RSI, RSP)	0	0	0	0	0	0
Ma'aden	**447**	**428**	**415**	**(4.3%)**	**(3.0%)**	**(3.6%)**
Slabs	**396**	**377**	**348**	**(4.8%)**	**(7.7%)**	**(6.3%)**
MRC	**396**	**377**	**348**	**(4.8%)**	**(7.7%)**	**(6.3%)**
Total	**992**	**948**	**902**	**(4.4%)**	**(4.9%)**	**(4.6%)**

Source: MAC Financial Statements and Company Information

*The sold quantities do not exceed a thousand tons

Average selling price						
SAR	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ingots	8,927.3	9,952.4	7,931.9	11.5%	(20.3%)	(5.7%)
Billets	9,175.6	10,520.5	9,419.7	14.7%	(10.5%)	1.3%
Alcoa Inespal, S.A.	**9,026.7**	**10,205.9**	**8,357.7**	**13.1%**	**(18.1%)**	**(3.8%)**
Ingots	8,962.1	10,052.7	7,739.2	12.2%	(23.0%)	(7.1%)
Billets	7,087.0	10,328.4	9,273.9	13.7%	(10.2%	1.0%
Ma'aden	**9,024.5**	**10,190.6**	**8,314.1**	**12.9%**	**(18.4%)**	**(4.0%)**
Slabs	**10,037.8**	**11,181.7**	**9,346.1**	**11.4%**	**(16.4%)**	**(3.5%)**
MRC	**10,037.8**	**11,181.7**	**9,346.1**	**11.4%**	**(16.4%)**	**(3.5%)**
Total	**9,438.4**	**10,597.9**	**8,709.7**	**12.3%**	**(17.8%)**	**(3.9%)**

Source: MAC Financial Statements and Company Information

MAC has an offtake agreement with Alcoa, Ma'aden and Ma'aden Rolling Company based on which MAC sells these metal products to these parties following the pricing mechanism defined in the offtake agreement. Under the terms of the agreement, the production capacity would first be allocated to cater to the requirements of Ma'aden Rolling Company as per the Production Plan referenced in the Ma'aden Rolling Company APA. This agreement is set to end on 12 December 2027G. However, the agreement will terminate automatically when Alcoa Saudi ceases to be a shareholder in MAC in exchange for shares in Ma'aden.

The remaining capacity would be allocated to Alcoa and Ma'aden in accordance with the respective APA's on the basis of the pro rate ownership interests of each in Ma'aden Aluminium Company.

4-1-5-1-2 Cost of sales

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

Table (4-5): Cost of sales of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Cost of sales						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Raw material and utilities consumed	5,477.1	6,722.1	6,257.8	22.7%	(6.9%)	6.9%
Salaries and staff related benefits	391.0	526.8	540.7	34.7%	2.6%	17.6%
Contracted services	155.1	250.9	320.7	61.8%	27.8%	43.8%
Consumables	177.6	183.2	244.6	3.2%	33.5%	17.4%
Overheads	68.1	85.5	202.5	25.6%	136.8%	72.4%
Allowance for slow moving spare parts and consumable materials	-	(9.1)	-	-	(100.0%)	N/A
Total cash operating costs	**6,269.0**	**7,759.4**	**7,566.4**	**23.8%**	**(2.5%)**	**9.9%**
Depreciation - property, plant and equipment	901.6	887.6	962.1	(1.6%)	8.4%	3.3%
Depreciation - right-of-use assets	53.9	53.5	51.7	(0.7%)	(3.4%)	(2.1%)
Amortization - intangible assets	5.1	7.0	7.2	37.3%	2.9%	18.8%
Non-current asset written off	-	34.6	-	-	(100.0%)	N/A
Total operating costs	**7,229.6**	**8,742.1**	**8,587.4**	**20.9%**	**(1.8%)**	**9.0%**
Change in inventory	(156.8)	(60.8)	104.2	(61.2%)	(271.4%)	N/A
Total cost of sales	**7,072.7**	**8,681.2**	**8,691.6**	**22.7%**	**0.1%**	**10.9%**
As % of sales						
Raw material and utilities consumed	58.5%	66.9%	79.7%	8.4 ppts	12.8 ppts	N/A
Salaries and staff related benefits	4.2%	5.2%	6.9%	1.0 ppts	1.7 ppts	N/A
Contracted services	1.7%	2.5%	4.1%	0.8 ppts	1.6 ppts	N/A
Consumables	1.9%	1.8%	3.1%	(0.1 ppts)	1.3 ppts	N/A
Overheads	0.7%	0.9%	2.6%	0.2 ppts	1.7 ppts	N/A
Allowance for slow moving spare parts and consumable materials	-	(0.1%)	N/A	(0.1 ppts)	0.1 ppts	N/A
Total cost of sales	**75.5%**	**86.4%**	**110.6%**	**10.9 ppts**	**24.2 ppts**	**N/A**

Source: MAC Financial Statements and Company Information

Raw material and utilities consumed

Cost of sales primarily increased from SAR 7,072.7 million in 2021G to SAR 8,681.2 million in 2022G and further to SAR 8,691.6 million in 2023G primarily due to raw materials and utilities consumed which represented the single largest component of costs of sales during the Historical Period.

Raw material and utilities consumed increased by 22.7% from SAR 5,477.1 million in 2021G to SAR 6,722.1 million in 2022G largely due to the increase in the price of raw materials including alumina, coke and pitch in line with the global increase in the price of such metals during 2022G.

Raw material and utilities consumed decreased by 6.9% or SAR 464 million from SAR 6,722.1 million in 2022G to SAR 6,257.8 million in 2023G primarily due to the lower consumption of materials during the year as sales volume declined due to the operational disruption in Q 4 2022G. The lower raw material costs of SAR 1,318 million in 2023G were also due to the decline in the global metal prices at the London Metals Exchange in 2023G.

However, the decline of SAR 1,318 million in raw material prices was partially offset by higher utility charges of SAR 1,573 million in 2023G as compared to SAR 1,105 million in 2022G primarily due to higher costs as a result of grid charges (transmission use of service) from Saudi Electricity Company (SEC) which resulted in a utility charge of SAR 493.0 million recognised in 2023G. This amount which was settled in 2023G with a supplier with whom the Company had been negotiating regarding the imposition of certain utility expenses received from the supplier in 2022G for the period from January to December 2022G.

Salaries and staff related benefits

The following table presents the cost of sales staff costs of MAC and head count for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-6): Cost of sales staff costs of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Staff costs						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Salaries and staff related benefits (Cost of sales)	391.0	526.8	540.7	34.7%	2.6%	17.6%
Average headcount in each year	1,693	1,620	1,648	(4.3%)	1.7%	(1.3%)
Average annual cost per FTE (SAR000)	231.0	325.2	328.1	40.8%	0.9%	19.2%

Source: MAC Financial Statements and Company Information

Salaries and staff related benefits increased by 34.7% from SAR 391.0 million in 2021G to SAR 526.8 million in 2022G. This was primarily driven by increments and higher perks and benefits to employees due to Ma'aden's strategy to retain its employees.

Salaries and staff related benefits increased by a further 2.6% from SAR 526.8 million in 2022G to SAR 540.7 million in 2023G which was the normal increment in 2023G as compared to the prior year.

Contracted services

Contracted services relate to services for plant operations, maintenance and process such as stem repairs, rotary equipment maintenance, anode sealing, and pot tending activities among others.

Contracted service increased by 61.8% from SAR 155.1 million in 2021G to SAR 250.9 million in 2022G due to an increase in maintenance contracts mainly related to the increase in stem repairs.

Contracted services increased by 27.8% from SAR 250.9 million in 2022G to SAR 320.7 million in 2023G due to the increased costs associated with the stabilization and ramp up of the plant subsequent to the disruption in November and December 2022G.

Consumables

Consumables comprised of fuel and lubricant costs, maintenance materials as well as safety equipment. For external reporting purposes, repairs and maintenance costs are also included within consumables.

Consumables, including repairs and maintenance remained broadly stable in 2021G and 2022G where as a percentage of sales in 2021G was 1.9% in 2021G and 1.8% in 2022G.

Consumables increased by 33.5% from SAR 183.2 million in 2022G to SAR 244.6 million in 2023G due to the increase in consumption of such items in relation to the recovery and stabilization of the plant operations in 2023G.

Overheads

Overheads comprised of insurance cost, accommodation, shared services, and short-term leases.

Overheads increased by 25.6% from SAR 68.1 million in 2021G to SAR 85.5 million in 2022G and a further by 136.8% from 85.5 million in 2022G to 202.5 million in 2023G primarily due to an increase in insurance costs as a result of the potline crisis in 2022G as well as incremental freight costs as the Company tried to procure major materials at an accelerated pace in order to stabilise plant operations subsequent to the disruption in 2022G.

Allowance for slow moving spare parts and consumable materials

The Company maintains an allowance for obsolete and slow-moving spare parts taking into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date. In 2022G, due to an internal reassessment of the existing provision, a reversal of SAR 9.1 million was made during the year.

Depreciation - property, plant, and equipment ("PPE")

Depreciation recognised within cost of sales includes depreciation on buildings, plant and equipment, office equipment, and furniture and fittings.

Depreciation on PPE decreased by 1.6% from SAR 901.6 million in 2021G to SAR 887.6 mainly due to lower capitalisation of capital work in progress during 2022G as compared to the prior year. In addition to this, the Company wrote off SAR 152.5 million in 2022G (as compared to SAR 57.3 million in the prior year) which had an impact on the annual depreciation charge for 2022G.

Depreciation increased by 8.4% from SAR 887.6 million in 2022G to SAR 962.1 million in 2023G mainly due to the transfer from capital work-in-progress during the year within PPE of SAR 402.8 million during the year as compared to SAR 109.2 million in the prior year.

Depreciation - Right of Use Assets

Depreciation of right-of-use is related to the Group's heavy equipment, motor vehicles and buildings.

Depreciation broadly stable during 2021G and 2022G amounted to SAR 53.9 million in 2021G and SAR 53.5 million in 2022G

Depreciation decreased by 3.4% from SAR 53.5 million in 2022G to SAR 51.7 million in 2023G due to the expiry or termination of leases of SAR 23.4 million related to motor vehicles at the end of the year 2022G.

Amortization

Amortization recognized within the cost of sales consists solely of the amortization of intangible assets; in MAC's case, this pertains specifically to software, which is amortized over a period of 10 years.

Amortization increased by 37.3% from SAR 5.1 million in 2021G to SAR 7.0 million in 2022G primarily due to the transfer from capital work-in-progress during the year of intangible assets amounting to SAR 21.1 million during 2022G.

Amortization slightly increased by 2.9% from SAR 7.0 million in 2022G to SAR 7.2 million in 2023G largely due to the transfer from capital work-in-progress during the year of intangible assets by SAR 0.5 million during the period.

Non-current asset written off

Non-current asset written off is a one-time expense charged to profit and loss account during 2022G amounted to SAR 34.6 million which relates to damaged pots in smelter from which no future economic benefit is expected to be derived. This was calculated as the difference between the cost of the asset of SAR 152.4 million and the accumulated depreciation against this asset of SAR 117.8 million.

4-1-5-1-3 General and administrative expenses

The following table presents the general and administrative ("**G&A**") expenses of MAC for the financial years ending in 31 December 2021G, 2022G and 2023G.

Table (4-7): General and administrative expenses of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

General and administrative expenses						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Contracted services	33.0	44.9	59.0	36.1%	31.4%	33.7%
Overheads	36.0	43.7	56.1	21.4%	28.4%	24.8%
Salaries and employee related benefits	7.1	12.7	14.5	78.9%	14.2%	42.9%
Depreciation	0.2	0.1	0.1	(50.0%)	-	(29.3%)
Consumables	0.1	0.2	-	100.0%	(100.0%)	(100.0%)
Total	**76.5**	**101.6**	**129.7**	**32.8%**	**27.7%**	**30.2%**
As % of sales						
Contracted services	0.4%	0.4%	0.8%	-	0.4 ppts	N/A
Overheads	0.4%	0.4%	0.7%	-	0.3 ppts	N/A
Salaries and employee related benefits	0.1%	0.1%	0.2%	-	0.1 ppts	N/A
Depreciation	0.0%	0.0%	0.0%	-	-	N/A
Consumables	0.0%	0.0%	-	-	N/A	N/A

Source: MAC Financial Statements and Company Information

G&A expenses primarily comprised overheads (which accounted on average for 44.5% of total G&A expense during 2021G-2023G), contracted services (which accounted on average for 44.3% of total G&A expenses during 2021G-2023G) and salaries and employee related benefits (which accounted on average for 11.0% of total G&A expenses during 2021G-2023G).

Contracted services

Contracted services increased by 36.1% from SAR 33.0 million in 2021G to SAR 44.9 million in 2022G primarily due to the centralization of certain functions by Ma'aden during the second half of 2021G which resulted in the Company relying on more contracted services during 2022G as compared to 2021G.

Contracted services further increased by 31.4% from SAR 44.9 million in 2022G to SAR 59.0 million in 2023G largely due to the employee welfare support and functional costs incurred by the Ma'aden Head Quarters.

Overheads

Overheads comprised of transportation and regional HQ costs, employee benefit costs as well as IT costs.

Overheads increased by 21.4% from SAR 36.0 million in 2021G to SAR 43.7 million in 2022G and further increased by 28.4% from SAR 43.7 million in 2022G to SAR 56.1 million in 2023G primarily due to improvements implemented by the Company in relation to employee benefit standards (such as transportation and the regional HQ office) as well as IT support costs.

Salaries and employee related benefits

Salaries and employee related benefits were related to the shared service cost of staff within respective G&A departments.

Salaries and staff related benefits increased by 78.9% from SAR 7.1 million in 2021G to SAR 12.7 million in 2022G, and by a further 14.2% to SAR 14.5 million in 2023G primarily due to multiple departments being decentralized (such as Human Resources) and a few additional management positions that were added to the Company's organization structure during the year.

Depreciation

Depreciation of PPE within G&A was related to fire alarm equipment and remained relatively stable between 2021G-2023G.

4-1-5-1-4 Finance costs

The following table presents the finance costs of MAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-8): Finance costs of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Finance costs						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Public Investment Fund	74.0	136.6	252.4	84.6%	84.8%	84.7%
Riyal Murabaha facility	128.0	177.6	279.4	38.8%	57.3%	47.7%
Dollar conventional	26.2	34.7	60.3	32.4%	73.8%	51.7%
Murabaha Riyal Working Facility	-	5.8	15.7	-	170.7%	N/A
Others	1.3	1.0	1.3	(23.1%)	30.0%	-
Sub-total	**229.6**	**355.7**	**609.0**	**54.9%**	**71.2%**	**62.9%**
Amortization of transaction cost	14.1	12.9	11.7	(8.5%)	(9.3%)	(8.9%)
Accretion of lease liabilities	45.6	44.7	43.3	(2.0%)	(3.1%)	(2.6%)
Accretion of employees' end of service termination benefits obligation	4.0	4.5	9.3	12.5%	106.7%	52.5%
Accrual of derivative interest	105.0	44.5	(56.6)	(57.6%)	(227.2%)	N/A
Accretion of provision of plant dismantling obligation	-	-	3.9	-	-	N/A
Sub-total	**398.2**	**462.3**	**620.6**	**16.1%**	**34.2%**	**24.8%**
Less: Borrowing costs capitalized as part of qualifying assets in CWIP	(3.8)	(1.5)	(6.8)	(60.5%)	353.3%	33.8%
Total	**394.4**	**460.8**	**613.8**	**16.8%**	**33.2%**	**24.8%**

Source: MAC Financial Statements and Company Information

Finance costs are primarily comprised of interest on bank borrowings, finance charge on lease liabilities, bank charges, accrual of derivative interest and other finance costs.

Finance costs increased from SAR 394.4 million in 2021G to SAR 460.8 million in 2022G, mainly due to the increase in interest on borrowings by SAR 126.2 million related to external financing obtained by the Group from PIF, Riyal Murabaha facility, Dollar conventional facility and Murabaha Riyal working capital facility.

Finance costs further increased from SAR 460.8 million in 2022G to SAR 613.8 million in 2023G primarily due to the increase in interest on borrowings by SAR 253.3 million which was partially offset by the decrease in accrual of derivative interest from SAR 44.5 million in 2022G to a credit amount of SAR 56.6 million in 2023G largely due to the interest receivable against hedged instruments which was favourable in 2023G.

4-1-5-1-5 Other income/ (expense), net

The following table presents the other income / (expense), net of MAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-9): Other income / (expenses) of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Other income/ (expenses),net						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Foreign exchange gain / (loss), net	0.4	(1.3)	5.0	(425.0%)	(484.6%)	253.6%
Scrap sales and others, net	3.6	(8.4)	16.6	(333.3%)	(297.6%)	114.7%
Total	**4.0**	**(9.7)**	**21.5**	**(342.5%)**	**(321.6%)**	**131.8%**
As % of sales						
Foreign exchange gain / (loss), net	0.0%	(0.0%)	0.1%	-	0.1 ppts	N/A
Scrap sales and others, net	0.0%	(0.1%)	0.2%	(0.1 ppts)	0.3 ppts	N/A

Source: MAC Financial Statements and Company Information

Other income/(expense) primarily included foreign exchange gains and losses as well as income from scrap sales and others.

Other income decreased by 342.5% from SAR 4.0 million in 2021G to SAR (9.7) million in 2022G mainly due to losses on scrap sales and others of SAR (8.4) million in 2022G.

Other income/(expense) increased by 321.6% to SAR 21.5 million in 2023G primarily due to gains on scrap sales and others of SAR 16.6 million in 2023G.

4-1-5-1-6 Zakat

The following table presents the adjusted income / (loss) calculation for Zakat and tax provision of MAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-10): Adjusted income calculation for Zakat and tax provision of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Adjusted income calculation for Zakat and tax provision						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Accounting (loss) / income for the year	1,790.1	784.8	(1,552.9)	(56.2%)	(297.9%)	N/A
Add/less: Disallowable expenses						
Depreciation - right-of-use assets	53.9	53.5	51.7	(0.7%)	(3.4%)	(2.1%)
Provision for employees' end of service termination benefits	24.1	22.6	30.9	(6.2%)	36.7%	13.2%
Accretion of lease liabilities	45.6	44.7	43.3	(2.0%)	(3.1%)	(2.6%)
Net accrual for settlement of derivative interest	0.5	(35.1)	(1.8)	(7,120.0%)	(94.9%)	N/A

Adjusted income calculation for Zakat and tax provision						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Employees' savings plan - Company's contribution	4.5	8.5	-	88.9%	(100.0%)	N/A
Other	(4.5)	-	-	(100.0%)	-	N/A
Sub-total	**1,914.1**	**878.9**	**(1,428.8)**	**(54.1%)**	**(262.6%)**	**N/A**
Add/less adjustment for tax calculation:						
Repayment of lease liabilities during the year	(84.5)	(81.0)	(79.2)	(4.1%)	(2.2%)	(3.2%)
Adjusted income for Zakat calculations	**1,829.7**	**797.9**	**(1,508.0)**	**(56.4%)**	**(289.0%)**	**N/A**
Add/less adjustment for tax calculation:						
Depreciation differential	(85.7)	56.6	204.8	(166.0%)	261.8%	N/A
Payments of employees' end of service termination benefits	(15.2)	(10.5)	4.0	(30.9%)	(138.1%)	N/A
Accounting loss on disposal or write off of fixed assets	-	34.6	-	-	(100.0%)	N/A
Adjusted (loss) income for Tax calculations	**1,728.8**	**878.6**	**(1,299.2)**	**(49.2%)**	**(247.9%)**	**N/A**
Allocation of adjusted income:						
Saudi Arabian shareholder (74.9%)	1,370.4	597.6	(1,129.5)	(56.4%)	(289.0%)	N/A
Foreign shareholder (25.1%)	433.9	220.5	(326.1)	(49.2%)	(247.9%)	N/A

Source: MAC Financial Statements and Company Information

The following table presents the components of Zakat expense of MAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-11): Components of Zakat base of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Components of Zakat base						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Shareholders' equity, 1 January	4,104.4	5,389.5	5,881.2	31.3%	9.1%	19.7%
Provisions at the beginning of the year	150.8	179.4	208.6	19.0%	16.3%	17.6%
Long-term borrowings	7,578.4	6,599.6	6,475.9	(12.9%)	(1.9%)	(7.6%)
Lease liabilities and ROU assets, net	52.9	55.8	728.1	5.5%	1,204.8%	271.0%
Other non-current liability	18.6	18.6	208.2	-	1,019.4%	234.6%
Other	0.1	5.8	34.2	5,700.0%	489.7%	1,749.3%
Sub-total	**11,905.1**	**12,248.8**	**13,536.2**	**2.9%**	**10.5%**	**6.6%**
Property, plant and equipment and Intangible assets	(10,559.4)	(9,961.5)	(9,746.2)	(5.7%)	(2.2%)	(3.9%)
Capital work-in-progress	(152.3)	(214.7)	(563.9)	41.0%	162.6%	92.4%
Spare parts and consumables	(290.2)	(277.1)	(603.7)	(4.5%)	117.9%	44.2%
Lease liabilities and right-of-use assets, net	-	-	(795.7)	-	-	N/A
Employees' home owners program receivable, non-current portion	-	(187.5)	(178.2)	-	(5.0%)	N/A
Others	(204.4)	(12.8)	(11.8)	(93.7%)	(7.8%)	(76.0%)
Net Zakat base for the year	**698.8**	**1,595.2**	**1,636.9**	**128.3%**	**2.6%**	**53.1%**

Components of Zakat base						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Zakat due at 2.578% on Zakat base for 2023G (2022G, 2021G: Zakat due at 2.578%)	**16.9**	**41.1**	**42.2**	**143.2%**	**2.7%**	**58.0%**
Zakat Calculation based on adjusted net income:						
Adjusted net (loss) income for the year	1,370.4	597.6	(1,129.5)	(56.4%)	(289.0%)	N/A
Zakat rate applicable to the Company	2.5%	2.5%	2.5%	-	-	-
Zakat due at 2.5% on adjusted (loss) income for the year	**34.3**	**14.9**	**(28.2)**	**(56.6%)**	**(289.3%)**	**N/A**
Net Zakat due on Zakat base and on adjusted net income	**51.2**	**56.1**	**14.0**	**9.6%**	**(75.0%)**	**(47.7%)**

Source: MAC Financial Statements and Company Information

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

The amounts for Zakat for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

Zakat expense increased by 78.3% from SAR 51.2 million in 2021G to SAR 91.3 million in 2022G, mainly due to the additional Zakat provision of SAR 5.1 million against revised assessments by ZATCA. In addition, the Company recognized uncertain tax provision of SAR 14.7 million for the years 2019G through 2022G based on the Zakat and income tax assessments received for the years 2015G through 2018G.

Zakat expense decreased by 71.6% from SAR 91.3 million in 2022G to SAR 25.9 million in 2023G, mainly due to the Company's assessment that it is not anticipated any material liabilities, other than currently recognized, will be incurred as a result of outstanding assessments.

4-1-5-1-7 Income tax and deferred tax

The following table presents the income tax provision of MAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-12): Income tax provision of MAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Income tax provision						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Current tax expense	63.4	27.3	1.7	(56.9%)	(93.8%)	(83.6%)
Deferred income tax (expense) / income - net	16.8	0.3	(47.2)	(98.2%)	(15,833.3%)	N/A
Charged to profit or loss arising from deferred tax asset	17.5	4.9	(37.0)	(72.0%)	(855.1%)	N/A
Credited to profit or loss arising from deferred tax liabilities	(0.8)	(4.6)	(10.2)	475.0%	121.7%	257.1%
Total income tax (credit) / expense	**80.1**	**27.6**	**(45.5)**	**(65.5%)**	**(264.9%)**	**N/A**

Source: MAC Financial Statements and Company Information

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

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

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

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

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

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

4-1-5-2 Statement of Financial Position

The following table presents the financial position statement of MAC for financial year ended in 31 December 2021G, 2022G and 2023G.

Table (4-13): Statement of financial position of MAC at 31 December 2021G, 2022G, and 2023G:

Statement of financial position						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Property, plant and equipment	14,084.3	13,272.0	12,991.3	(5.8%)	(2.1%)	(4.0%)
Right-of-use assets	1,078.9	1,022.8	972.1	(5.2%)	(5.0%)	(5.1%)
Capital work-in-progress	203.3	286.6	752.9	41.0%	162.7%	92.4%
Intangible assets	13.7	27.7	21.0	102.2%	(24.2%)	23.8%
Deferred tax assets	213.8	208.9	245.9	(2.3%)	17.7%	7.2%
Derivative financial instruments	-	44.3	-	-	(100.0%)	N/A
Employees' home owners program receivable	272.9	250.4	237.9	(8.2%)	(5.0%)	(6.6%)
Non-current portion of advances and prepayments	29.5	22.1	81.0	(25.1%)	266.5%	65.7%
Total non-current assets	**15,896.4**	**15,134.8**	**15,301.9**	**(4.8%)**	**1.1%**	**(1.9%)**
Current portion of employees' home owners program receivable	21.0	19.5	23.4	(7.1%)	20.0%	5.6%
Due from shareholder	66.3	209.3	70.5	215.7%	(66.3%)	3.1%
Due from fellow subsidiaries	127.0	377.8	524.7	197.5%	38.9%	103.3%

Statement of financial position						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Derivative financial instruments	-	34.1	31.4	-	(7.9%)	N/A
Advances and prepayments	47.2	40.3	64.2	(14.6%)	59.3%	16.6%
Inventories	1,156.2	1,397.5	1,594.4	20.9%	14.1%	17.4%
Trade and other receivables	1,860.1	1,280.5	1,509.3	(31.2%)	17.9%	(9.9%)
Time deposits	-	1,205.9	15.0	-	(98.8%)	N/A
Cash and cash equivalents	1,470.5	792.0	444.4	(46.1%)	(43.9%)	(45.0%)
Total current assets	**4,748.4**	**5,356.9**	**4,277.3**	**12.8%**	**(20.2%)**	**(5.1%)**
Total assets	**20,644.8**	**20,491.7**	**19,579.3**	**(0.7%)**	**(4.5%)**	**(2.6%)**
Share capital	6,573.8	6,573.8	6,573.8	-	-	-
Statutory reserve (transfer of net income)	30.5	57.2	57.2	87.5%	-	36.9%
Cash flow hedge reserve	(169.0)	69.5	20.9	(141.1%)	(69.9%)	N/A
Net (accumulated losses) / retained earnings	423.7	1,056.5	(704.8)	149.4%	(166.7%)	N/A
Total shareholders' equity	**6,859.0**	**7,756.9**	**5,947.0**	**13.1%**	**(23.3%)**	**(6.9%)**
Deferred tax liabilities	348.2	343.7	333.4	(1.3%)	(3.0%)	(2.1%)
Long-term borrowings	9,342.4	7,915.0	7,272.4	(15.3%)	(8.1%)	(11.8%)
Other non-current liabilities	24.9	24.9	277.9	-	1,016.1%	234.1%
Lease liabilities	1,098.8	1,061.5	1,030.5	(3.4%)	(2.9%)	(3.2%)
Provision for PPE dismantling obligation	-	-	282.7	-	-	N/A
Employees' benefits	209.2	236.2	271.9	12.9%	15.1%	14.0%
Derivative financial instruments	195.3	-	-	(100.0%)	-	N/A
Total non-current liabilities	**11,218.7**	**9,581.2**	**9,468.8**	**(14.6%)**	**(1.2%)**	**(8.1%)**
Trade and other payables	567.5	730.1	1,168.6	28.7%	60.1%	43.5%
Accrued expenses	869.0	1,085.4	1,157.4	24.9%	6.6%	15.4%
Zakat and income tax payable	106.9	76.3	44.9	(28.6%)	(41.2%)	(35.2%)
Current portion of long-term borrowings	833.5	1,030.9	1,566.3	23.7%	51.9%	37.1%
Current portion of lease liabilities	50.7	35.8	31.9	(29.4%)	(10.9%)	(20.7%)
Due to a shareholder	97.2	109.3	93.6	12.4%	(14.4%)	(1.9%)
Due to fellow subsidiaries	42.2	85.7	100.8	103.1%	17.6%	54.6%
Total current liabilities	**2,567.0**	**3,153.5**	**4,163.4**	**22.8%**	**32.0%**	**27.4%**
Total liabilities	**13,785.8**	**12,734.7**	**13,632.3**	**(7.6%)**	**7.0%**	**(0.6%)**
Total shareholders' equity and liabilities	**20,644.8**	**20,491.7**	**19,579.3**	**(0.7%)**	**(4.5%)**	**(2.6%)**

Source: MAC Financial Statements and Company Information

The following table presents the financial position metrics statement of MAC for financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-14): Statement of financial position metrics of MAC at 31 December 2021G, 2022G, and 2023G:

Statement of financial position metrics						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Debt to equity ratio (1)	2.0	1.6	2.3	(20.0%)	43.8%	7.2%
Return on assets (2)	8.0%	3.2%	(7.8%)	(4.8 ppts)	(11.0 ppts)	N/A
Return on equity (3)	24.2%	8.6%	(25.8%)	(15.6 ppts)	(34.4 ppts)	N/A
Current ratio (4)	1.8	1.7	1.0	(5.6%)	(41.2%)	(25.5%)
Net cash from operating activities over rev. (5)	19.6%	20.9%	(2.9%)	1.3 ppts	(23.8 ppts)	N/A

Source: MAC Financial Statements and Company Information

(1) Debt to equity ratio is defined as the total liabilities at the end of the year/period divided by total shareholders' equity.
(2) Return on Assets is calculated as follows: Net profit for the year / Total assets at the end of the year.
(3) Return on Equity is calculated as follows: Net profit for the year / Total shareholders' equity at the end of the year.
(4) Current Ratio is calculated as follows: Total Current Assets / Total Current Liabilities
(5) Net cash from operating activities over sales is calculated as follows: Net cash flows used in operating activities/sales.

4-1-5-2-1 Non-current assets

The following table presents the statement of non-current assets of MAC for financial year ended in 31 December 2021G, 2022G and 2023G.

Table (4-15): Non-current assets of MAC at 31 December 2021G, 2022G, and 2023G:

Non-current assets						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Property, plant and equipment	14,084.3	13,272.0	12,991.3	(5.8%)	(2.1%)	(4.0%)
Right-of-use assets	1,078.9	1,022.8	972.1	(5.2%)	(5.0%)	(5.1%)
Capital work-in-progress	203.3	286.6	752.9	41.0%	162.7%	92.4%
Intangible assets	13.7	27.7	21.0	102.2%	(24.2%)	23.8%
Deferred tax assets	213.8	208.9	245.9	(2.3%)	17.7%	7.2%
Derivative financial instruments	-	44.3	-	-	(100.0%)	N/A
Employees' home owners program receivable	272.9	250.4	237.9	(8.2%)	(5.0%)	(6.6%)
Non-current portion of advances and prepayments	29.5	22.1	81.0	(25.1%)	266.5%	65.7%
Total non-current assets	**15,896.4**	**15,134.8**	**15,301.9**	**(4.8%)**	**1.1%**	**(1.9%)**

Source: MAC Financial Statements and Company Information

Non-current assets decreased by 4.8% from SAR 15,896.4 million at 31 December 2021G to SAR 15,134.8 million at 31 December 2022G primarily due to the decrease in the net book value of property, plant and equipment by 5.8% from SAR 14,084.3 million at 31 December 2021G to SAR 13,272.0 million at 31 December 2022G. This decline in the net book value of property, plant and equipment was mainly due to depreciation charges of SAR 887.8 million and net write-offs of SAR 34.6 million, partially offset by transfer from capital work-in-progress during the year of SAR 109.2 million.

Non-current assets increased by 1.1% from SAR 15,134.8 million at 31 December 2022G to SAR 15,301.9 million at 31 December 2023G primarily due to the increase in capital work in progress by 162.7% from SAR 286.6 million at 31 December 2022G to SAR 752.9 million at 31 December 2023G due to the increase in additions amounting to SAR 869.5 million.

This was partly offset by the decrease in property, plant and equipment which decreased by 2.1% from SAR 13,272.0 million as at 31 December 2022G to SAR 12,991.3 million as at 31 December 2023G.

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

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

Table (4-16): Property, plant and equipment of MAC at 31 December 2021G, 2022G, and 2023G:

Property, plant and equipment							
SARm	Plant dismantling obligation	Land & buildings	Plant & equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
Cost							
1 Jan 2021G	-	8,533.2	11,174.6	55.9	12.2	12.2	19,788.1
Transfer from capital work-in-progress during the year	-	6.4	131.1	0.3	-	-	137.8
Write-off for the year	-	-	(57.3)	-	-	-	(57.3)
31 Dec 2021G	**-**	**8,539.5**	**11,248.4**	**56.2**	**12.2**	**12.2**	**19,868.6**
Transfer from capital work-in-progress during the year	-	2.2	107.0	-	-	-	109.2
Write-offs during the year	-	-	(152.4)	(0.1)	-	-	(152.5)
Adjustments	-	(0.9)	2.9	(1.7)	-	-	0.3
31 Dec 2022G	**-**	**8,540.9**	**11,205.8**	**54.5**	**12.2**	**12.2**	**19,825.6**
Transfer from capital work-in-progress during the year	-	15.9	386.9	-	-	-	402.8
Write-offs during the year	-	-	(172.5)	(0.0)	-	-	(172.5)
Plant dismantling obligation	278.8	-	-	-	-	-	278.8
31 Dec 2023G	**278.8**	**8,556.8**	**11,420.3**	**54.4**	**12.2**	**12.2**	**20,334.7**
Accumulated depreciation							
1 Jan 2021G	-	(1,446.3)	(3,435.3)	(38.3)	(7.7)	(12.2)	(4,939.8)
Charge for the year	-	(230.5)	(664.2)	(6.1)	(1.1)	-	(901.8)
Write-off for the year	-	-	57.3	-	-	-	57.3

Property, plant and equipment							
SARm	Plant dismantling obligation	Land & buildings	Plant & equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
31 Dec 2021G	**-**	**(1,676.7)**	**(4,042.1)**	**(44.4)**	**(8.8)**	**(12.2)**	**(5,784.3)**
Charge for the year	-	(230.2)	(651.3)	(5.2)	(1.1)	-	(887.8)
Written-off during the year	-	-	117.8	0.1	-	-	117.8
Adjustments	-	-	0.5	-	-	-	0.5
31 Dec 2022G	**-**	**(1,906.9)**	**(4,575.1)**	**(49.5)**	**(9.9)**	**(12.2)**	**(6,553.7)**
Charge for the year	(2.3)	(236.7)	(719.5)	(2.5)	(1.1)	-	(962.2)
Written-off during the year	-	-	172.5	-	-	-	172.5
31 Dec 2023G	**(2.3)**	**(2,143.6)**	**(5,122.1)**	**(52.1)**	**(11.0)**	**(12.2)**	**(7,343.4)**
Net book value							
31 Dec 2021G	**-**	**6,862.8**	**7,206.3**	**11.8**	**3.4**	**-**	**14,084.3**
31 Dec 2022G	**-**	**6,634.0**	**6,630.7**	**4.9**	**2.3**	**-**	**13,272.0**
31 Dec 2023G	**276.5**	**6,413.2**	**6,298.1**	**2.4**	**1.2**	**-**	**12,991.3**

Source: MAC Financial Statements and Company Information

Property, plant and equipment ("**PPE**") had a net book value of SAR 12,991.3 million at 31 December 2023G mainly relating to land and buildings of SAR 6,413.2 million and plant and equipment of SAR 6,298.1 million at 31 December 2023G. These assets mainly include cast house and smelter as part of plant and equipment.

The net book value of PPE decreased by 5.8% from 14,084.3 million at 31 December 2021G to SAR 13,272.0 million at 31 December 2022G primarily due to the depreciation charges of SAR 887.8 million and net write-offs of SAR 34.6 million, partially offset by transfer from capital work-in-progress during the year of SAR 109.2 million. Additions of SAR 109.2 million during 2022G included funds spent on the pot relining operations, furnace rebuild as well as overhaul expenditure during the year.

The net book value of PPE further decreased by 2.1% from SAR 13,272.0 million at 31 December 2022G to SAR 12,991.3 million at 31 December 2023G primarily due to depreciation charges of SAR 962.2 million during the period. This was partially offset by the provision for plant decommissioning, site rehabilitation and dismantling obligation of SAR 278.8 million which was capitalised by the Company during 2023G.

Management estimated the provision based on its understanding of the current legal requirements in the Kingdom of Saudi Arabia, the Company'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 properties, based on information currently available including closure and dismantling plans, the Company's environmental policies and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined.

Table (4-17): PPE depreciation charge of MAC at 31 December 2021G, 2022G, and 2023G:

PPE depreciation charge			
SARm	2021G	2022G	2023G
Allocation of depreciation charge during the year to:			
Cost of sales	901.6	887.6	962.1
General and administrative expenses	0.2	0.1	0.1
Total	**901.8**	**887.8**	**962.2**

Source: MAC Financial Statements and Company Information

During the historical period, depreciation for property, plant and equipment was allocated between cost of sales and general and administrative expenses.

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

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

Table (4-18): Right of use assets of MAC at 31 December 2021G, 2022G, and 2023G:

Right of use assets				
SARm	Heavy equipment	Motor vehicles	Land & buildings	Total
Cost				
1 January 2021G	928.0	25.4	256.0	1,209.3
Additions during the year	-	27.5	-	27.5
31 December 2021G	**928.0**	**52.8**	**256.0**	**1,236.8**
Expired / terminated leases	-	(23.4)	-	(23.4)
31 December 2022G	**928.0**	**29.5**	**256.0**	**1,213.4**
Additions during the year	-	1.0	-	1.0
31 December 2023G	**928.0**	**30.4**	**256.0**	**1,214.4**
Accumulated depreciation				
1 January 2021G	(56.6)	(15.0)	(32.4)	(104.0)
Charge during the year	(26.4)	(12.2)	(15.3)	(53.9)
31 December 2021G	**(83.0)**	**(27.2)**	**(47.6)**	**(157.9)**
Charge during the year	(28.3)	(9.0)	(16.2)	(53.5)
Expired / terminated leases	-	20.7	-	20.7
31 December 2022G	**(111.3)**	**(15.5)**	**(63.8)**	**(190.6)**
Charge during the year	(24.5)	(10.1)	(17.1)	(51.7)
31 December 2023G	**(135.8)**	**(25.6)**	**(80.9)**	**(242.3)**
Net book value				
31 December 2021G	845.0	25.6	208.3	1,078.9
31 December 2022G	816.6	14.0	192.2	1,022.8
31 December 2023G	**792.1**	**4.9**	**175.1**	**972.1**

Source: MAC Financial Statements and Company Information

Right-of-use assets had a net book value of SAR 972.1 million at 31 December 2023G mainly relating to heavy equipment of SAR 792.1 million and land and buildings of SAR 175.1 million at 31 December 2023G. This heavy equipment primarily comprised a leased power generation unit.

Right-of-use assets net book value decreased from SAR 1,078.9 million at 31 December 2021G to SAR 1,022.8 million at 31 December 2022G mainly due to annual depreciation charges of SAR 53.5 million, coupled with expired/ terminated leases of SAR 2.7 million in 2022G related to motor vehicles.

Right-of-use assets net book value decreased from SAR 1,022.8 million at 31 December 2022G to SAR 972.1 million at 31 December 2023G mainly due to annual depreciation charges of SAR 51.7 million, offset by additions during the period of SAR 1.0 million related to motor vehicles.

Table (4-19): Right of use assets depreciation charge of MAC at 31 December 2021G, 2022G, and 2023G:

Right of use assets depreciation charge			
SARm	2021G	2022G	2023G
Allocation of depreciation charge during the year to:			
Cost of sales	53.9	53.5	51.7

Source: MAC Financial Statements and Company Information

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

Short-term leases

The Company assesses whether a contract is or contains a lease, at inception of a contract and recognizes 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 Company recognizes the lease payments as an operating expense on a straight-line basis as permitted by IFRS. This expense is recorded within Cost of Sales, as part of overheads, at an amount of SAR 27.4 million for 2021G, SAR 53.1 million for 2022G and SAR 15.1 million for 2023G.

4-1-5-2-1-3 Capital work-in-progress

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

Table (4-20): Capital work-in-progress of MAC at 31 December 2021G, 2022G, and 2023G:

Capital work-in-progress	
SARm	Total
Cost	
1 January 2021G	153.5
Additions during the year	187.6
Transfer to property, plant and equipment during the year	(137.8)
31 December 2021G	**203.3**
Additions during the year	213.6
Transfer to property, plant and equipment during the year	(109.2)
Transfer to intangible assets during the period	(21.1)
31 December 2022G	**286.6**
Additions during the year	869.5
Transfer to property, plant and equipment during the year	(402.8)

Capital work-in-progress	
SARm	Total
Transfer to intangible assets during the period	(0.5)
31 December 2023G	**752.9**

Source: MAC Financial Statements and Company Information

Capital work-in-progress ("**CWIP**") had a net book value of SAR 752.9 million at 31 December 2023G mainly relating to Dross processing plant and other miscellaneous capital projects. These assets are in the course of construction or development and are transferred to the appropriate category (depending on the nature of the assets), once it is capable of operating in the manner intended by the Company.

The net book value of CWIP increased by 41.0% from SAR 203.3 million at 31 December 2021G to SAR 286.6 million at 31 December 2022G due to additions of SAR 213.6 million during the year which was offset by transfers to PPE and intangible assets of SAR 109.2 million and SAR 21.1 million respectively.

The net Book value increased further by 162.7% from SAR 286.6 million at 31 December 2022G to SAR 752.9 million at 31 December 2023G primarily attributable to additions during the period of SAR 869.5 million offset by transfers to PPE and intangible assets of SAR 402.8 million and SAR 0.5 million respectively, related to Dross processing plant and other plant and equipment related projects.

During the year ended 31 December 2023G, the Company obtained the required permits from the Royal Commission for Jubail and Yanbu for the construction of dross processing plant facility inside its premises. A third-party 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 Company. The major development for the dross processing facility occurred in 2023G and an accounting assessment was performed, establishing that MAC has control over the plant. Therefore, it was considered capital expenditure in its books of accounts.

The Company 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.

Based on management's assessment of contractual rights and obligations under the BOOT agreement, management concluded that the Company controls the Plant from its construction till the end of contract period.

Accordingly, the Company 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. The amount of this addition to Capital work-in-progress' in relation these future capacity payments in 2023G was SAR 275.7 million.

Borrowing costs attributable to qualifying assets

The following table presents MAC's capitalized borrowing cost attributable to qualifying assets for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-21): Borrowing cost attributable to qualifying assets of MAC at 31 December 2021G, 2022G, and 2023G:

SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Borrowing cost attributable to qualifying assets	3.8	1.5	6.8	(60.5%)	353.3%	33.8%
Capitalization rate	3.10%	4.70%	6.97%	1.6 ppts	2.27 ppts	N/A

Source: MAC Financial Statements

The Company has capitalized net borrowing cost attributable to qualifying assets as part of capital work-in-progress during the period under review. The borrowing costs capitalised was SAR 3.8 million in 2021G, SAR 1.5 million in 2022G and SAR 6.8 million in 2023G at a capitalisation rate of 3.10%, 4.70% and 6.97% used for the calculation of borrowing cost attributable to qualifying assets. The capitalisation rate is the weighted average interest rate used for borrowings as at the period end.

4-1-5-2-1-4 Intangible assets

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

Table (4-22): Intangible assets of MAC at 31 December 2021G, 2022G, and 2023G:

Intangible assets at carrying value	
SARm	**Software**
Cost	
1 January 2020G	51.2
Transfer from capital work-in-progress during the year	-
31 December 2021G	**51.2**
Transfer from capital work-in-progress during the year	21.1
31 December 2022G	**72.3**
Transfer from capital work-in-progress during the year	0.5
31 December 2023G	**72.7**
Accumulated amortization	
1 January 2021G	(32.4)
Charge during the year	(5.1)
31 December 2021G	**(37.6)**
Charge during the year	(7.0)
31 December 2022G	**(44.6)**
Charge during the year	(7.2)
31 December 2023G	**(51.8)**
Net book value	
31 December 2021G	**13.7**
31 December 2022G	**27.7**
31 December 2023G	**21.0**

Source: MAC Financial Statements and Company Information

Intangible assets of SAR 21.0 million at 31 December 2023G primarily related to software.

Intangible assets increased by 103.0% from SAR 13.7 million at 31 December 2021G to SAR 27.7 million at 31 December 2022G primarily due to the transfer of SAR 21.1 million from CWIP largely consisting of the Enterprise Resource Planning system software.

Intangible assets decreased by 24.4% from SAR 27.7 million at 31 December 2022G to SAR 21.0 million at 31 December 2023G due to amortization of SAR 7.2 million charged during the year.

Table (4-23): Intangible assets amortization charge of MAC at 31 December 2021G, 2022G, and 2023G:

Intangible assets amortization charge			
SARm	**31 Dec 2021G**	**31 Dec 2022G**	**31 Dec 2023G**
Allocation of amortization charge during the year to:			
Cost of sales	5.1	7.0	7.2

Source: MAC Financial Statements and Company Information

During the historical period, amortization for intangible assets was completely allocated to cost of sales.

4-1-5-2-1-5 Deferred taxes

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

Table (4-24): Deferred tax of MAC at 31 December 2021G, 2022G, and 2023G:

	Deferred tax				
SARm	Tax losses carried forward	Allowance for slow moving spare parts and consumable materials	Right-of-use assets	Employees' benefits	Total
1 January 2021G	220.7	2.5	-	8.2	231.3
(Charged) / credited to profit or loss during the year	(18.5)	-	-	0.9	(17.5)
31 December 2021G	**202.2**	**2.5**	**-**	**9.1**	**213.8**
(Charged) / credited to profit or loss during the year	(12.5)	(0.5)	4.4	3.7	(4.9)
31 December 2022G	**189.7**	**2.1**	**4.4**	**12.8**	**208.9**
(Charged) / credited to profit or loss during the year	35.4	(0.1)	0.8	0.8	37.0
31 December 2023G	**225.1**	**2.0**	**5.2**	**13.7**	**245.9**

Source: MAC Financial Statements and Company Information

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 assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Such assets are not recognized if the temporary differences arise from the initial recognition of goodwill of an asset in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

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

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

Deferred tax assets decreased by 2.3% from SAR 213.8 million as at 31 December 2021G to SAR 208.9 million as at 31 December 2022G mainly due to tax charged during 2022G of SAR 12.5 million, which were partly offset by right-of-use assets related taxes of SAR 4.4 million.

Deferred tax assets increased by 17.7% from SAR 208.9 million as at 31 December 2022G to SAR 245.9 million as at 31 December 2023G primarily due to tax credited during 2022G of SAR 35.4 million.

4-1-5-2-1-6 Derivative financial instruments

The following table presents MAC's total derivative financial assets for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-25): Derivative financial instruments of MAC at 31 December 2021G, 2022G, and 2023G:

Derivative financial instruments						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
As on 1 January	331.3	195.3	(78.3)	(41.1%)	(140.1%)	N/A
(Reversal) / accrual during the year	105.0	44.5	(56.6)	(57.6%)	(227.2%)	N/A
Paid during the year	(104.5)	(79.6)	54.8	(23.8%)	(168.8%)	N/A
Net reversal for settlement of derivative interest	**0.5**	**(35.1)**	**(1.8)**	**(7,120.0%)**	**(94.9%)**	**N/A**
Loss / (gain) in fair value of hedge instrument charged to other comprehensive income	(136.6)	(238.5)	48.7	74.6%	(120.4%)	N/A
Sub-total	**195.3**	**(78.3)**	**(31.4)**	**(140.1%)**	**(59.9%)**	**N/A**
Less: current portion of derivative financial instruments	-	34.1	(31.4)	-	(192.1%)	N/A
Non-current portion of derivative financial instruments	**195.3**	**(44.3)**	**-**	**(122.7%)**	**-**	**N/A**

Source: MAC Financial Statements and Company Information

The Company utilizes derivative instruments to manage certain market risk exposures.

The Company has 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 LIBOR and SIBOR ("**hedge item**"). The hedging instruments and hedging item have similar critical terms such as reference rate, reset dates, payment dates, maturities and notional amount. The arrangement has been designated as hedging arrangement since its inception and subject to prospective testing of hedge effectiveness at each reporting date. As of 31 December 2023G, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the year. The various agreements entered span from 1 April 2019G to 1 April 2024G amounting to SAR 1,800 million.

Non-current asset portion of derivative financial instruments was 'nil' at 31 December 2021G and increased to SAR 44.3 million as at 31 December 2022G primarily due to the gain in fair value of hedge instrument charged to other comprehensive income.

Non-current asset portion of derivative financial instruments decreased from SAR 44.3 million at 31 December 2022G to 'nil' as at 31 December 2023G due to the transfers to current assets.

Current asset portion of derivative financial instruments was 'nil' at 31 December 2021G which increased to SAR 34.1 million as at 31 December 2022G as a result of the transfer from non-current to current assets.

Current asset portion of derivative financial instruments decreased by 7.7% from SAR 34.1 million at 31 December 2022G to SAR 31.4 million as at 31 December 2023G as a result of the interest received during 2023G.

Non-current liability portion of derivative financial instruments was 195.3 million at 31 December 2021G which decreased to 'nil' balance at 31 December 2022G primarily due to the gain in fair value of hedge instrument charged to other comprehensive income.

4-1-5-2-1-7 Employees' home owners program receivable

The following table represents the movement of MAC's employees' home owners' program receivable during the fiscal years ended at 31, December 2021G, 2022G and 2023G.

Table (4-26): Employees' home owners program receivable of MAC at 31 December 2021G, 2022G, and 2023G:

Employees' home owners program receivable						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
As on 1 January	322.3	294.0	269.9	(8.8%)	(8.2%)	(8.5%)
Less: Employee repayments during the year	(28.4)	(24.1)	(8.6)	(15.1%)	(64.3%)	(45.0%)
Sub-total	**294.0**	**269.9**	**261.3**	**(8.2%)**	**(3.2%)**	**(5.7%)**
Less: Current portion of employees' home owners program receivable	(21.0)	(19.5)	(23.4)	(7.1%)	20.0%	5.6%
Closing balance	**272.9**	**250.4**	**237.9**	**(8.2%)**	**(5.0%)**	**(6.6%)**

Source: MAC Financial Statements and Company Information

The Company has 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 upon completion of the full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners receivable upon signing of the sales contract with the eligible employees. The monthly instalments 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.

Employees' home owners program receivable amounted to SAR 261.3 million as at 31 December 2023G of which the current portion was SAR 23.4 million.

The non-current portion of employees' home owners program receivable decreased by 8.2% from SAR 272.9 million as at 31 December 2021G to SAR 250.4 million as at 31 December 2022G due to repayments of SAR 24.1 million during the year.

The non-current portion of employees' home owners program receivable decreased by 5.0% from SAR 250.4 million as at 31 December 2022G to SAR 237.9 million as at 31 December 2023G primarily due to repayments of SAR 8.6 million during 2023G.

4-1-5-2-1-8 Advances and prepayments- non-current portion

The following table represents the movement of advances and prepayments during the fiscal years ended at 31, December 2021G, 2022G and 2023G.

Table (4-27): Advances and prepayments of MAC at 31 December 2021G, 2022G, and 2023G:

Advances and prepayments						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Advances to employees	6.1	-	0.2	(100.0%)	-	(81.9%)
Advances to vendors	6.5	13.8	13.9	112.3%	0.7%	46.2%
Prepaid to suppliers	36.9	22.1	103.0	(40.1%)	366.1%	67.1%
Prepaid housing	9.6	-	-	(100.0%)	-	N/A
Prepaid insurance and other	17.7	26.4	3.5	49.2%	(86.7%)	(55.5%)

Advances and prepayments						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Advance Tax	-	-	24.6	-	-	N/A
Sub-total	**76.8**	**62.4**	**145.2**	**(18.8%)**	**132.7%**	**37.5%**
Less: Non-current portion of amounts prepaid to suppliers	(29.5)	(22.1)	(81.0)	(25.1%)	266.5%	65.7%
Total	**47.2**	**40.3**	**64.2**	**(14.6%)**	**59.3%**	**16.6%**

Source: MAC Financial Statements and Company Information

Please refer to advances and prepayments in the current assets section for further details.

4-1-5-2-2 Current assets

The following table represents the statement of current assets during the fiscal years ended at 31, December 2021G, 2022G and 2023G.

Table (4-28): Current assets of MAC at 31 December 2021G, 2022G, and 2023G:

Current assets						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Current portion of employees' home owners program receivable	21.0	19.5	23.4	(7.1%)	20.0%	5.6%
Due from shareholder	66.3	209.3	70.5	215.7%	(66.3%)	3.1%
Due from fellow subsidiaries	127.0	377.8	524.7	197.5%	38.9%	103.3%
Derivative financial instruments	-	34.1	31.4	-	(7.9%)	N/A
Advances and prepayments	47.2	40.3	64.2	(14.6%)	59.3%	16.6%
Inventories	1,156.2	1,397.5	1,594.4	20.9%	14.1%	17.4%
Trade and other receivables	1,860.1	1,280.5	1,509.3	(31.2%)	17.9%	(9.9%)
Time deposits	-	1,205.9	15.0	-	(98.8%)	N/A
Cash and cash equivalents	1,470.5	792.0	444.4	(46.1%)	(43.9%)	(45.0%)
Total current assets	**4,748.4**	**5,356.9**	**4,277.3**	**12.8%**	**(20.2%)**	**(5.1%)**

Source: MAC Financial Statements and Company Information

Current assets increased by 12.8% from SAR 4,748.4 million as at 31 December 2021G to SAR 5,356.9 million at 31 December 2022G. This was primarily driven by time deposits which increased from nil at 31 December 2021G to SAR 1,205.9 million as at 31 December 2022G, along with an increase in amounts due from fellow subsidiaries by 197.5% from SAR 127.0 million as at 31 December 2021G to SAR 377.8 million as at 31 December 2022G.

In addition to the above, inventories increased by 20.9% from SAR 1,156.2 million as at 31 December 2021G to SAR 1,397.5 million as at 31 December 2022G following the increase in raw material by 43.7% from SAR 432.2 million as at 31 December 2021G to SAR 621.0 million in 31 December 2022G

This was partly offset by the decrease in balance of cash and cash equivalents by 46.1% from SAR 1,470.5 million as at 31 December 2021G to SAR 792.0 million as at 31 December 2022G resulting from the decrease in cash and cash equivalents and time deposits, and decrease of trade and other receivables by 31.2% from SAR 1,860.1 million as at 31 December 2021G to SAR 1,280.5 million as at 31 December 2022G mainly due to the decrease in the receivables from Maaden and MRC.

Current assets decreased by 20.2% from SAR 5,356.9 million as at 31 December 2022G to SAR 4,277.3 million as at 31 December 2023G primarily due to the decrease in time deposits by 98.8% from SAR 1,205.9 million as at 31 December 2022G to SAR 15.0 million as at 31 December 2023G as the Company did not renew the time deposit for an additional period subsequent to their maturity.

In addition to this, the Company witnessed a decrease in cash and cash equivalents by 43.9% from SAR 792.0 million as at 31 December 2022G to SAR 444.4 million as at 31 December 2023G following the decrease in time deposits and unrestricted cash, which was partly offset by the increase in trade and other receivables by 17.9% from SAR 1,280.5 million as at 31 December 2022G to SAR 1,509.3 million as at 31 December 2023G following the increase in receivables from Maaden as at 31 December 2023G, the increase in VAT receivables as at 31 December 2023G offset by the decrease in Alcoa receivables as at 31 December 2023G.

4-1-5-2-2-1 Employees' home owners program receivable

Please refer to the non-current asset section

4-1-5-2-2-2 Due from shareholder

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

Table (4-29): Due from shareholder of MAC at 31 December 2021G, 2022G, and 2023G:

Due from shareholder						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	66.3	209.3	70.5	215.7%	(66.3%)	3.1%

Source: MAC Financial Statements and Company Information

Due from a shareholder constitute amount due from the Saudi Arabian shareholder Ma'aden primarily related to VAT receivables as Ma'aden files a consolidated return on behalf of its affiliated companies.

Due from a shareholder increased by 215.7% from SAR 66.3 million at 31 December 2021G to SAR 209.3 million at 31 December 2022G as the VAT receivable from Ma'aden was for six months as compared to the balance at 31 December 2021G which was for two months.

Due from a shareholder decreased by 66.3% from SAR 209.3 million at 31 December 2022G to SAR 70.5 million at 31 December 2023G as the balance receivable from Ma'aden at 31 December 2023G related to two months as compared to six months at the prior year end.

4-1-5-2-2-3 Due from fellow subsidiaries

Table (4-30): Due from fellow subsidiaries of MAC at 31 December 2021G, 2022G, and 2023G:

Due from fellow subsidiaries						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden Bauxite and Alumina Company ("MBAC")	80.6	240.6	223.0	198.5%	(7.3%)	66.3%
Ma'aden Rolling Company ("MRC')	32.0	115.8	288.9	261.9%	149.5%	200.5%
Ma'aden Gold and Base Metal Company ("MGBM")	-	-	0.1	-	-	N/A
Ma'aden Phosphate Company ('MPC')	6.4	9.8	9.0	53.1%	(8.2%)	18.6%
Ma'aden Infrastructure Company ("MIC")	5.3	5.4	1.1	1.9%	(79.6%)	(54.4%)
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")	2.1	5.6	2.4	166.7%	(57.1%)	6.9%

Due from fellow subsidiaries						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden Fertilizer Company ("MFC")	0.6	0.6	0.2	-	(66.7%)	(42.3%)
Industrial Minerals Company ("IMC")	-	0.0	-	-	(100.0%)	N/A
Total	**127.0**	**377.8**	**524.7**	**197.5%**	**38.9%**	**103.3%**

Source: MAC Financial Statements and Company Information

Due from fellow subsidiaries at 31 December 2023G primarily includes balances due from Ma'aden Rolling Company amounting to SAR 288.9 million and balances due from Ma'aden Bauxite and Alumina Company amounting to SAR 223.0 million. The majority of these receivables relate to utility and power costs paid to SWA and SEC on behalf of the subsidiary companies.

Due from fellow subsidiaries increased by 197.5% from SAR 127.0 million at 31 December 2021G to SAR 377.8 million at 31 December 2022G primarily due to the increase in the balances due from MBAC from SAR 80.6 million at 31 December 2021G to SAR 240.6 million at 31 December 2022G and an increase in balances due from MRC from SAR 32.0 million at 31 December 2021G to SAR 115.8 million at 31 December 2022G. The increase in balances receivable from both entities was due to higher charges paid to SEC during the year by MAC on behalf of these entities.

Due from fellow subsidiaries increased by 38.9% from SAR 377.8 million at 31 December 2022G to SAR 524.7 million at 31 December 2023G primarily due to the increase in amounts due from MRC from SAR 115.8 million at 31 December 2022G to SAR 288.9 million at 31 December 2023G due to higher power charges paid to SEC, whilst the combined balances receivable from the other subsidiaries decreased from SAR 262.0 million at 31 December 2022G to SAR 235.8 million at 31 December 2023G largely due to payments received from other affiliates prior to year-end.

4-1-5-2-2-4 Derivative Financial instruments

Refer derivative financial instruments section in non-current assets section

4-1-5-2-2-5 Advances and prepayments

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

Table (4-31): Advances and prepayments of MAC at 31 December 2021G, 2022G, and 2023G:

Advances and prepayments						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Advances to employees	6.1	-	0.2	(100.0%)	-	(81.9%)
Advances to vendors	6.5	13.8	13.9	112.3%	0.7%	46.2%
Prepaid to suppliers	36.9	22.1	103.0	(40.1%)	366.1%	67.1%
Prepaid housing	9.6	-	-	(100.0%)	-	(100.0%)
Prepaid insurance and other	17.7	26.4	3.5	49.2%	(86.7%)	(55.5%)
Advance Tax	-	-	24.6	-	-	N/A
Sub-total	**76.8**	**62.4**	**145.2**	**(18.8%)**	**132.7%**	**37.5%**
Less: Non-current portion of amounts prepaid to suppliers	(29.5)	(22.1)	(81.0)	(25.1%)	266.5%	65.7%
Total	**47.2**	**40.3**	**64.2**	**(14.6%)**	**59.3%**	**16.6%**

Source: MAC Financial Statements and Company Information

Advances and prepayments represent advances paid by the Company to suppliers, vendors, employees and prepaid insurance.

Advances and prepayments decreased by 18.8% from SAR 76.8 million at 31 December 2021G to SAR 62.4 million at 31 December 2022G primarily due to the decrease in balances prepaid to suppliers from SAR 36.9 million at 31 December 2021G to SAR 22.1 million at 31 December 2022G along with a decrease in prepaid housing from SAR 9.6 million at 31 December 2021G and a decrease in advances to employees from SAR 6.1 million at 31 December 2021G to 'nil' balance at 31 December 2022G. This was partly offset by the increase in advances to vendors from SAR 6.5 million at 31 December 2021G to SAR 13.8 million at 31 December 2022G, and the increase in prepaid insurance and other from SAR 17.7 million at 31 December 2021G to SAR 26.4 million at 31 December 2022G.

Advances and prepayments increased by 132.7% from SAR 62.4 million at 31 December 2022G to SAR 145.2 million at 31 December 2023G primarily due to the increase in prepayments to suppliers by 366.1% from SAR 22.1 million at 31 December 2022G to SAR 103.0 million at 31 December 2023G coupled with an increase of advance tax from 'nil' balance at 31 December 2022G to SAR 24.6 million at 31 December 2023G. This was partly offset by the decrease in prepaid insurance and other from SAR 26.4 million at 31 December 2022G to SAR 3.5 million at 31 December 2023G.

Advances to employees

Advances to employees decreased by 100.0% from SAR 6.1 million at 31 December 2021G to 'nil' balance at 31 December 2022G primarily due to settlements made by all employees prior to 31 December 2022G.

Advances to employees increased from 'nil' balance at 31 December 2022G to SAR 0.2 million at 31 December 2023G largely due to an increase in advances to employees during the period.

Advances to vendors

Advances to vendors primarily relates to freight vendors.

Advances to vendors increased by 112.3% from SAR 6.5 million at 31 December 2021G to SAR 13.8 million at 31 December 2022G mainly due to the timing difference of the recognition and settlement of invoices received.

Advances to vendors remained relatively stable between 31 December 2022G and 31 December 2023G.

Prepaid to suppliers

Prepaid to suppliers mainly included prepayments made for the transactions related to SWA for the major overhaul of the power generating plant.

Prepaid to suppliers decreased by 40.1% from SAR 36.9 million at 31 December 2021G to SAR 22.1 million at 31 December 2022G mainly as a result of amortisation of prepayments to SWA.

Prepaid to suppliers increased by 366.1% from SAR 22.1 million at 31 December 2022G to SAR 103.0 million at 31 December 2023G primarily due to a prepayment to SWA for the major overhaul of power generating plant which occurred in 2023G.

Prepaid housing

Prepaid housing includes advances made to Ma'aden employees for housing.

Prepaid housing decreased by 100.0% from SAR 9.6 million at 31 December 2021G to 'nil' at 31 December 2022G as all amounts were settled prior to the year end.

Prepaid insurance and other

Prepaid insurance relates to prepayments for plant insurance.

Prepaid insurance and other increased by 49.2% from SAR 17.7 million at 31 December 2021G to SAR 26.4 million at 31 December 2022G primarily due to higher insurance premium during the year.

Prepaid insurance and other decreased by 86.7% from SAR 26.4 million at 31 December 2022G to SAR 3.5 million at 31 December 2023G largely due to lower prepayments at the year end.

Advance tax

Advance tax relates to an amount paid to ZATCA based on an internal assessment to avoid a higher tax burden of payment at the time of filling the annual return.

Advance tax was nil at 31 December 2021G and 2022G and increased to SAR 26.4 million at 31 December 2023G. No advance tax was paid in 2021G, as there was no taxable income in 2020G. In 2022G, the advance tax was netted against Zakat and income tax for 2022G, resulting in nil balance at 31 December 2022G. At December 31 2023G, the advance tax amounting to SAR 24.6 million represents the remaining balance after netting off the payables for Zakat and income tax.

4-1-5-2-2-6 Inventories

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

Table (4-32): Inventories of MAC at 31 December 2021G, 2022G, and 2023G:

Inventories						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Cost of finished goods	N/A	92.4	9.8	-	(89.4%)	N/A
Less: FG Inventory written off to net realizable value	N/A	-	(1.9)	-	-	N/A
Finished goods - ready for sale	59.1	92.4	7.9	56.3%	(91.5%)	(63.4%)
Work-in-process	327.4	354.9	335.3	8.4%	(5.5%)	1.2%
Sub-total	**386.5**	**447.3**	**343.2**	**15.7%**	**(23.3%)**	**(5.8%)**
Spare parts and consumables	387.5	370.0	806.0	(4.5%)	117.8%	44.2%
Raw materials	432.2	621.0	484.6	43.7%	(22.0%)	5.9%
Allowance for slow moving spare parts and consumable materials	(50.0)	(40.9)	(39.4)	(18.2%)	(3.7%)	(11.2%)
Sub-total	**769.7**	**950.1**	**1,251.3**	**23.4%**	**31.7%**	**27.5%**
Total	**1,156.2**	**1,397.5**	**1,594.4**	**20.9%**	**14.1%**	**17.4%**
Days inventories outstanding ("DIO")[1]	**55**	**58**	**48**	**5.5%**	**(17.2%)**	**(6.6%)**

Source: MAC Financial Statements and Company Information

(1) Note to table: DIO has been calculated by dividing total inventories (excluding spare parts and consumables, and allowance for slow moving spare parts and consumable materials) by raw material and utilities consumed, multiplied by 365 days.

Table (4-33): Movement in allowance for slow moving spare parts and consumable materials of MAC at 31 December 2021G, 2022G, and 2023G:

Movement in allowance for slow moving spare parts and consumable materials						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
As on 1 January	50.0	50.0	40.9	-	(18.2%)	(9.6%)
Allowance for slow moving spare parts and consumables	-	(9.1)	(1.5)	-	(83.5%)	N/A
As on 31 December	**50.0**	**40.9**	**39.4**	**(18.2%)**	**(3.7%)**	**(11.2%)**

Source: MAC Financial Statements and Company Information

Inventories comprise of finished goods, work in process, raw materials and spare parts and consumables.

Inventories increased by 20.9% from SAR 1,156.2 million at 31 December 2021G to SAR 1,397.5 million at 31 December 2022G primarily due to the increase in raw materials balance by 43.7% from SAR 432.2 million at 31 December 2021G to SAR 621.0 million at 31 December 2022G.

Inventories further increased by 14.1% from SAR 1,397.5 million at 31 December 2022G to SAR 1,594.4 million at 31 December 2023G primarily due to the increase in spare parts and consumables by 117.8% from SAR 370.0 million at 31 December 2022G to SAR 806.0 million at 31 December 2023G, while there was a decrease in the combined inventory balances of all other items from SAR 1,027.5 million at 31 December 2022G to SAR 788.5 million at 31 December 2023G.

Finished goods- ready for sale

Finished goods- ready for sale increased by 56.3% from SAR 59.1 million at 31 December 2021G to SAR 92.4 million at 31 December 2022G before declining to SAR 7.9 million at 31 December 2023G due to a fluctuation in the inventory balances of Slabs meant for Ma'aden and Alcoa.

Work in process

Work in process increased by 8.4% from SAR 327.4 million at 31 December 2021G to SAR 354.9 million at 31 December 2022G before declining to

SAR 335.3 million at 31 December 2023G due to a fluctuation in the inventory levels of molten metal and carbon inventory year on year.

Spare parts and consumables

Spare parts and consumables decreased by 4.5% from SAR 387.5 million at 31 December 2021G to SAR 370.0 million at 31 December 2022G primarily due to the consumption of certain spares required to sustain plant operations without replacement.

Spare parts and consumables increased by 117.8% from SAR 370.0 million at 31 December 2022G to SAR 806.0 million at 31 December 2023G driven by requirements to restart operations post the November 2022G disruptions. In Q4 of 2022G, the company experienced a production disruption caused by issues in the aluminum smelter potlines. While the company intensified its efforts to restore operations to full capacity, it necessitated a greater inventory of spare parts and consumables in 2023G. Furthermore, the company established a substantial buffer in 2023G by securing additional consumables and spare parts.

Raw materials

Raw materials increased by 43.7% from SAR 432.2 million at 31 December 2021G to SAR 621.0 million at 31 December 2022G, mainly driven by the significant increase of the purchased price and the additional inventory on hand during the potline instability.

Raw materials declined by 22.0% to SAR 484.6 million at 31 December 2023G primarily due to lower alumina inventory, and the drop in carbon material prices in the market, particularly coke, which reduced average inventory cost.

Allowance for slow moving spare parts and consumable materials.

Allowance for slow moving spare parts and consumable materials balance decreased by 18.2% from SAR 50.0 million at 31 December 2021G to SAR 40.9 million at 31 December 2022G largely due to the reversal of allowance by SAR 9.1 million as the Company consumed certain slow-moving spares.

Allowance for slow moving spare parts and consumable materials balance decreased by 3.7% from SAR 40.9 million at 31 December 2022G to SAR 39.4 million at 31 December 2023G primarily due to the utilization of provision against the write off of obsolete spare parts amounting to SAR 1.5 million during 2023G.

4-1-5-2-2-7 Trade and other receivables

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

Table (4-34): Trade and other receivables of MAC at 31 December 2021G, 2022G, and 2023G:

Trade and other receivables						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	873.8	453.4	655.3	(48.1%)	44.5%	(13.4%)
MRC	711.9	530.8	539.3	(25.4%)	1.6%	(13.0%)
Alcoa Inespal, S.A.	267.3	266.7	221.9	(0.2%)	(16.8%)	(8.9%)
Sub-total trade receivable	**1,853.0**	**1,251.0**	**1,416.4**	**(32.5%)**	**13.2%**	**(12.6%)**
Value Added Tax (VAT)	-	26.1	92.1	-	252.9%	N/A
Others	7.1	3.4	0.7	(52.1%)	(79.4%)	(68.6%)
Sub-total other receivable	**7.1**	**29.5**	**92.9**	**315.5%**	**214.9%**	**261.7%**
Total	**1,860.1**	**1,280.5**	**1,509.3**	**(31.2%)**	**17.9%**	**(9.9%)**
Days sales outstanding ("DSO")[(1)]	**72**	**45**	**66**	**(37.5%)**	**46.7%**	**(4.3%)**

Source: MAC Financial Statements and Company Information

(1) Note to table: DSO has been calculated by dividing trade receivables by total revenue, multiplied by 365 days.

Trade and other receivables decreased by 31.2% from SAR 1,860.1 million at 31 December 2021G to SAR 1,280.5 million at 31 December 2022G primarily due to the decrease in receivable balances from Ma'aden from SAR 873.8 million at 31 December 2021G to SAR 453.2 million at 31 December 2022G together with decrease in balance due from MRC from SAR 711.9 million at 31 December 2021G to SAR 530.8 million at 31 December 2022G. The balances due from Alcoa remained relatively stable year on year.

Trade and other receivables increased by 17.9% from SAR 1,280.5 million at 31 December 2022G to SAR 1,509.3 million at 31 December 2023G primarily due to the increase in receivable balances from Ma'aden by 44.5% from SAR 453.4 million at 31 December 2022G to SAR 655.3 million at 31 December 2023G together with increase in VAT receivable balance by 252.9% from SAR 26.1 million at 31 December 2022G to SAR 92.1 million at 31 December 2023G as well as the decrease in the receivable balance from Alcoa at 31 December 2023G as compared to the prior year.

Ma'aden

Trade receivables from Ma'aden decreased by 48.1% from SAR 873.8 million at 31 December 2021G to SAR 453.4 million at 31 December 2022G despite the increase in sales by 8.1% from SAR 4,033.9 million at 31 December2021G to SAR 4,361.6 million at 31 December 2022G primarily due to comparatively improved collections in 2022G as compared to the prior year.

Trade receivable from Ma'aden increased by 44.5% from SAR 453.4 million at 31 December 2022G to SAR 655.3 million at 31 December 2023G, mainly driven by the lower production and shipments in the last quarter of 2022G, associated with the smelter disruption, whereas 2023G volumes were back to normal, increasing the receivables balance.

MRC

Trade receivable from MRC decreased from SAR 711.9 million at 31 December 2021G to SAR 530.8 million at 31 December 2022G despite the increase in sales by 6.1% from SAR 3,975.0 million in 31 December 2021G to SAR 4,215.5 million in 31 December 2022G. The declines in receivables was due to lower sales in Q4 2022G as a result of plant disruptions in November and December 2022G.

Trade receivables from MRC increased by 1.6% from SAR 530.8 million at 31 December 2022G to SAR 539.3 million at 31 December 2023G as the average monthly sales values increased in 2022G as compared to the prior year.

Alcoa Inespal, S.A.

Trade receivable from Alcoa Inespal, S.A. was relatively stable between 31 December 2021G and 31 December 2022G, and subsequently decreasing

However, the trade receivable from Alcoa Inespal, S.A. decreased by 16.8% from SAR 266.7 million at 31 December 2022G to SAR 221.9 million at 31 December 2023G mainly due to the timing difference in the recognition and settlement of invoices.

Value added tax (VAT)

VAT balance was 'nil' at 31 December 2021G which increased to SAR 26.1 million at 31 December 2022G and further increased by 252.9% to SAR 92.1 million at 31 December 2023G. VAT receivables increased in 2022G due to the recording of VAT input amounting to SAR 26.1 million, which was related to invoices booked in the month of December 2022G. VAT receivables further increased in 2023G due to SEC invoices received and recorded in 2023G for the years 2022G and 2023G.

Others

Others comprised of amounts receivable from sale of scrap from plants.

Others decreased by 52.1% from SAR 7.1 million at 31 December 2021G to SAR 3.4 million at 31 December 2022G and further decreased by 79.4% from SAR 3.4 million at 31 December 2022G to SAR 0.7 million at 31 December due to a slowdown in the volume of scrap produced and sold to external customers.

The following table presents an ageing breakdown for the trade receivables which indicates there are immaterial balances aged over 180 days in each of 2021G, 2022G and 2023G.

Table (4-35): Aging of trade receivables of MAC at 31 December 2021G, 2022G, and 2023G:

	Ageing of trade receivables					
SARm	Current	1-30	31-60	61-90	>90	Total
31 December 2021G	1,361.0	411.8	80.2	-	-	**1,853.0**
31 December 2022G	1,136.4	116.3	(1.4)	(0.2)	-	**1,251.0**
31 December 2023G	1,416.3	(0.2)	(0.0)	-	0.4	**1,416.4**

Source: MAC Financial Statements and Company Information

4-1-5-2-2-8 Time deposits

The following table displays MAC's year-end balances for time deposits for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-36): Time deposits of MAC at 31 December 2021G, 2022G, and 2023G:

	Time deposits					
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Time deposits with original maturities of more than three months and less than a year at the date of acquisition - unrestricted	-	1,200.0	15.0	100.0%	(98.8%)	N/A
Income receivable from time deposits	-	5.9	-	100.0%	(100.0%)	N/A
Total	**-**	**1,205.9**	**15.0**	**100.0%**	**(98.8%)**	**N/A**

Source: MAC Financial Statements and Company Information

Time deposits represent funds with banks and other short-term highly liquid investments, with original maturities of more than three months but not more than one year from the date of acquisition.

The Company invested in time deposits in 2022G given the excess cash available in the period. Time deposits increased from nil at 31 December 2021G to SAR 1,205 million at 31 December 2022G, and subsequently reduced to SAR 15.0 million at 31 December 2023G as the Company did not renew its time deposits on maturity.

4-1-5-2-2-9 Cash and cash equivalents

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

Table (4-37): Cash and cash equivalents of MAC at 31 December 2021G, 2022G, and 2023G:

Cash and cash equivalents						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Unrestricted						
Time deposits with original maturities equal to or less than three months at the date of acquisition - unrestricted	500.0	200.0	3.1	(60.0%)	(98.5%)	(92.1%)
Investment income receivable - unrestricted	0.8	1.1	-	37.5%	(100.0%)	(100.0%)
Unrestricted cash and bank balances	928.8	541.5	392.9	(41.7%)	(27.4%)	(35.0%)
Sub-total	**1,429.6**	**742.6**	**396.0**	**(48.1%)**	**(46.7%)**	**(47.4%)**
Restricted cash and bank balances	40.9	49.4	48.4	20.8%	(2.0%)	8.8%
Total	**1,470.5**	**792.0**	**444.4**	**(46.1%)**	**(43.9%)**	**(45.0%)**

Source: MAC Financial Statements and Company Information

Cash and cash equivalents mainly represent time deposits with a maturity of less than or equal to three months in addition to both restricted and unrestricted cash and cash equivalents. Within cash and bank balances, restricted cash is related to the employee savings plan obligation.

Cash and cash equivalents decreased by 46.1% from SAR 1,470.5 million at 31 December 2021G to SAR 792.0 million at 31 December 2022G primarily due to the decrease in balance of unrestricted cash by 41.7% from SAR 928.8 million at 31 December 2021G to SAR 541.5 million at 31 December 2022G together with decrease in time deposits by 60.0% from SAR 500.0 million at 31 December 2021G to SAR 200.0 million at 31 December 2022G.The decline in time deposits in 2022G was due to the Company determining its cash flow requirements for the future periods and managing its placement or withdrawal of funds from time deposits accordingly.

Cash and cash equivalents decreased further by 43.9% from SAR 792.0 million at 31 December 2022G to SAR 444.4 million at 31 December 2023G primarily due to the decrease in time deposits by 98.5% from SAR 200.0 million at 31 December 2022G to SAR 3.1 million at 31 December 2023G together with decrease in balance of unrestricted cash by 27.4% from SAR 541.5 million at 31 December 2022G to SAR 392.9 million at 31 December 2023G.

4-1-5-2-3 Non-current liabilities

The following table presents MAC's year-end balances for non-current liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-38): Non-current liabilities of MAC at 31 December 2021G, 2022G, and 2023G:

Non-current liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Deferred tax liabilities	348.2	343.7	333.4	(1.3%)	(3.0%)	(2.1%)
Long-term borrowings	9,342.4	7,915.0	7,272.4	(15.3%)	(8.1%)	(11.8%)
Other non-current liabilities	24.9	24.9	277.9	-	1,016.1%	234.1%
Lease liabilities	1,098.8	1,061.5	1,030.5	(3.4%)	(2.9%)	(3.2%)
Provision for PPE dismantling obligation	-	-	282.7	-	-	N/A
Employees' benefits	209.2	236.2	271.9	12.9%	15.1%	14.0%
Derivative financial instruments	195.3	-	-	(100.0%)	-	N/A
Total non-current liabilities	**11,218.7**	**9,581.2**	**9,468.8**	**(14.6%)**	**(1.2%)**	**(8.1%)**

Source: MAC Financial Statements and Company Information

Non-current liabilities declined by 14.6% from SAR 11,218.7 million at 31 December 2021G to SAR 9,581.2 million at 31 December 2022G. This decrease was primarily due to the repayment of long-term borrowings amounted to SAR 1,319.7 million.

Non-current liabilities decreased further by 1.2% from SAR 9,581.2 million at 31 December 2022G to SAR 9,468.8 million at 31 December 2023G. This was mainly due to the reduction in balance of long-term borrowings by 8.1% from SAR 7,915.0 million at 31 December 2022G to SAR 7,272.4 million at 31 December 2023G, which was offset by the increase in other non-current liabilities by 1,016.1% from SAR 24.9 million at 31 December 2022G to SAR 277.9 million at 31 December 2023G mainly due to projects payables relating to the Dross processing plant under construction amounting to SAR 253.1 million as at 31 December 2023G. In addition, a new liability in respect of PPE dismantling provision amounted to SAR 282.7 million related to plant, was recorded at 31 December 2023G which was 'nil' at 31 December 2022G.

4-1-5-2-3-1 Deferred tax

The following table displays MAC's deferred tax for the three years ended 31 December 2021G, 2022G and 2023G.

Table (4-39): Deferred tax of MAC at 31 December 2021G, 2022G, and 2023G:

Deferred tax liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Property, plant and equipment and intangible assets	348.2	343.7	333.4	(1.3%)	(3.0%)	(2.1%)

Source: MAC Financial Statements and Company Information

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

Table (4-40): Deferred tax liabilities on income tax of MAC at 31 December 2021G, 2022G, and 2023G:

SARm	Deferred tax liabilities on income tax					
	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	349.0	348.2	343.7	(0.2%)	(1.3%)	(0.8%)
Charged to P&L account during the year	(0.8)	(4.6)	(10.2)	475.0%	121.7%	257.1%
31 December	**348.2**	**343.7**	**333.4**	**(1.3%)**	**(3.0%)**	**(2.1%)**

Source: MAC Financial Statements and Company Information

At 31 December 2023G, deferred tax liability comprises temporary difference attributable to property, plant and equipment and intangible assets amounted to SAR 333.4 million

4-1-5-2-3-2 Long-term borrowings

On 30 November 2010, the Company had entered into a Common Term Agreement ("**CTA**") of SAR 4,275.4 million with Public Investment Fund ('PIF'), Saudi Industrial Development Fund ("**SIDF**") a consortium of financial institutions. On 14 December 2017G, the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Dollar conventional amounting to SAR 1,503.8 million and Riyal Murabaha facilities amounting to SAR 5,178.8 million to replace the balance of the facilities. Additionally, on 22 August 2022G, MAC also entered into a Murabaha Riyal for working capital facility of SAR 1,125.0 million. Consequently, MAC's financing facilities comprised of:

Table (4-41): Approved facilities of MAC at 31 December 2021G, 2022G, and 2023G:

SARm	Facilities approved				
	Date of approval	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Commission rates
PIF - Amendment to the existing Agreement	14 Dec 2017	4,275.4	4,275.4	4,275.4	
Riyal Murabaha		5,178.8	5,178.8	5,178.8	SIBOR + 1.65%
Dollar conventional		1,503.8	1,503.8	1,503.8	LIBOR + 1.55%
Islamic and commercial banks	**14 Dec 2017**	**6,682.5**	**6,682.5**	**6,682.5**	
Murabaha Riyal (Working Capital Facility)	22 Aug 2022G	-	-	1,125.0	SIBOR + 0.65%
Total		**10,957.9**	**10,957.9**	**12,082.9**	

Source: MAC Financial Statements and Company Information

The new financing agreements imposed some financial covenants including:

- Maintenance of financial ratios as per financial covenants clause;
    - debt will not, at any time, exceed 4 times of total tangible net worth; and
    - financing cost will not exceed 50 % of Earnings before Interest, Tax and Amortization ('EBITDA").
- Restriction on dividend distribution to shareholders.

In addition to scheduled repayments, the restructured PIF facility and the Dollar conventional and Riyal Murabaha facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Dollar conventional and the Riyal Murabaha facilities.

The Saudi National Bank acts as Intercreditor Agent and as Riyal Murabaha and Riyal Murabaha working capital Facilities Agent, while the First Abu Dhabi Bank acts as Dollar Conventional Facility Agent. The following table displays the Company's long-term borrowings for the three years ended 31 December 2021G, 2022G and 2023G.

Table (4-42): Long-term borrowings of MAC at 31 December 2021G, 2022G, and 2023G:

Long-term borrowings				
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Commission rates
PIF	4,244.8	3,885.6	3,308.0	
Riyal Murabaha	5,178.8	4,660.9	3,996.8	SIBOR + 1.65%
Dollar conventional	1,503.8	1,246.0	953.6	LIBOR + 1.55%
Less: Repaid during the period / year	(775.6)	(956.4)	(720.1)	
Less: Unamortized transaction costs	(33.7)	(24.9)	(17.3)	
New Murabaha Riyal (WCF)	-	-	1,125.0	SIBOR + 0.65%
Islamic and commercial banks	**5,873.2**	**4,925.6**	**5,338.1**	
Accrued finance cost	57.9	134.7	192.5	
Total borrowings	**10,175.9**	**8,945.9**	**8,838.6**	
Less: Current portion of long-term borrowings	(775.6)	(896.2)	(1,373.7)	
Less: Accrued finance cost	(57.9)	(134.7)	(192.5)	
Sub-total - current portion of borrowings shown under current liabilities	**(833.5)**	**(1,030.9)**	**(1,566.3)**	
Long term borrowings	**9,342.4**	**7,915.0**	**7,272.4**	

Source: MAC Financial Statements and Company Information

Long-term borrowings decreased by 12.1% from SAR 10,175.9 million at 31 December 2021G to SAR 8,945.9 million at 31 December 2022G. This was due to the partial repayment of loan from Islamic and commercial banks by SAR 956.4 million and partial repayment of PIF loan amounted to SAR 363.2 million during 2022G.

Long-term borrowings decreased further by 1.2% from SAR 8,945.9 million at 31 December 2022G to SAR 8,838.6 million at 31 December 2023G. This was due to the partial repayment of loan from Islamic and commercial banks by SAR 720.1 million and partial repayment of PIF loan amounted to SAR 581.8 million during 2023G.

Table (4-43): Facilities utilized of MAC at 31 December 2021G, 2022G, and 2023G:

Facilities utilized			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
PIF	4,275.4	4,275.4	3,912.1
Less: Repaid during the year	-	(363.2)	(581.8)
Sub-total	**4,275.4**	**3,912.1**	**3,330.4**
Less: Unamortized transaction costs	(30.6)	(26.5)	(22.4)
Sub-total	**4,244.8**	**3,885.6**	**3,308.0**
Islamic and commercial banks			
Riyal Murabaha	5,178.8	4,660.9	3,996.8
Dollar conventional	1,503.8	1,246.0	953.6
Sub-total	**6,682.5**	**5,906.9**	**4,950.4**
Less: Repaid during the period / year	(775.6)	(956.4)	(720.1)
Sub-total	**5,906.9**	**4,950.4**	**4,230.4**
Less: Unamortized transaction costs	(33.7)	(24.9)	(17.3)
Sub-total	**5,873.2**	**4,925.6**	**4,213.1**

Facilities utilized			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
New Murabaha Riyal (WCF)			
Riyal Murabaha	**-**	**-**	**1,125.0**
Sub-total	**10,118.0**	**8,811.2**	**8,646.1**
Accrued finance cost	57.9	134.7	192.5
Total borrowings	**10,175.9**	**8,945.9**	**8,838.6**
Less: Current portion of long-term borrowings	(775.6)	(896.2)	(1,373.7)
Less: Accrued finance cost	(57.9)	(134.7)	(192.5)
Sub-total - current portion of borrowings shown under current liabilities	(833.5)	(1,030.9)	(1,566.3)
Long term borrowings	**9,342.4**	**7,915.0**	**7,272.4**

Source: MAC Financial Statements and Company Information

PIF: The repayment of loan has been started from 31 March 2023G, on a six-monthly basis, starting at SAR 100 million and increasing over the term of the loan with the final repayment of SAR 1,219 million on 30 September 2031. In addition, MAC is required to make certain prepayments as described above.

The transaction cost amortization during the year ended 31 December 2023G amounted to SAR 4.1 million (31 December 2022G: SAR 4.1 million).

Islamic and commercial banks: The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate ("**SIBOR**") plus a margin of 1.65%. whereas the rate of commission on the principal amount of the loan drawn on Dollar Conventional facility is LIBOR plus a margin of 1.55%.

The repayment of the loan drawn on Islamic Murabaha Riyal has been started from March 2021G, on a Six-monthly basis starting at SAR 259 million and increasing over the term of the loan with the final repayment of SAR 1,812 million on 30 September 2027. In addition, MAC is required to make certain prepayments as described above.

The repayment of the loan drawn on Dollar Conventional facility has been started from March 2021G, be on Six-monthly basis starting at SAR 129 million and increasing over the term of the loan with the final repayment of SAR 601 million on 30 September 2024G.

The transaction cost amortized during the year ended 31 December 2023G amounted to SAR 7.60 million (31 December 2022G: SAR 8.79 million).

New Murabaha Riyal (WCF): The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate plus a margin of 0.65%. The repayment of the loan drawn on Islamic Murabaha Riyal facility is at maturity on 22 August 2027, in full.

Security

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

Table (4-44): Security of MAC at 31 December 2021G, 2022G, and 2023G:

Security						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Land & buildings	6,862.8	6,634.0	6,413.2	(3.3%)	(3.3%)	(3.3%)
Plant & equipment	7,206.3	6,630.7	6,298.1	(8.0%)	(5.0%)	(6.5%)
Office equipment	11.8	4.9	2.4	(58.0%)	(51.0%)	(54.9%)
Furniture and fittings	3.4	2.3	1.2	(32.4%)	(47.8%)	(40.6%)
Motor vehicles	-	-	-	-	-	-
Capital work-in-progress	203.3	288.6	752.9	42.0%	160.9%	92.4%
Total	**14,287.6**	**13,558.6**	**13,467.7**	**(5.1%)**	**(0.7%)**	**(2.9%)**

Source: MAC Financial Statements and Company Information

4-1-5-2-3-3 Other non-current liabilities

The following table presents MAC's year-end balances for other non-current liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-45): Other non-current liabilities MAC at 31 December 2021G, 2022G, and 2023G:

Other non-current liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Project Payable	-	-	253.1	-	-	N/A
Non-refundable contribution	24.9	24.9	24.9	-	-	-
Total	**24.9**	**24.9**	**277.9**	**-**	**1,016.1%**	**234.1%**

Source: MAC Financial Statements and Company Information

Project payable relates to Dross processing plant under construction which amounted to SAR 253.1 million at 31 December 2023G.

Non-refundable contribution amounting to SAR 24.9 million remained stable between 2021G, 2022G and 2023G.

The Company plans to establish a social responsibility fund for the development of projects in community support in the areas in which it operates. One of the Company's contractors contributed a non-refundable amount to support the Company's objective. The amount received from the contractor will be used by the Company for community development projects. This amount is not expected to be utilized within twelve months from the date of the statement of financial position, and, accordingly, it is reported as a non-current liability.

4-1-5-2-3-4 Lease liabilities

The Company has entered into lease agreements which entitled the Company to right of use asset and obligations relating to certain vehicles and heavy equipment. The following table presents the lease liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-46): Lease liabilities MAC at 31 December 2021G, 2022G, and 2023G:

Lease liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Future minimum lease payment	1,900.7	1,804.0	1,725.9	(5.1%)	(4.3%)	(4.7%)
Less: Future finance cost not yet due	(751.1)	(706.7)	(663.6)	(5.9%)	(6.1%)	(6.0%)
Net present value of minimum lease payment	**1,149.5**	**1,097.3**	**1,062.3**	**(4.5%)**	**(3.2%)**	**(3.9%)**
Less: Current portion of lease liabilities shown under current liabilities	(50.7)	(35.8)	(31.9)	(29.4%)	(10.9%)	(20.7%)
Long term portion of lease liabilities	**1,098.8**	**1,061.5**	**1,030.5**	**(3.4%)**	**(2.9%)**	**(3.2%)**

Source: MAC Financial Statements and Company Information

The following table presents MAC's maturity profile of lease liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-47): Maturity profile of lease liabilities MAC at 31 December 2021G, 2022G, and 2023G:

Maturity profile of lease liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
2022G	95.2	-	-	(100.0%)	-	(100.0%)
2023G	79.9	79.0	-	(1.1%)	(100.0%)	(100.0%)
2024G	76.5	76.1	76.3	(0.5%)	0.3%	(0.1%)
2025G	72.4	72.1	72.4	(0.4%)	0.4%	-
2026G	71.9	71.9	72.2	-	0.4%	0.2%
2027G	71.9	71.9	72.2	-	0.4%	0.2%
2028G thereafter	1,432.9	-	-	(100.0%)	-	(100.0%)
2028G	-	72.0	72.0	N/A	-	N/A
2029G thereafter	-	1,360.8	1,360.9	N/A	0.0%	N/A
Total	**1,900.7**	**1,804.0**	**1,725.9**	**(5.1%)**	**(4.3%)**	**(4.7%)**

Source: MAC Financial Statements and Company Information

The following table presents MAC's additions of new lease liabilities, and the payments made for existing liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-48): Movement in future minimum lease payments MAC at 31 December 2021G, 2022G, and 2023G:

Movement in future minimum lease payments:						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	1,956.7	1,900.7	1,804.0	(2.9%)	(5.1%)	(4.0%)
Additions during the year	28.4	-	1.1	(100.0%)	-	(80.3%)
Terminations during the year	-	(15.6)	-	-	(100.0%)	N/A
Sub-total	**1,985.2**	**1,885.0**	**1,805.1**	**(5.0%)**	**(4.2%)**	**(4.6%)**
Payments during the year	(84.5)	(81.0)	(79.2)	(4.1%)	(2.2%)	(3.2%)
31 December	**1,900.7**	**1,804.0**	**1,725.9**	**(5.1%)**	**(4.3%)**	**(4.7%)**

Source: MAC Financial Statements and Company Information

The following table presents MAC's finance costs related to lease liability and its movements following the lease liability additions and payments for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-49): Movement in future finance costs of MAC at 31 December 2021G, 2022G, and 2023G:

Movement in future finance costs:						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 Jan 2023G	(795.8)	(751.1)	(706.7)	(5.6%)	(5.9%)	(5.8%)
Additions during the year	(1.0)	(0.3)	(0.1)	(70.0%)	(66.7%)	(68.4%)
Sub-total	**(796.7)**	**(751.4)**	**(706.9)**	**(5.7%)**	**(5.9%)**	**(5.8%)**
Accretion of future finance cost during year	45.6	44.7	43.3	(2.0%)	(3.1%)	(2.6%)
31 December	**(751.1)**	**(706.7)**	**(663.6)**	**(5.9%)**	**(6.1%)**	**(6.0%)**

Source: MAC Financial Statements and Company Information

Lease liabilities

Lease liabilities decreased by 4.5% from SAR 1,149.5 million at 31 December 2021G to SAR 1,097.3 million at 31 December 2022G due to the decrease in future minimum lease payment by 5.1% from SAR 1,900.7 million at 31 December 2021G to SAR 1,804.0 million at 31 December 2022G.

Lease liabilities further decreased by 3.2% from SAR 1,097.3 million at 31 December 2022G to SAR 1,062.3 million at 31 December 2023G due to the decrease in future minimum lease payment by 4.3% from SAR 1,804.0 million at 31 December 2022G to SAR 1,725.9 million at 31 December 2023G.

4-1-5-2-3-5 Provision for decommissioning, site rehabilitation and dismantling obligations

The following table presents MAC's year-end balances in provision for decommissioning, site rehabilitation and dismantling obligations for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-50): Provision for decommissioning, site rehabilitation and dismantling obligations of MAC at 31 December 2021G, 2022G, and 2023G:

Provision for decommissioning, site rehabilitation and dismantling obligations SARm	'Plant dismantling obligation
01 January 2021G	-
Addition during the year	-
31 December 2021G	**-**
Addition during the year	-
31 December 2022G	**-**
Addition during the year	278.8
Accretion	3.9
31 December 2023G	**282.7**

Source: MAC Financial Statements and Company Information

Decommissioning provisions are made for the plants dismantling obligation of the 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 Company'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 properties, based on information currently available including closure and dismantling plans, the Company'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 Company has reassessed and revised the provision for plant dismantling and site rehabilitation for its plants.

4-1-5-2-3-6 Employees' benefits

Employees' end of service termination benefits obligation

The following table presents MAC's employees' end of service termination benefits obligation and the employees' savings plan for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-51): Employees' benefits of MAC at 31 December 2021G, 2022G, and 2023G:

Employees' benefits						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Employees' end of service benefits - Defined benefit plan	168.3	186.7	223.5	10.9%	19.7%	15.2%
Employees' savings plan	40.9	49.4	48.4	20.8%	(2.0%)	8.8%
Total	**209.2**	**236.2**	**271.9**	**12.9%**	**15.1%**	**14.0%**

Source: MAC Financial Statements and Company Information

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

Employees' end of service benefit plans are unfunded plans, and the benefit payment obligation are met when they are due.

The employee benefits liability increased by 12.9% from SAR 209.2 million at 31 December 2021G to SAR 236.2 million at 31 December 2022G, driven by the increase in employees' end of service benefits - Defined benefit plan by 10.9% from SAR 168.3 million at 31 December 2021G to SAR 186.7 million at 31 December 2022G along with increase in employees' savings plan by 20.8% from SAR 40.9 million at 31 December 2021G to SAR 49.4 million at 31 December 2022G.

The employee benefits liability further increased by 15.1% from SAR 236.2 million at 31 December 2022G to SAR 271.9 million at 31 December 2023G primarily due to the increase in employees' end of service benefits - Defined benefit plan by 19.7% from SAR 186.7 million at 31 December 2022G to SAR 223.5 million at 31 December 2023G.

Table (4-52): Employees' end of service termination benefits obligation of MAC at 31 December 2021G, 2022G, and 2023G:

Employees' end of service termination benefits obligation						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	153.5	168.3	186.7	9.6%	10.9%	10.3%
Service cost	20.1	18.1	21.7	(10.0%)	19.9%	3.9%
Interest expense	4.0	4.5	9.3	12.5%	106.7%	52.5%
Total amount recognised in profit or loss	**24.1**	**22.6**	**30.9**	**(6.2%)**	**36.7%**	**13.2%**

Employees' end of service termination benefits obligation						
SARm	**31 Dec 2021G**	**31 Dec 2022G**	**31 Dec 2023G**	**Var. 21G-22G**	**Var. 22G-23G**	**CAGR 21G-23G**
Gain due to financial assumptions	-	(2.8)	11.8	-	(521.4%)	N/A
Loss due to experience adjustment	5.9	9.2	(10.0)	55.9%	(208.7%)	N/A
Loss attributable to the re-measurements recognised in other comprehensive income	**5.9**	**6.4**	**1.8**	**8.5%**	**(71.9%)**	**(44.8%)**
Settlements / (transfers)	(15.2)	(10.5)	4.0	(30.9%)	(138.1%)	N/A
Total	**168.3**	**186.7**	**223.5**	**10.9%**	**19.7%**	**15.2%**

Source: MAC Financial Statements and Company Information

Significant actuarial assumptions

The significant actuarial assumptions used to estimate the end of service termination benefit liability include the following:

Table (4-53): Employees' benefits significant actuarial assumptions of MAC at 31 December 2021G, 2022G, and 2023G:

Employee benefits' significant actuarial assumptions			
SARm	**31 Dec 2021G**	**31 Dec 2022G**	**31 Dec 2023G**
Withdrawal rate	5.00%	5.00%	5.00%
Mortality rate	AM (80) table	AM (80) table	WHO SA19
Salary growth rate - short term	2.70%	4.80%	4.50%
Salary growth rate - long term	2.70%	4.80%	4.75%
Discount rate	2.70%	4.80%	4.75%

Source: MAC Financial Statements and Company Information

Sensitivity profile

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

Table (4-54): Employees' benefits sensitivity profile of MAC at 31 December 2021G, 2022G, and 2023G:

Employee benefits' sensitivity profile				
SARm	**Sensitivity level %**		**Impact on defined benefit obligation**	
	Increase	**Decrease**	**Increase**	**Decrease**
31 December 2023G				
Withdrawal rate	10.0%	10.0%	(0.9)	0.8
Mortality rate	10.0%	10.0%	(0.1)	0.1
Salary growth rate	1.0%	1.0%	22.0	(19.1)
Discount rate	1.0%	1.0%	(21.7)	25.6
31 December 2022G				
Withdrawal rate	10.0%	10.0%	(0.5)	0.5
Mortality rate	10.0%	10.0%	(0.0)	0.0
Salary growth rate	1.0%	1.0%	28.1	(23.5)
Discount rate	1.0%	1.0%	(23.3)	28.3

SARm	Employee benefits' sensitivity profile			
	Sensitivity level %		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
31 December 2021G				
Withdrawal rate	10.0%	10.0%	(0.0)	0.0
Mortality rate	10.0%	10.0%	(0.5)	0.5
Salary growth rate	1.0%	1.0%	(21.3)	25.9
Discount rate	1.0%	1.0%	25.7	(21.5)

Source: MAC Financial Statements and Company Information

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 defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

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

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

The weighted average duration of the defined benefit obligation is 10.84 years. The expected maturity analysis of undiscounted defined benefit obligation is as follows:

Table (4-55): Effect of defined benefit plan on entity's future cash flows of MAC at 31 December 2021G, 2022G, and 2023G:

SARm	Effect of defined benefit plan on entity's future cash flows					
	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
2022G	8.2	-	-	(100.0%)	-	(100.0%)
2023G	5.8	9.0	-	55.2%	(100.0%)	(100.0%)
2024G	5.8	6.7	14.1	15.5%	110.4%	55.9%
2025G	5.3	6.7	16.8	26.4%	150.7%	78.0%
2026G	5.8	6.9	16.6	19.0%	140.6%	69.2%
2027G	5.7	6.5	18.2	14.0%	180.0%	78.7%
2028G thereafter	216.2	-	-	(100.0%)	-	(100.0%)
2028G	-	6.9	18.6	N/A	169.6%	N/A
2029G thereafter	-	354.2	140.5	N/A	(60.3%)	N/A
Total	**252.7**	**396.9**	**224.8**	**57.1%**	**(43.4%)**	**(5.7%)**

Source: MAC Financial Statements and Company Information

Table (4-56): Employees' saving plan of MAC at 31 December 2021G, 2022G, and 2023G:

Employees' savings plan						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	36.4	40.9	49.4	12.4%	20.8%	16.5%
Payment / contribution for the year	4.5	8.5	(1.0)	88.9%	(111.8%)	N/A
31 December	**40.9**	**49.4**	**48.4**	**20.8%**	**(2.0%)**	**8.8%**

Source: MAC Financial Statements and Company Information

4-1-5-2-3-7 Derivative financial instruments

Please refer section 4-1-5-2-1-6 in the non-current section.

4-1-5-2-4 Current liabilities

The following table presents MAC's current liabilities for the three years ended 31 December 2021G, 2022G and 2023G.

Table (4-57): Current liabilities of MAC at 31 December 2021G, 2022G, and 2023G:

Current liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Trade and other payables	567.5	730.1	1,168.6	28.7%	60.1%	43.5%
Accrued expenses	869.0	1,085.4	1,157.4	24.9%	6.6%	15.4%
Zakat and income tax payable	106.9	76.3	44.9	(28.6%)	(41.2%)	(35.2%)
Current portion of long-term borrowings	833.5	1,030.9	1,566.3	23.7%	51.9%	37.1%
Current portion of lease liabilities	50.7	35.8	31.9	(29.4%)	(10.9%)	(20.7%)
Due to a shareholder	97.2	109.3	93.6	12.4%	(14.4%)	(1.9%)
Due to fellow subsidiaries	42.2	85.7	100.8	103.1%	17.6%	54.6%
Total current liabilities	**2,567.0**	**3,153.5**	**4,163.4**	**22.8%**	**32.0%**	**27.4%**

Source: MAC Financial Statements and Company Information

Current liabilities increased by 22.8% from SAR 2,567.0 million at 31 December 2021G to SAR 3,153.5 million at 31 December 2022G primarily due to the increase in accrued expenses by 24.9% or SAR 216.4 million from SAR 869.0 million at 31 December 2021G to SAR 1,085.4 million at 31 December 2022G.

In addition, the current portion of long-term borrowings increased by 23.7% from SAR 833.5 million at 31 December 2021G to SAR 1,030.9 million at 31 December 2022G due to an increase in the quantum of repayments to be made in 2023G, along with increase in trade and other payables by 28.7% from SAR 567.5 million at 31 December 2021G to SAR 730.1 million at 31 December 2022G.

Current liabilities further increased by 32.0% from SAR 3,153.5 million at 31 December 2022G to SAR 4,163.4 million at 31 December 2023G primarily due to the increase in current portion of long-term borrowings by 51.9% from SAR 1,030.9 million at 31 December 2022G to SAR 1,566.3 million at 31 December 2023G, along with increase in trade and other payables by 60.1% from SAR 730.1 million at 31 December 2022G to SAR 1,168.6 million at 31 December 2023G.

4-1-5-2-4-1 Trade and other payable

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

Table (4-58): Trade and other payables of MAC at 31 December 2021G, 2022G, and 2023G:

Trade and other payables						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Trade payables	97.0	311.6	758.6	221.2%	143.5%	179.7%
Trade payables - MRC	270.2	323.6	232.0	19.8%	(28.3%)	(7.3%)
Trade payables - MBAC	200.3	92.2	151.0	(54.0%)	63.8%	(13.2%)
Project payable and others	-	2.7	27.0	-	900.0%	N/A
Total	**567.5**	**730.1**	**1,168.6**	**28.7%**	**60.1%**	**43.5%**
Days payable outstanding ("DPO")1	**29**	**31**	**49**	**6.9%**	**58.1%**	**30.0%**

Source: MAC Financial Statements and Company Information

1Note to table: DPO has been calculated by dividing total trade and other payables by total cost of sales, multiplied by 365 days.

Trade and other payables increased by 28.7% from SAR 567.5 million at 31 December 2021G to SAR 730.1 million at 31 December 2022G primarily due to the increase in trade payables by 221.2% from SAR 97.0 million at 31 December 2021G to SAR 311.6 million at 31 December 2022G. This increase was partially offset by the decrease in trade payables - MBAC by 54.0% from SAR 200.3 million at 31 December 2021G to SAR 92.2 million at 31 December 2022G.

Trade and other payables increased by 60.1% from SAR 730.1 million at 31 December 2022G to SAR 1,168.6 million at 31 December 2023G primarily due to the increase in trade payables by 143.5% from SAR 311.6 million at 31 December 2022G to SAR 758.6 million at 31 December 2023G despite the decrease in trade payables- MRC by 28.3% from SAR 323.6 million at 31 December 2022G to SAR 232.0 million at 31 December 2023G.

Trade payables

Trade payables increased by 221.2% from SAR 97.0 million at 31 December 2021G to SAR 311.6 million at 31 December 2022G and further increased by 143.5% from SAR 311.6 million at 31 December 2022G to SAR 758.6 million at 31 December 2023G mainly due to the transition from Oracle EBS to Fusion which delayed the processing of invoices during 2022G coupled with additional invoices received from SEC in 2023G.

Trade payables - MRC

Trade payables-MRC relate to the procurement of scrap and metal and increased by 19.8% from SAR 270.2 million at 31 December 2021G to SAR 323.6 million at 31 December 2022G mainly due to the increase in scrap and metal prices procured from MRC year on year.

Trade payables-MRC decreased by 28.3% from SAR 323.6 million at 31 December 2022G to SAR 232.0 million at 31 December 2023G primarily due to lower scrap purchases from MRC during December 2023G.

Trade payables - MBAC

Trade payables-MBAC related primarily to the purchase of alumina and decreased by 54.0% from SAR 200.3 million at 31 December 2021G to SAR 92.2 million at 31 December 2022G before increasing by 63.8% from SAR 92.2 million at 31 December 2022G to SAR 151.0 million at 31 December 2023G due to timing differences in payment as well as the receipt of December invoices which remained unsettled at the year end.

Project payable and others

Project payable and others includes amounts payable in relation to on-going projects.

Project payable and others increased from 'nil' at 31 December 2021G to SAR 2.7 million at 31 December 2022G and SAR 27.0 million at 31 December 2023G primarily in connection with the Dross Processing Plant project which commenced in Q4 2022G.

4-1-5-2-4-2 Accrued expenses

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

Table (4-59): Accrued expenses of MAC at 31 December 2021G, 2022G, and 2023G:

Accrued expenses						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Trade	803.0	1,014.1	1,046.2	26.3%	3.2%	14.1%
Employee related	66.0	71.3	111.2	8.0%	56.0%	29.8%
Total	**869.0**	**1,085.4**	**1,157.4**	**24.9%**	**6.6%**	**15.4%**

Source: MAC Financial Statements and Company Information

Accrued expenses increased by 24.9% from SAR 869.0 million at 31 December 2021G to SAR 1,085.4 million at 31 December 2022G primarily due to the increase in trade related accrued expenses by 26.3% from SAR 803.0 million at 31 December 2021G to SAR 1,014.1 million at 31 December 2022G along with increase in employee related accrued expenses by 8.0% from SAR 66.0 million at 31 December 2021G to SAR 71.3 million at 31 December 2022G.

Accrued expenses further increased by 6.6% from SAR 1,085.4 million at 31 December 2022G to SAR 1,157.4 million at 31 December 2023G primarily due to the increase in employee related accrued expenses by 56.0% from SAR 71.3 million at 31 December 2022G to SAR 111.2 million at 31 December 2023G along with increase in trade related accrued expenses by 3.2% from SAR 1,014.1 million at 31 December 2022G to SAR 1,046.2 million at 31 December 2023G.

Trade

Trade related accrued expenses primarily comprised goods and services received, and which are pending receipt of their respective invoices at year end.

Trade related accrued expenses increased by 26.3% from SAR 803.0 million at 31 December 2021G to SAR 1,014.1 million at 31 December 2022G and further increased by 3.2% from SAR 1,014.1 million at 31 December 2022G to SAR 1,046.2 million at 31 December 2023G mainly due to additional charges from SEC.

Employee related

Employee related accrued expenses primarily comprised of air fare, bonuses and vacation pay accrual to employees.

Employee related accrued expenses increased by 8.0% from SAR 66.0 million at 31 December 2021G to SAR 71.3 million at 31 December 2022G and further increased by 56.0% from SAR 71.3 million at 31 December 2022G to SAR 111.2 million at 31 December 2023G mainly due to the increase in air fare and vacation pay accruals.

4-1-5-2-4-3 Zakat and income tax payable

The following table presents MAC's year-end balances in Zakat and income tax payable for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-60): Zakat and income tax payable of MAC at 31 December 2021G, 2022G, and 2023G:

Zakat and income tax payable						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR21G-23G
Zakat payable	37.7	76.3	44.9	102.4%	(41.2%)	9.1%
Income tax payable	69.1	-	-	(100.0%)	-	(100.0%)
Total	**106.9**	**76.3**	**44.9**	**(28.6%)**	**(41.2%)**	**(35.2%)**

Source: MAC Financial Statements and Company Information

Please refer to 4-1-5-1-6 tax section in income statement for further details of the components of the Zakat base calculation, calculation of Zakat provision, adjusted income calculation for Zakat and tax provision.

Table (4-61): Zakat payable attributable to Saudi Arabian shareholders of MAC at 31 December 2021G, 2022G, and 2023G:

Zakat payable attributable to Saudi Arabian shareholders						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	19.0	37.7	76.3	98.4%	102.4%	100.4%
Provision for Zakat	51.2	91.3	25.9	78.3%	(71.6%)	(28.9%)
Paid during the year	(32.5)	(52.7)	(57.3)	62.2%	8.7%	32.8%
Closing balance	**37.7**	**76.3**	**44.9**	**102.4%**	**(41.2%)**	**9.1%**

Source: MAC Financial Statements and Company Information

Please refer to section 4-1-5-1-7 for details of the Zakat provision for the fiscal years 31 December 2021G, 2022G, 2023G.

Table (4-62): Income tax payable attributable to foreign shareholders of MAC at 31 December 2021G, 2022G, and 2023G:

Income tax payable attributable for foreign shareholder						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	8.1	69.1	-	753.1%	(100.0%)	(100.0%)
Provision for income tax for the year	63.4	27.3	-	(56.9%)	(100.0%)	(100.0%)
Current year	N/A	32.7	-	-	(100.0%)	N/A
Prior year Adjustment	N/A	(5.5)	-	-	(100.0%)	N/A
Paid during the year	(2.3)	(96.4)	-	4,091.3%	(100.0%)	(100.0%)
Closing balance	**69.1**	**-**	**-**	**(100.0%)**	**-**	**(100.0%)**

Source: MAC Financial Statements and Company Information

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. Please refer to section 4-1-5-1-7 for details of the income tax provision for the fiscal years 31 December 2021G, 2022G, 2023G.

Table (4-63): Income tax expenses of MAC at 31 December 2021G, 2022G, and 2023G:

	Income tax (credit) / expense					
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Accounting (loss) income for the year	1,658.7	665.8	(1,373.3)	(59.9%)	(306.3%)	N/A
Income tax rate applicable to the Company	20.0%	20.0%	20.0%	-	-	-
Foreign shareholders' 25.1% proportionate share of the year accounting loss	416.3	133.2	(274.7)	(68.0%)	(306.2%)	N/A
Income tax on foreign shareholder	83.3	33.4	(68.9)	(59.9%)	(306.3%)	N/A
Tax effect of expenses disallowed	(11.0)	30.8	8.1	(380.0%)	(73.7%)	N/A
Tax effect of permanent differences	7.8	(36.9)	60.8	(573.1%)	(264.8%)	179.2%
Income tax credit for the year	**80.1**	**27.3**	**-**	**(65.9%)**	**-**	**N/A**

Source: MAC Financial Statements and Company Information

Status of final certificate and assessment

Zakat and income tax returns have been filed from the date of incorporation until 31 December 2023G and zakat and income tax certificates up to 31 December 2023G have been received. 2015-2023G assessment finalized by ZATCA. 2019-2023G years are still pending review by ZATCA.

4-1-5-2-4-4 Current portion of long-term borrowings

Please refer to the section 1-5-2-3-2 for details of long-term borrowings.

4-1-5-2-4-5 Current portion of lease liabilities

Please refer to the section 1-5-2-3-4 for details of lease liabilities.

4-1-5-2-4-6 Due to a shareholder

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

Table (4-64): Due to shareholder of MAC at 31 December 2021G, 2022G, and 2023G:

	Due to a shareholder					
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	97.2	109.3	93.6	12.4%	(14.4%)	(1.9%)

Source: MAC Financial Statements and Company Information

Due to shareholders comprise s of an amount payable to Ma'aden

Due to a shareholder increased by 12.4% from SAR 97.2 million at 31 December 2021G to SAR 109.3 million at 31 December 2022G before declining by 14.4% from SAR 109.3 million at 31 December 2022G to SAR 93.6 million at 31 December 2023G primarily driven by the timing difference of recognition and settlement of invoices.

4-1-5-2-4-7 Due to fellow subsidiaries

The following table presents MAC's year-end balances for due to fellow subsidiaries for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-65): Due to fellow subsidiaries of MAC at 31 December 2021G, 2022G, and 2023G:

Due to fellow subsidiaries						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
MIC	38.7	41.9	84.2	8.3%	101.0%	47.5%
MGBM	-	0.6	1.2	-	100.0%	N/A
MBAC	2.8	24.1	12.7	760.7%	(47.3%)	113.0%
MPC	-	0.6	0.6	-	-	N/A
MRC	0.7	18.5	2.2	2,542.9%	(88.1%)	77.3%
MWSPC	-	-	-	-	-	N/A
MFC	-	-	-	-	-	N/A
Total	**42.2**	**85.7**	**100.8**	**103.1%**	**17.6%**	**54.6%**

Source: MAC Financial Statements and Company Information

Due to fellow subsidiaries mainly comprise expenses incurred by MAC on behalf of its affiliate companies and subsidiaries.

Due to fellow subsidiaries increased by 103.1% from SAR 42.2 million at 31 December 2021G to SAR 85.7 million at 31 December 2022G primarily due to the increase in balance of MBAC by 760.7% from SAR 2.8 million at 31 December 2021G to SAR 24.1 million at 31 December 2022G along with increase in balance due to MRC by 2,542.9% from SAR 0.7 million at 31 December 2021G to SAR 18.5 million at 31 December 2022G.

Due to fellow subsidiaries further increased by 17.6% from SAR 85.7 million at 31 December 2022G to SAR 100.8 million at 31 December 2023G primarily due to the increase in balance to MIC by 101.0% from SAR 41.9 million at 31 December 2022G to SAR 84.2 million at 31 December 2023G.

4-1-5-2-5 Equity

The following table presents MAC's equity for the three years ended 31 December 2021G, 2022G and 2023G.

Table (4-66): Equity of MAC at 31 December 2021G, 2022G, and 2023G:

Equity			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Share capital	6,573.8	6,573.8	6,573.8
Statutory reserve (transfer of net income)	30.5	57.2	57.2
Cash flow hedge reserve	(169.0)	69.5	20.9
Retained earnings / accumulated losses	423.7	1,056.5	(704.8)
Total shareholders' equity	**6,859.0**	**7,756.9**	**5,947.0**

Source: MAC Financial Statements and Company Information

Total shareholder equity is composed of the share capital of the Company, statutory reserve, cash flow hedge reserve and retained earnings/ accumulated losses. Share capital amounted to SAR 6,573.8 million at 31 December 2021G and remained unchanged in 2022G and 2023G.

The statutory reserve consists of transfer of income at 31 December 2021G, 2022G and 2023G corresponding to 4% of the net income for the year. In addition, retained earnings moved in line with net income in the same period. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. Refer to statement of changes in equity section 1-5-4 for further details.

4-1-5-2-5-1 Statement of changes in shareholders' equity

The following table presents the statement of changes in equity of MAC for financial year ended in 31 December 2021G, 2022G and 2023G.

Table (4-67): Statement of changes in equity of MAC at 31 December 2021G, 2022G, and 2023G:

Statement of changes in equity			
SARm	Saudi Arabian Mining Company (Saudi Arabian shareholder)	Alcoa Saudi Smelting Inversiones S.L. Company (Foreign share holder)	Total
Share capital			
1 January 2021G	4,923.7	1,650.0	6,573.8
31 December 2021G	4,923.7	1,650.0	6,573.8
31 December 2022G	4,923.7	1,650.0	6,573.8
31 December 2023G	**4,923.7**	**1,650.0**	**6,573.8**
Statutory reserve - Transfer of net income			
1 January 2021G	11.7	0.9	12.6
Net profit transferred to statutory reserve during the year	13.4	4.5	17.9
31 December 2021G	25.1	5.4	30.5
Net profit transferred to statutory reserve during the year	19.9	6.7	26.6
31 December 2022G	45.1	12.1	57.2
Net profit transferred to statutory reserve during the year	-	-	-
31 December 2023G	**45.1**	**12.1**	**57.2**
Cash flow hedge reserve			
1 January 2021G	(228.9)	(76.7)	(305.5)
Cash flow hedge - changes in fair value and transfer to profit / loss, net	102.3	34.3	136.6
31 December 2021G	(126.5)	(42.4)	(169.0)
Cash flow hedge - changes in fair value and transfer to profit / loss, net	178.6	59.9	238.5
31 December 2022G	52.1	17.5	69.5
Cash flow hedge - changes in fair value and transfer to profit / loss, net	(36.4)	(12.2)	(48.7)
31 December 2023G	**15.6**	**5.2**	**20.9**
Accumulated losses / retained earnings			
1 January 2021G	(831.1)	(380.2)	(1,211.3)

Statement of changes in equity			
SARm	Saudi Arabian Mining Company (Saudi Arabian shareholder)	Alcoa Saudi Smelting Inversiones S.L. Company (Foreign share holder)	Total
Income for the period before Zakat and income tax	1,340.8	449.3	1,790.1
Zakat and income tax	(51.2)	(80.1)	(131.3)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation.	(4.4)	(1.5)	(5.9)
Total comprehensive income for the year	**1,285.2**	**367.7**	**1,652.9**
Net profit transferred to statutory reserve during the year	(13.4)	(4.5)	(17.9)
31 December 2021G	**440.7**	**(17.0)**	**423.7**
Income for the period before Zakat and income tax	587.8	197.0	784.8
Zakat and income tax	(91.3)	(27.6)	(118.9)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation.	(4.8)	(1.6)	(6.4)
Total comprehensive income for the year	**491.6**	**167.8**	**659.4**
Net profit transferred to statutory reserve during the year	(19.9)	(6.7)	(26.6)
31 December 2022G	**912.4**	**144.1**	**1,056.5**
Loss for the period before Zakat and income tax	(1,163.2)	(389.8)	(1,552.9)
Zakat and income tax	(25.9)	45.5	19.5
Loss attributable to the re-measurements of employees' end of service termination benefits obligation.	(1.3)	(0.4)	(1.8)
Total comprehensive loss for the year	**(1,190.4)**	**(344.8)**	**(1,535.2)**
Dividend	(169.3)	(56.7)	(226.1)
31 December 2023G	**(447.4)**	**(257.4)**	**(704.8)**
Total shareholders' equity			
31 December 2021G	5,263.0	1,596.0	6,859.0
31 December 2022G	5,933.3	1,823.6	7,756.9
31 December 2023G	**4,537.1**	**1,409.9**	**5,947.0**

Source: MAC Financial Statements and Company Information

4-1-5-2-5-2 Share capital

The following table presents the share capital of MAC for the financial year ended in 31 December 2021G, 2022G and 2023G.

Table (4-68): Share capital of MAC at 31 December 2021G, 2022G, and 2023G:

Share capital						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Authorized, issued and paid-up share capital						
657,375,000 ordinary shares, with a nominal value of SAR 10 per share	6,573.8	6,573.8	6,573.8	-	-	-

Source: MAC Financial Statements and Company Information

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

Table (4-69): Issued and partly paid-up share capital of MAC at 31 December 2021G, 2022G, and 2023G:

Issued and partly paid-up share capital						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden (74.9%)	4,923.7	4,923.7	4,923.7	-	-	-
Saudi Arabian (74.9%)	4,923.7	4,923.7	4,923.7	-	-	-
ASSI (25.1%)	1,650.0	1,650.0	1,650.0	-	-	-
Foreign (25.1%)	1,650.0	1,650.0	1,650.0	-	-	-
Total (100.0%)	**6,573.8**	**6,573.8**	**6,573.8**	**-**	**-**	**-**

Source: MAC Financial Statements and Company Information

Share capital comprising of 657,375,000 ordinary shares at a nominal value of SAR 10 per share were 74.9% of shares owned by Saudi Arabian Mining Company ("**Ma'aden**") the parent Company and 25.1% of shares owned by a foreign shareholder- Alcoa Saudi Smelting Inversiones S.L. ("**ASSI**"), a Company wholly owned by Alcoa Corporation.

4-1-5-2-5-3 Transfer of net income

The following table presents the transfer of net income of MAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-70): Statutory reserve of MAC at 31 December 2021G, 2022G, and 2023G:

Statutory reserve- transfer of net income						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	12.6	30.5	57.2	142.1%	87.5%	113.1%
Transfer at 4% of net income for the year	17.9	26.6	-	48.6%	-	N/A
31 December	**30.5**	**57.2**	**57.2**	**87.5%**	**-**	**36.9%**

Source: MAC Financial Statements and Company Information

Table (4-71): Statutory reserve of MAC at 31 December 2021G, 2022G, and 2023G:

SARm	Statutory reserve- transfer of net income					
	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden (74.9%)	25.1	45.1	45.1	79.7%	-	34.0%
Saudi Arabian (74.9%)	25.1	45.1	45.1	79.7%	-	34.0%
ASSI (25.1%)	5.4	12.1	12.1	124.1%	-	49.7%
Foreign (25.1%)	5.4	12.1	12.1	124.1%	-	49.7%
Total (100.0%)	**30.5**	**57.2**	**57.2**	**87.5%**	**-**	**36.9%**

Source: MAC Financial Statements and Company Information

In accordance with the Company's Articles of Association, the Company is required to establish a statutory reserve by apportioning 4% of its annual net income to the statutory reserve after adjusting accumulated losses, until the statutory reserve equals or exceed 50% of the Company's paid up share capital. Such transfer is to be made on an annual basis and the statutory reserve so created is not available for distribution as dividends.

4-1-5-2-5-4 Cash flow hedge reserve

The following table presents the cash flow hedge reserve of MAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-72): Cash flow hedge reserve of MAC at 31 December 2021G, 2022G, and 2023G:

SARm	Cash flow hedge reserve					
	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
As on 1 January	305.5	169.0	(69.5)	(44.7%)	(141.1%)	N/A
Change in fair value of hedging instrument recognized in OCI	(31.6)	(194.0)	(7.9)	513.9%	(95.9%)	(50.0%)
Transferred from OCI to profit	(105.0)	(44.5)	56.6	(57.6%)	(227.2%)	N/A
Changes in fair value and transfer to profit	(136.6)	(238.5)	48.7	74.6%	(120.4%)	N/A
As on December 31	**169.0**	**(69.5)**	**(20.9)**	**(141.1%)**	**(69.9%)**	**N/A**

Source: MAC Financial Statements and Company Information

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

4-1-5-2-5-5 Dividend paid

The following table presents the dividend paid by MAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-73): Dividend paid of MAC at 31 December 2021G, 2022G, and 2023G:

Dividend paid						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Dividend paid	-	-	226.1	-	N/A	N/A
Total	**-**	**-**	**226.1**	**-**	**N/A**	**N/A**

Source: MAC Financial Statements and Company Information

On 30 January 2023G, the Board of Managers of the Company recommended to distribute cash dividend of SAR 226.1 million from the retained earnings to the shareholders and which was approved at the Annual General Meeting of the shareholders and paid during the quarter.

Please refer to the statement of changes in equity table presented above for a distribution of the dividend of SAR 226.1 million in 2023G.

4-1-5-2-6 Related party transactions and balances

The following table presents the related party transactions balances of MAC for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-74): Related party balances of MAC at 31 December 2021G, 2022G, and 2023G:

Related party balances						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	66.3	209.3	70.5	215.7%	(66.3%)	3.1%
Due from a shareholder	**66.3**	**209.3**	**70.5**	**215.7%**	**(66.3%)**	**3.1%**
Ma'aden	97.2	109.3	93.6	12.4%	(14.4%)	(1.9%)
Due to a shareholder	**97.2**	**109.3**	**93.6**	**12.4%**	**(14.4%)**	**(1.9%)**
MBAC	80.6	240.6	223.0	198.5%	(7.3%)	66.3%
MRC	32.0	115.8	288.9	261.9%	149.5%	200.5%
MGBM	-	-	0.1	N/A	-	N/A
MPC	6.4	9.8	9.0	53.1%	(8.2%)	18.6%
MIC	5.3	5.4	1.1	1.9%	(79.6%)	(54.4%)
MWSPC	2.1	5.6	2.4	166.7%	(57.1%)	6.9%
MFC	0.6	0.6	0.2	-	(66.7%)	(42.3%)
IMC	-	-	-	N/A	N/A	N/A
Due from fellow subsidiaries	**127.0**	**377.8**	**524.7**	**197.5%**	**38.9%**	**103.3%**
MIC	38.7	41.9	84.2	8.3%	101.0%	47.5%
MGBM	-	0.6	1.2	-	100.0%	N/A
MPC	-	24.1	0.6	-	(97.5%)	N/A
MRC	0.7	0.6	2.2	(14.3%)	266.7%	77.3%
MBAC	2.8	18.5	12.7	560.7%	(31.4%)	113.0%

Related party balances						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
MWSPC	-	-	-	N/A	N/A	N/A
MFC	-	-	-	N/A	N/A	N/A
Due to fellow subsidiaries	**42.2**	**85.7**	**100.8**	**103.1%**	**17.6%**	**54.6%**
MRC	711.9	530.8	539.3	(25.4%)	1.6%	(13.0%)
Ma'aden	873.8	453.4	655.3	(48.1%)	44.5%	(13.4%)
Alcoa Inespal, S.A.	267.3	266.7	221.9	(0.2%)	(16.8%)	(8.9%)
Trade and other receivables	**1,853.0**	**1,251.0**	**1,416.4**	**(32.5%)**	**13.2%**	**(12.6%)**
Due to PIF for financing the MAC facility	4,275.4	3,912.1	3,330.4	(8.5%)	(14.9%)	(11.7%)
Long-term borrowing from a majority shareholder of Ma'aden	**4,275.4**	**3,912.1**	**3,330.4**	**(8.5%)**	**(14.9%)**	**(11.7%)**
MRC	270.2	323.6	232.0	19.8%	(28.3%)	(7.3%)
MBAC	200.3	92.2	151.0	(54.0%)	63.8%	(13.2%)
Trade payables to fellow subsidiaries	**470.5**	**415.9**	**383.0**	**(11.6%)**	**(7.9%)**	**(9.8%)**

Source: MAC Financial Statements and Company Information

The related party balances are detailed explained in sections 1-5-2-2-1 due from shareholders, 1-5-2-2-2 due from fellow subsidiaries, 1-5-2-4-5 due to shareholders and 1-5-2-4-6 due to fellow subsidiaries.

The following table presents MAC's related-party transactions for the fiscal year's ended at 31 December 2021G, 2022G and 2023G.

Table (4-75): Related party transactions of MAC at 31 December 2021G, 2022G, and 2023G:

Related party transactions						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Cost of seconded employees and technical support from Alcoa Corporation	6.0	1.7	2.8	(71.7%)	64.7%	(31.7%)
Costs paid on behalf of the Company and other costs allocations by:						
Ma'aden	168.0	379.8	197.3	126.1%	(48.1%)	8.4%
MBAC	4.2	31.6	17.0	652.4%	(46.2%)	101.2%
MRC	3.5	22.9	6.2	554.3%	(72.9%)	33.1%
MPC	0.6	2.4	2.3	300.0%	(4.2%)	95.8%
MFC	0.6	-	1.1	(100.0%)	-	35.4%
MGBM	-	0.6	1.2	N/A	100.0%	N/A
Total	**176.9**	**437.3**	**225.0**	**147.2%**	**(48.5%)**	**12.8%**
Support function, development and other costs paid by MAC and charged to:						
MBAC	290.8	209.6	468.2	(27.9%)	123.4%	26.9%
MRC	134.9	345.1	204.0	155.8%	(40.9%)	23.0%
Ma'aden	60.9	128.7	401.1	111.3%	211.7%	156.6%
MPC	9.1	13.4	16.7	47.3%	24.6%	35.5%
MIC	4.7	8.3	10.2	76.6%	22.9%	47.3%

Related party transactions						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
MWSPC	3.4	5.6	11.7	64.7%	108.9%	85.5%
MGBM	-	-	0.1	-	-	N/A
MFC	-	0.6	4.3	-	616.7%	N/A
IMC	-	-	-	-	-	N/A
Total	**503.8**	**711.3**	**1,116.2**	**41.2%**	**56.9%**	**48.8%**
Raw material feedstock purchased from:						
MRC	1,814.7	2,017.2	1,797.5	11.2%	(10.9%)	(0.5%)
MBAC	1,876.3	2,061.3	1,718.1	9.9%	(16.6%)	(4.3%)
Total	**3,691.0**	**4,078.5**	**3,515.6**	**10.5%**	**(13.8%)**	**(2.4%)**
Finance cost incurred on long term borrowings from PIF	74.0	136.6	252.4	84.6%	84.8%	84.7%
Rentals and services charged by MIC to the Company under Land Use and Service Agreement ("**LUSA**") and the agreement for Provision of Facilities at Ras Al-Khair (RAK)	312.0	215.1	201.9	(31.1%)	(6.1%)	(19.6%)
Saudi Aramco	-	623.6	544.7	100.0%	(12.7%)	N/A

Source: MAC Financial Statements and Company Information

Related party transactions primarily consists of sales made by the Company to Ma'aden, MRC and Alcoa Inespal, S.A. In addition, also includes cost paid on behalf of subsidiaries, support functions provided, raw material feed stock purchase made, finance cost incurred on behalf of subsidiaries and rentals and services charged by the subsidiaries.

4-1-5-2-7 Commitments and contingent liabilities

The following table displays the guarantees and letter of credit and capital expenditure contracted for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-76): Guarantees of MAC at 31 December 2021G, 2022G, and 2023G:

Guarantees			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 023G
Guarantee in favor of Saudi Aramco	58.4	108.2	108.2
Guarantee in favor of Saudi Ports Authority	6.7	6.7	6.7
Letter of Credit in favor of Glama Maschinenbau GMBH	-	3.3	-
Total	**65.1**	**118.1**	**114.9**

Source: MAC Financial Statements and Company Information

Additionally, MAC has the following capital commitments:

Table (4-77): Capital commitments of MAC at 31 December 2021G, 2022G, and 2023G:

Capital commitments			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Capital expenditure contracted for:			
Property, plant and equipment	50.4	63.2	63.3

Source : MAC Financial Statements and Company Information

4-1-5-3 Cash flow statement

The following table displays the statement of cash flows of MAC for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-78): Cash flow statement of MAC at 31 December 2021G, 2022G, and 2023G:

Cash flow statement						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
(Loss) / profit before Zakat and income tax	**1,790.1**	**784.8**	**(1,552.9)**	**(56.2%)**	**(297.9%)**	**N/A**
Adjustments for non-cash flow items:						
Finance cost	394.4	460.8	613.8	16.8%	33.2%	24.8%
Depreciation- PPE	901.8	887.8	962.2	(1.6%)	8.4%	3.3%
Depreciation- ROU	53.9	53.5	51.7	(0.7%)	(3.4%)	(2.1%)
Write off of Property, plant and equipment	-	34.6	-	-	(100.0%)	N/A
Amortization of intangible assets	5.1	7.0	7.2	37.3%	2.9%	18.8%
Employees' home owners program receivable	28.4	24.1	8.6	(15.1%)	(64.3%)	(45.0%)
Allowance for slow moving spare parts and consumable materials	-	9.1	1.5	-	(83.5%)	N/A
Write down of inventories to net realizable value	-	-	1.9	-	-	N/A
Provision for employees' termination benefits	20.1	18.1	21.7	(10.0%)	19.9%	3.9%
Employees' saving plan (payment) / contribution	4.5	8.5	(1.0)	88.9%	(111.8%)	N/A
Gain on termination of leases	-	(13.3)	-	-	(100.0%)	N/A
Changes in working capital:						
Due from a shareholder	(48.4)	(143.1)	138.9	195.7%	(197.1%)	N/A
Due from fellow subsidiaries	(85.2)	(250.8)	(146.9)	194.4%	(41.4%)	31.3%
Advances and prepayments	0.3	14.4	(82.8)	4,700.0%	(675.0%)	N/A
Inventories	(197.8)	(250.4)	(198.9)	26.6%	(20.6%)	0.3%
Trade and other receivables	(954.1)	579.6	(228.8)	(160.7%)	(139.5%)	(51.0%)
Trade and other payables	(66.9)	162.7	438.5	(343.2%)	169.5%	N/A
Accrued expenses	361.6	215.5	333.4	(40.4%)	54.7%	(4.0%)
Due to a shareholder	41.7	12.1	(15.8)	(71.0%)	(230.6%)	N/A
Due to fellow subsidiaries	17.2	43.5	15.2	152.9%	(65.1%)	(6.0%)
Net cash generated from operations	**2,266.5**	**2,658.4**	**367.5**	**17.3%**	**(86.2%)**	**(59.7%)**
Employees' termination benefits paid	(15.2)	(10.5)	4.0	(30.9%)	(138.1%)	N/A
Payment for periodic net settlement of interest rate swap	(104.5)	(79.6)	54.8	(23.8%)	(168.8%)	N/A
Zakat paid	(32.5)	(52.7)	(57.3)	62.2%	8.7%	32.8%
Tax paid	(2.3)	(96.4)	-	4,091.3%	(100.0%)	(100.0%)
Finance cost paid	(280.3)	(323.6)	(599.2)	15.4%	85.2%	46.2%
Net cash (utilized in) generated from operating activities	**1,831.7**	**2,095.5**	**(230.2)**	**14.4%**	**(111.0%)**	**N/A**

Cash flow statement						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Additions to capital work-in-progress	(183.8)	(212.1)	(869.5)	15.4%	309.9%	117.5%
Income receivable from time deposits	-	(5.9)	5.9	-	(200.0%)	N/A
Time deposits	-	(1,200.0)	1,185.0	-	(198.8%)	N/A
Movement in restricted cash	(4.5)	(8.5)	1.0	88.9%	(111.8%)	N/A
Net cash generated from (utilized in) investing activities	**(188.3)**	**(1,426.5)**	**322.4**	**657.6%**	**(122.6%)**	**N/A**
Repayment of long-term borrowings	(775.6)	(1,319.7)	(1,301.8)	70.2%	(1.4%)	29.6%
Additions of long-term borrowings	-	-	1,125.0	-	-	N/A
Payment of principal portion of lease liabilities	(36.3)	(36.4)	(35.9)	0.3%	(1.4%)	(0.6%)
Dividend paid to shareholders	-	-	(226.1)	-	-	N/A
Net cash utilized in financing activity	**(811.9)**	**(1,356.0)**	**(438.8)**	**67.0%**	**(67.6%)**	**(26.5%)**
Net change in cash and cash equivalents	**831.5**	**(687.0)**	**(346.7)**	**(182.6%)**	**(49.5%)**	**N/A**
Unrestricted cash and cash equivalents at the beginning of the year	**598.1**	**1,429.6**	**742.6**	**139.0%**	**(48.1%)**	**11.4%**
Unrestricted cash and cash equivalents at the end of the year	**1,429.6**	**742.6**	**396.0**	**(48.1%)**	**(46.7%)**	**(47.4%)**

Source: MAC Financial Statements and Company Information

Table (4-79): Non-cash flow transactions of MAC at 31 December 2021G, 2022G, and 2023G:

Non-cash flow transactions						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Transfer to intangible assets from capital work-in-progress	-	21.1	0.5	-	(97.6%)	N/A
Terminated / expired leases	-	2.8	-	-	(100.0%)	N/A
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	3.8	1.5	6.8	(60.5%)	353.3%	33.8%
Transfer to PPE from capital work-in-progress	137.8	109.2	402.8	(20.8%)	268.9%	71.0%
Adjustment to PPE against accrual	-	0.8	261.5	-	32,587.5%	N/A
(Adjustments) / additions, net of right-of-use asset and the corresponding lease liability	27.5	(15.6)	-	(156.7%)	(100.0%)	N/A
Addition of dismantling obligation of PPE	-	-	278.8	-	-	N/A

Source: MAC Financial Statements and Company Information

The unrestricted cash and cash equivalents balance at the end of the year decreased by 48.1% from SAR 1,429.6 million at 31 December 2021G to SAR 742.6 million at 31 December 2022G as cash generated from operations of SAR 2,095.5 million were used for the redemption of time deposits and SAR 1,319.7 million were used for the repayment of long-term borrowings.

The unrestricted cash and cash equivalents balance at the end of the year further decreased by 46.7% from SAR 742.6 million at 31 December 2022G to SAR 396.0 million at 31 December 2023G primarily due to the liquidation of time deposits amounting to SAR 1,185.0 million which was netted off with the cash outflow from operations amounted to SAR 230.2 million along with repayment of borrowings amounted to SAR 1,301.8 million.

Net cash from operating activities

The Company reported positive operating cash flows in 2021G, 2022G and negative operating cash flows in 2023G.

Net cash generated from operating activities increased by 14.4% from SAR 1,831.7 million in 2021G to SAR 2,095.5 million in 2022G largely driven by increase in trade and other receivables by SAR 1,533.7 million

Net cash generated from operating activities decreased by 111.0% from SAR 2,095.5 million in 2022G to a negative balance of SAR 230.2 million in 2023G primarily due to the loss before Zakat and income tax amounted to SAR 1,552.9 million during the period along with decrease in trade and other receivables by SAR 808.4 million.

Net cash from investing activities

Net cash outflows from investing activities increased from an outflow of SAR 188.3 million in 2021G to an outflow of SAR 1,426.5 million in 2022G. This was primarily driven by an investment of SAR 1,200.0 million in time deposits to generate returns from the excess cash held by the Company.

Net cash outflows from investing activities decreased from an outflow of SAR 1,426.5 million in 2022G to an inflow of SAR 322.4 million in 2023G. This was primarily driven by liquidation of the time deposits which released SAR 1,185.0 million of excess cash which was used to voluntarily repay some of the long-term borrowings.

Net cash from financing activities

Net cash outflows from financing activities increased from an outflow of SAR 811.9 million in 2021G to an outflow of SAR 1,356.0 million in 2022G solely driven by repayments of long-term borrowings amounted to SAR 1,319.7 million.

Net cash outflows from financing activities reduced further from an outflow of SAR 1,356.0 million in 2022G to SAR 438.8 million in 2023G primarily due to the addition in long term borrowings amounted to SAR 1,125.0 million in 2023G. It was partially offset by the payment of dividend to shareholders amounted to SAR 226.1 million in 2023G.

4-2 Results of the Operations for the Financial Years ended 31 December 2023G and 2024G for MAC

4-2-1 Statement of profit or loss and other comprehensive income

The following table presents the statement of profit or loss and other comprehensive income of MAC for the financial years ended 31 December 2023G and 2024G.

Table (4-80): Statement of profit or loss and other comprehensive income of MAC for the financial years ended 31 December 2023G, and 2024G:

Statement of profit or loss and other comprehensive income			
SARm	2023G	2024G	Var. 23G-24G
Sales	7,856.2	9,172.7	16.8%
Cost of sales	(8,691.6)	(8,739.0)	0.5%
Gross profit / (loss)	**(835.4)**	**433.7**	**(151.9%)**
Logistic expenses	(33.9)	(55.4)	63.4%
General and administrative expenses	(129.7)	(135.3)	4.3%
Net other operating income	-	572.6	n/a
Operating profit / (loss)	**(999.0)**	**815.7**	**(181.7%)**
Finance cost	(613.8)	(650.8)	6.0%
Finance income	38.4	40.3	4.9%
Finance cost, net	**(575.4)**	**(610.5)**	**6.1%**

Statement of profit or loss and other comprehensive income			
SARm	2023G	2024G	Var. 23G-24G
Other income / (expenses), net	21.5	-	(100.0%)
Profit / (loss) before Zakat and income tax	**(1,552.9)**	**205.2**	**(113.2%)**
Zakat expense	(25.9)	(42.1)	62.5%
Income tax and deferred tax, net	**45.5**	**(17.4)**	**(138.2%)**
Profit / (loss) for the year	**(1,533.4)**	**145.7**	**(109.5%)**
Gain / (loss) on cash flow hedge	(48.7)	(20.9)	(57.1%)
Loss attributable to the re-measurements of employees' benefits obligation	(1.8)	(12.1)	572.2%
Other comprehensive gain / (loss) for the year	**(50.4)**	**(33.0)**	**(34.5%)**
Total comprehensive profit / (loss) for the year	**(1,583.8)**	**112.7**	**(107.1%)**

Source: MAC Financial Statements and Company Information

The following table presents the Key performance indicators of MAC for the financial years ended 31 December 2023G and 2024G.

Table (4-81): Key performance indicators of MAC for the financial years ended 31 December 2023G, and 2024G:

Key performance indicators (KPIs)			
	2023G	2024G	Var. 23G-24G
Volumes sold (kMT)	902.0	984.0	9.1%
Average selling price (SAR/kMT)	8,709.8	9,305.3	6.8%
Volume produced (kMT)	895.0	986.0	10.2%
Production facility capacity (kMT)	1,075.0	1,074.0	(0.1%)
Actual capacity available for production	1,058.0	1,122.0	6.0%
Utilization of production facility1	84.6%	87.9%	3.3 ppts
Raw material and utilities cost as a % of sales	79.7%	72.6%	(7.1 ppts)
Gross margin	(10.6%)	4.7%	15.3 ppts
Operating margin	(12.7%)	8.9%	21.6 ppts
Net profit margin	(19.5%)	1.6%	21.1 ppts

Source: MAC Financial Statements and Company Information

1Note to table: Utilization of production facility is calculated by dividing volumes produced by actual capacity available for production.

4-2-1-1 Sales by product

The following tables present the breakdown of sales by product as well as the key performance indicators ("**KPIs**") tracked by MAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-82): Sales of MAC by product for the financial years ended 31 December 2023G, and 2024G:

Sales			
SARm	2023G	2024G	Var. 23G-24G
Domestic sale of primary aluminium goods			
Ingots	3,393.1	4,116.1	21.3%
Slabs	3,362.7	3,876.0	15.3%
Billets	1,100.4	1,164.3	5.8%
Sub-total	7,856.2	9,156.4	16.5%
Scrap and other sales	-	16.3	n/a
Total sales	**7,856.2**	**9,172.7**	**16.8%**

As % of total sales			
%	2023G	2024G	Var. 23G-24G
Ingots	43.2%	44.9%	1.7 ppts
Slabs	42.8%	42.3%	(0.5 ppts)
Billets	14.0%	12.7%	(1.3 ppts)
Scrap and other sales	-	0.2%	n/a

Quantity sold and average selling price per kMT			
	2023G	2024G	Var. 23G-24G
Ingots			
Volumes sold (kMT)	436	474	8.7%
Average selling price (SAR/kMT)	7,782.3	8,683.8	11.6%
Slabs			
Volumes sold (kMT)	348	381	9.5%
Average selling price (SAR/kMT)	9,663.0	10,173.2	5.3%
Billets			
Volumes sold (kMT)	118	129	9.3%
Average selling price (SAR/kMT)	9,325.1	9,025.6	(3.2%)
Total volumes sold	**902.0**	**984.0**	**9.1%**
Average selling price (SAR/kMT)	**8,709.8**	**9,305.3**	**6.8%**

Actual Production (kMT)			
kMT	2023G	2024G	Var. 23G-24G
Volumes produced in kMT			
Ingots	435	466	7.1%
Slabs	341	392	15.0%

Actual Production (kMT)			
kMT	2023G	2024G	Var. 23G-24G
Billets	119	128	7.6%
Total volumes produced in kMT	**895.0**	**986.0**	**10.2%**

Utilization / Efficiency			
%	2023G	2024G	Var. 23G-24G
Actual capacity available for production	1,058	1,122	6.0%
Total utilization/ efficiency1	**84.6%**	**87.9%**	**3.3 ppts**

Source: MAC Financial Statements and Company Information

1Note to table: Utilization of production facility is calculated by dividing volumes produced by actual capacity available for production.

Sales by Product

Sales by product includes sales of ingots, billets and slabs of aluminium to offtakers (Ma'aden, Alcoa and Ma'aden Rolling Company).

Sales increased by 16.8% from SAR 7,856.2 million in 2023G to SAR 9,172.7 million in 2024G, mainly due to the increase in net average selling price by SAR 595.6 per kMT, from SAR 8,709.8 per kMT in 2023G to SAR 9,305.3 per kMT in 2024G coupled with the increase in sales volume from 902 kMT in 2023G to 984 kMT in 2024G.

The increase in volumes sold was primarily due to higher demand for extrusions and slabs and due to production sustainability achieved in 2024G.

Refer to the Market and Industry Section (Section 2) for further details.

Sales by customer

The following table displays the sales by customer for MAC for the financial years ended on 31 December 2023G and 2024G.

Table (4-83): Sales by customer of MAC for the financial years ended 31 December 2023G, and 2024G:

Sales by customer			
SARm	2023G	2024G	Var. 23G-24G
Ingots	907.8	1,096.2	20.8%
Billets	226.3	259.3	14.6%
Slabs (RSI, RSP)	19.3	17.9	(7.3%)
Alcoa Inespal, S.A.	1,153.4	1,373.5	19.1%
Ingots	2,485.3	3,019.8	21.5%
Billets	874.1	905.0	3.5%
Slabs (RSI, RSP)	91.0	60.8	(33.2%)
Ma'aden	3,450.4	3,985.6	15.5%
Slabs (RSI, RSP)	3,252.4	3,797.3	16.8%
MRC	3,252.4	3,797.3	16.8%
Sub-total	7,856.2	9,156.4	16.5%

Sales by customer			
SARm	2023G	2024G	Var. 23G-24G
Scrap and other sales	-	16.3	n/a
Total	**7,856.2**	**9,172.7**	**16.8%**

Source: MAC Financial Statements and Company Information

As % of total sales			
	2023G	2024G	Var. 23G-24G
Ingots	11.6%	12.0%	0.4 ppts
Billets	2.9%	2.8%	(0.1 ppts)
Slabs (RSI, RSP)	0.2%	0.2%	-
Alcoa Inespal, S.A.	**14.7%**	**15.0%**	**0.3 ppts**
Ingots	31.6%	32.9%	1.3 ppts
Billets	11.1%	9.9%	(1.2 ppts)
Slabs (RSI, RSP)	1.2%	0.7%	(0.5 ppts)
Ma'aden	**43.9%**	**43.5%**	**(0.4 ppts)**
Slabs (RSI, RSP)	**41.4%**	**41.4%**	**-**
MRC	**41.4%**	**41.4%**	**-**
Sub-total	**100.0%**	**99.8%**	**(0.2 ppts)**
Scrap and other sales	-	0.2%	0.2 ppts
Total	**100.0%**	**100.0%**	**-**

Source: MAC Financial Statements and Company Information

Quantity sold			
kMT	2023G	2024G	Var. 23G-24G
Ingots	114	126	10.5%
Billets	24	29	20.8%
Slabs (RSI, RSP)	0	-	n/a
Alcoa Inespal, S.A.	**138**	**154**	**11.6%**
Ingots	321	349	8.7%
Billets	94	100	6.4%
Slabs (RSI, RSP)	0	-	n/a
Ma'aden	**415**	**449**	**8.2%**
Slabs	**348**	**381**	**9.5%**
MRC	**348**	**381**	**9.5%**
Total	**902**	**984**	**9.1%**

Source: MAC Financial Statements and Company Information

Average selling price			
SAR	2023G	2024G	Var. 23G-24G
Ingots	7,931.9	8,700.0	9.7%
Billets	9,419.7	8,941.4	(5.1%)
		-	n/a
Alcoa Inespal, S.A.	**8,357.7**	**8,918.8**	**6.7%**
Ingots	7,739.2	8,652.7	11.8%
Billets	9,273.9	9,050.0	(2.4%)
		-	n/a
Ma'aden	**8,314.1**	**8,876.6**	**6.8%**
Slabs	9,346.1	9,966.7	6.6%
MRC	**9,346.1**	**9,966.7**	**6.6%**
Total	**8,709.7**	**9,305.3**	**6.8%**

Source: MAC Financial Statements and Company Information

The Company has an offtake agreement with Alcoa, Ma'aden and Ma'aden Rolling Company based on which MAC sells these metal products to these parties following the pricing mechanism defined in the offtake agreement. Under the terms of the agreement, the production capacity would first be allocated to cater to the requirements of Ma'aden Rolling Company as per the Production Plan referenced in the Ma'aden Rolling Company APA. This agreement is set to end on 12 December 2027G. However, the agreement will terminate automatically when Alcoa Saudi ceases to be a shareholder in MAC in exchange for shares in Ma'aden.

The remaining capacity would be allocated to Alcoa and Ma'aden in accordance with the respective APA's on the basis of the pro rate ownership interests of each in Ma'aden Aluminium Company.

4-2-1-1-1 Cost of sales

The following table displays the cost of sales for MAC for the financial years ended 31 December 2023G and 2024G.

Table (4-84): Cost of sales of MAC for the financial years ended 31 December 2023G, and 2024G:

Cost of sales			
SARm	2023G	2024G	Var. 23G-24G
Raw material and utilities consumed	6,257.8	6,661.5	6.5%
Salaries and staff related benefits	540.7	561.3	3.8%
Consumables	243.7	257.4	5.6%
Overheads	202.5	207.4	2.4%
Contracted services	320.7	193.0	(39.8%)
Repairs and maintenance	0.9	7.4	722.2%
Total cash operating costs	**7,566.4**	**7,888.0**	**4.3%**
Depreciation - property, plant and equipment	962.1	743.2	(22.8%)
Depreciation - right-of-use assets	51.7	46.6	(9.9%)
Amortization - intangible assets	7.2	6.2	(13.9%)
Total operating costs	**8,587.4**	**8,684.0**	**1.1%**
Change in inventory	104.2	55.0	(47.2%)
Total cost of sales	**8,691.6**	**8,739.0**	**0.5%**

Cost of sales			
SARm	2023G	2024G	Var. 23G-24G
As % of sales			
Raw material and utilities consumed	79.7%	72.8%	(6.9 ppts)
Salaries and staff related benefits	6.9%	6.1%	(0.8 ppts)
Consumables	3.1%	2.8%	(0.3 ppts)
Overheads	2.6%	2.3%	(0.3 ppts)
Contracted services	4.1%	2.1%	(2.0 ppts)
Repairs and maintenance	-	0.1%	0.1 ppts

Source: MAC Financial Statements and Company Information

Over the 2023G-2024G period, the cost of sales increased from SAR 8,691.6 million in 2023G to SAR 8,739.0 million in 2024G, mainly due to a 6.5% increase in raw materials and utilities consumed. This increase was a result of: (i) the rise in overall alumina prices, coupled with (ii) higher utilities costs driven by increased gas prices in 2024G.

The increase in salaries and staff related benefits by 3.8% was primarily attributed to the marginal increase in the headcount and the enhanced employee benefits, including improved medical coverage and shift allowances at the plant as production increased.

This was partially offset by a 22.8% decrease in depreciation of property, plant, and equipment due to the revision of the assets' useful life to a longer period, which reduced the annual depreciation charge.

Additionally contracted services reduced by 39.8% due to one-off costs in 2023G associated with the stabilization.

Logistic expenses

Logistic expenses comprised expenses related to transporting goods from the Ras Al Khair facility to the warehouses of the shipping companies.

Logistic expenses increased by 63.4% from SAR 33.9 million in 2023G to SAR 55.4 million in 2024G due to the increase in volume sold coupled with higher freight charges driven by the increase in diesel charges.

4-2-1-1-2 General and administrative expenses

The following table presents the general and administrative ("**G&A**") expenses of MAC for the financial years ending in 31 December 2023G and 2024G.

Table (4-85): General and administrative expenses of MAC for the financial years ended 31 December 2023G, and 2024G:

General and administrative expenses			
SARm	2023G	2024G	Var. 23G-24G
Contracted services	59.0	94.3	59.8%
Salaries and employee related benefits	14.5	23.3	60.7%
Overheads	56.1	15.7	(72.0%)
Consumables	-	1.9	n/a
Depreciation	0.1	0.1	-
Total	**129.7**	**135.3**	**4.3%**
As % of sales			
Contracted services	0.8%	1.0%	0.2 ppts
Salaries and employee related benefits	0.2%	0.3%	0.1 ppts
Overheads	0.7%	0.2%	(0.5 ppts)
Consumables	-	-	0.0 ppts

General and administrative expenses			
SARm	2023G	2024G	Var. 23G-24G
Depreciation	-	-	0.0 ppts

Source: MAC Financial Statements and Company Information

General and administrative expenses increased from SAR 129.7 million in 2023G to SAR 135.3 million in 2024G, primarily due to: (i) an increase in contracted services and (ii) an increase in salaries and employee-related benefits.

The increases in contracted services and salaries, along with employee-related benefits, by 59.8% and 60.7%, respectively, were mainly driven by the reclassification of internal costs. In 2024G, certain internal functions were reclassified from the “**overheads**” line to the lines for (i) “**contracted services**” and (ii) “**salaries and employee-related benefits**” as part of the G&A expenses.

4-2-1-1-3 Finance costs

The following table presents the finance costs of MAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-86): Finance costs of MAC for the financial years ended 31 December 2023G, and 2024G:

Finance costs			
SARm	2023G	2024G	Var. 23G-24G
Riyal Murabaha facility	279.4	230.8	(17.4%)
Public Investment Fund	252.4	210.9	(16.4%)
Murabaha Riyal Working Facility	15.7	134.2	754.8%
Dollar conventional	60.3	9.0	(85.1%)
Others	1.3	4.6	253.8%
Sub-total	**609.0**	**589.6**	**(3.2%)**
Accretion of lease liabilities	43.3	41.8	(3.5%)
Amortization of transaction cost	11.7	22.8	94.9%
Accretion of provision of plant dismantling obligation	3.9	13.2	238.5%
Accrual of derivative interest	(56.6)	10.5	(118.6%)
Accretion of employees’ end of service termination benefits obligation	9.3	10.4	11.8%
Reclassified from cash flow hedge reserve	-	(21.2)	n/a
Sub-total	**620.6**	**667.1**	**7.5%**
Less: Borrowing costs capitalized as part of qualifying assets in CWIP	(6.8)	(16.3)	139.7%
Total	**613.8**	**650.8**	**6.0%**

Source: MAC Financial Statements and Company Information

Finance costs are primarily comprised interest on bank borrowings, finance charge on lease liabilities, bank charges, accrual of derivative interest and other finance costs.

Finance costs increased from SAR 613.8 million in 2023G to SAR 650.8 million in 2024G primarily due to the increase in interest costs on Murabaha Riyal Working Facility by SAR 118.5 million as a result of a new facility obtained in 2024G and the increase in accrual of derivative interest from a credit amount of SAR (56.6) million in 2023G to SAR 10.5 million in 2024G. For further details, please refer to the long-term borrowings section 4-1-95.

This was partially offset by the decrease in interest costs on the PIF facility, Riyal Murabaha facility, and Dollar conventional facility as repayments were made during the year.

Finance income

Finance income increased by 4.9% from SAR 38.4 million in 2023G to SAR 40.3 million in 2024G due to the amount of capital invested and the longer duration of the investment.

These factors are further influenced by the Company's capacity to deploy cash effectively.

4-2-1-1-4 Other income/ (expense), net

The following table presents the other income / (expense), net of MAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-87): Other income / (expenses) of MAC for the financial years ended 31 December 2023G, and 2024G:

Other income/ (expenses), net			
SARm	2023G	2024G	Var. 23G-24G
Foreign exchange gain / (loss), net	5.0	-	(100.0%)
Scrap sales and others, net	16.6	-	(100.0%)
Total	**21.5**	**-**	**(100.0%)**
As % of sales			
Foreign exchange gain / (loss), net	0.1%	-	(0.1 ppts)
Scrap sales and others, net	0.2%	-	(0.2 ppts)

Source: MAC Financial Statements and Company Information

Table (4-88): Other operating income of MAC for the financial years ended 31 December 2023G, and 2024G:

Other operating income, net			
SARm	2023G	2024G	Var. 23G-24G
Income earned from insurance claim	-	562.5	n/a
Foreign exchange gain / (loss), net	-	(0.9)	n/a
Others, net	-	11.0	n/a
Total	**-**	**572.6**	**n/a**
As % of sales			
Income earned from insurance claim	-	6.1%	6.1 ppts
Foreign exchange gain / (loss), net	-	-	0.0 ppts
Others, net	-	2.5%	2.5 ppts

Source: MAC Financial Statements and Company Information

Other income/(expense) was reclassified under operating costs in 2024G.

Other income increased from SAR 21.5 million in 2023G to SAR 572.6m in 2024G primarily driven by income earned from an insurance claim, which amounted to SAR 562.5 million in 2024G related to an insurance claim. Up to the year ended 31 December 2023G, MAC wrote-off property, plant and equipment having carrying amount of SAR 46.8 million. These assets written off were mainly attributable to relining of pots within smelter plants which were worn before the completion of their economic useful lives. MAC had filed claims with the insurance company to recover the loss. During 2024G, the Company reached an arrangement to receive insurance claim of SAR 563 million which was received in full and was recognized and included in 'Other operating income, net'.

Zakat

The following table presents the adjusted income / (loss) calculation for Zakat and tax provision of MAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-89): Adjusted income calculation for Zakat and tax provision of MAC for the financial years ended 31 December 2023G, and 2024G:

Adjusted income calculation for Zakat and tax provision			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Accounting (loss) / income for the year	(1,552.9)	205.2	(113.2%)
Add/less: Disallowable expenses			
Depreciation - right-of-use assets	51.7	796.0	1,439.7%
Provision for employees' end of service termination benefits	30.9	35.3	14.2%
Accretion of lease liabilities	43.3	41.8	(3.5%)
Net accrual for settlement of derivative interest	(1.8)	31.8	(1,866.7%)
Employees' savings plan - Company's contribution	-	3.7	n/a
Other	-	134.7	n/a
Sub-total	**(1,428.8)**	**1,248.5**	**(187.4%)**
Add/less adjustment for tax calculation:			
Depreciation as per ZATCA rates	-	(720.4)	
Repayment of lease liabilities during the year	(79.2)	(76.3)	(3.7%)
Adjusted income for Zakat calculations	**(1,508.0)**	**451.8**	**(130.0%)**
Add/less adjustment for tax calculation:			n/a
Depreciation differential	204.8	-	(100.0%)
Payments of employees' end of service termination benefits	4.0	(7.5)	(287.5%)
Accounting loss on disposal or write off of fixed assets	-	(8.9)	n/a
Adjusted (loss) income for Tax calculations	**(1,299.2)**	**435.4**	**(133.5%)**
Allocation of adjusted income:			
Saudi Arabian shareholder (74.9%)	(1,129.5)	338.4	(130.0%)
Foreign shareholder (25.1%)	(326.1)	109.3	(133.5%)

Source: MAC Financial Statements and Company Information

The following table presents the components of Zakat expense of MAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-90): Components of Zakat base of MAC for the financial years ended 31 December 2023G, and 2024G:

Components of Zakat base			
SARm	2023G	2024G	Var. 23G-24G
Shareholders' equity, 1 January	5,881.2	-	(100.0%)
Equity Rights	-	4,606.0	n/a
Liabilities and equivalents	-	8,408.6	n/a
Provisions at the beginning of the year	208.6	-	(100.0%)
Long-term borrowings	6,475.9	-	(100.0%)
Lease liabilities and ROU assets, net	728.1	-	(100.0%)
Other non-current liability	208.2	-	(100.0%)
Other	34.2	-	(100.0%)
Sub-total	**13,536.2**	**13,014.6**	**(3.9%)**
Property, plant and equipment and Intangible assets	(9,746.2)	-	(100.0%)
Net fixed assets and equivalents	-	(11,200.8)	n/a
Capital work-in-progress	(563.9)	-	(100.0%)
Spare parts and consumables	(603.7)	-	(100.0%)
Lease liabilities and right-of-use assets, net	(795.7)	-	(100.0%)
Employees' home owners program receivable, non-current portion	(178.2)	-	(100.0%)
Others	(11.8)	(427.5)	3,522.9%
Net Zakat base for the year	**1,636.9**	**1,386.3**	**(15.3%)**
Zakat due at 2.578% on Zakat base for 2023G and 2024G	**42.2**	**35.7**	**(15.4%)**
Zakat Calculation based on adjusted net income:			
Adjusted net (loss) income for the year	(1,129.5)	140.1	(112.4%)
Zakat rate applicable to the Company	2.5%	2.5%	-
Zakat due at 2.5% on adjusted (loss) income for the year	**(28.2)**	**3.5**	**(112.4%)**
Net Zakat due on Zakat base and on adjusted net income	**14.0**	**35.7**	**155.0%**

Source: MAC Financial Statements and Company Information

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

The amounts for Zakat for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

Zakat expense increased by 62.5% from SAR 25.9 million in 2023G to SAR 42.1 million in 2024G, mainly due to the increase in profits generated over the same period.

4-2-1-1-5 Income tax and deferred tax

The following table presents the income tax provision of MAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-91): Income tax provision of MAC for the financial years ended 31 December 2023G, and 2024G:

Income tax provision			
SARm	2023G	2024G	Var. 23G-24G
Current tax expense	1.7	16.4	864.7%
Deferred income tax (expense) / income - net	(47.2)	1.0	(102.1%)
Charged to profit or loss arising from deferred tax asset	(37.0)	2.5	(106.8%)
Credited to profit or loss arising from deferred tax liabilities	(10.2)	(1.5)	(85.3%)
Total income tax (credit) / expense	**(45.5)**	**17.4**	**(138.2%)**

Source: MAC Financial Statements and Company Information

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

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

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

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

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

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

Net income tax expense changed from an income tax and deferred tax credit of SAR (45.5) million in 2023G to SAR 17.4 million in 2024G mainly due to higher profit before tax for the year of SAR 205.2 million in 2024G as compared to SAR (1,552.9) million losses in 2023G. The higher profits in 2024G were a result of the resumption of normal production compared to 2023G, during which production and sales were impacted due to potline disruptions.

4-2-1-2 Statement of Financial Position

The following table presents the financial position statement of MAC for financial year ended at 31 December 2023G and 2024G.

Table (4-92): Statement of financial position of MAC at 31 December 2023G, and 2024G:

Statement of financial position			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Property, plant and equipment	12,991.3	12,588.1	(3.1%)
Right-of-use assets	972.1	925.4	(4.8%)
Capital work-in-progress	752.9	911.1	21.0%
Intangible assets	21.0	20.9	(0.5%)
Deferred tax assets	245.9	243.4	(1.0%)
Employees' home owners program receivable	237.9	210.6	(11.5%)
Non-current portion of advances and prepayments	81.0	55.6	(31.4%)
Total non-current assets	**15,302.1**	**14,955.1**	**(2.3%)**
Current portion of employees' home owners program receivable	23.4	23.2	(0.9%)
Due from shareholder	70.5	49.2	(30.2%)
Due from fellow subsidiaries	524.7	183.3	(65.1%)
Derivative financial instruments	31.4	-	(100.0%)
Advances and prepayments	64.2	85.9	33.8%
Inventories	1,594.4	1,328.9	(16.7%)
Trade and other receivables	1,509.3	1,729.3	14.6%
Time deposits	15.0	-	(100.0%)
Cash and cash equivalents	444.4	1,065.5	139.8%
Total current assets	**4,277.3**	**4,465.3**	**4.4%**
Total assets	**19,579.4**	**19,420.4**	**(0.8%)**
Share capital	6,573.8	6,573.8	-
Statutory reserve (transfer of net income)	57.2	-	(100.0%)
Cash flow hedge reserve	20.9	-	(100.0%)
General reserve	-	57.2	n/a
Net (accumulated losses) / retained earnings	(704.8)	(571.2)	(19.0%)
Total shareholders' equity	**5,947.1**	**6,059.8**	**1.9%**
Deferred tax liabilities	333.4	332.0	(0.4%)
Long-term borrowings	7,272.4	7,850.3	7.9%
Other non-current liabilities	277.9	326.5	17.5%
Lease liabilities	1,030.5	996.0	(3.3%)
Provision for PPE dismantling obligation	282.7	220.7	(21.9%)
Employees' benefits	271.9	314.1	15.5%
Total non-current liabilities	**9,468.8**	**10,039.6**	**6.0%**
Trade and other payables	1,168.6	997.6	(14.6%)
Accrued expenses	1,157.4	1,221.1	5.5%
Zakat and income tax payable	44.9	60.2	34.1%
Current portion of long-term borrowings	1,566.3	853.2	(45.5%)

Statement of financial position			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Current portion of lease liabilities	31.9	31.8	(0.3%)
Due to a shareholder	93.6	105.5	12.7%
Due to fellow subsidiaries	100.8	51.6	(48.8%)
Total current liabilities	**4,163.5**	**3,321.0**	**(20.2%)**
Total liabilities	**13,632.3**	**13,360.6**	**(2.0%)**
Total shareholders' equity and liabilities	**19,579.4**	**19,420.4**	**(0.8%)**

Source: MAC Financial Statements and Company Information

The following table presents the financial position metrics statement of MAC for financial year ended at 31 December 2023G and 2024G.

Table (4-93): Statement of financial position metrics of MAC at 31 December 2023G, and 2024G:

Statement of financial position metrics			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Debt to equity ratio (1)	2.3	2.2	(4.3%)
Return on assets (2)	(7.8%)	0.8%	8.6 ppts
Return on equity (3)	(25.8%)	2.4%	28.2 ppts
Current ratio (4)	1.0	1.3	30.0%
Net cash from operating activities over rev. (5)	(2.9%)	13.1%	16.0 ppts

Source: MAC Financial Statements and Company Information

(1) Debt to equity ratio is defined as the total liabilities at the end of the year/period divided by total shareholders' equity.
(2) Return on Assets is calculated as follows: Net profit for the year / Total assets at the end of the year.
(3) Return on Equity is calculated as follows: Net profit for the year / Total shareholders' equity at the end of the year.
(4) Current Ratio is calculated as follows: Total Current Assets / Total Current Liabilities
(5) Net cash from operating activities over sales is calculated as follows: Net cash flows used in operating activities/sales.

4-2-1-2-1 Non-current assets

The following table presents the statement of non-current assets of MAC for financial years ended at 31 December 2023G and 2024G.

Table (4-94): Non-current assets of MAC at 31 December 2023G, and 2024G:

Non-current assets			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Property, plant and equipment	12,991.3	12,588.1	(3.1%)
Right-of-use assets	972.1	925.4	(4.8%)
Capital work-in-progress	752.9	911.1	21.0%
Intangible assets	21.0	20.9	(0.5%)
Deferred tax assets	245.9	243.4	(1.0%)
Employees' home owners program receivable	237.9	210.6	(11.5%)
Non-current portion of advances and prepayments	81.0	55.6	(31.4%)
Total non-current assets	**15,302.1**	**14,955.1**	**(2.3%)**

Source: MAC Financial Statements and Company Information

Non-current assets decreased by 2.3% from SAR 15,301.9 million at 31 December 2023G to SAR 14,955.1 million at 31 December 2024G primarily due to the decrease in PPE by 3.1% from SAR 12,991.3 million at 31 December 2023G to SAR 12,588.1 million at 31 December 2024G due to the depreciation charge for the year amounting, SAR 743.3 million.

This decrease was partially offset by an increase in capital work in progress from SAR 752.9 million at 31 December 2023 to SAR 911.1 million at 31 December 2024, due to additions amounting to SAR 158.2 million.

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

The following table presents MAC's total net book value of property, plant and equipment for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-95): Property, plant and equipment of MAC at 31 December 2023G, and 2024G:

	Property, plant and equipment						
SARm	Plant dismantling obligation	Land & buildings	Plant & equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
Cost							
01 January 2023G	-	8,540.9	11,205.8	54.5	12.2	12.2	19,825.6
Transfer from capital work-in-progress during the year	-	15.9	386.9	-	-	-	402.8
Write-offs during the year	-	-	(172.5)	-	-	-	(172.5)
Plant dismantling obligation	278.8	-	-	-	-	-	278.8
31 Dec 2023G	**278.8**	**8,556.8**	**11,420.3**	**54.4**	**12.2**	**12.2**	**20,334.7**
Transfer from capital work-in-progress during the year	-	29.0	386.0	0.1	0.2	-	415.3
Transfer	-	231.6	(231.6)	-	-	-	-
Write-offs during the year	-	-	(174.3)	-	-	-	(174.3)
Asset retirement obligation	(75.2)	-	-	-	-	-	(75.2)
31 Dec 2024G	**203.6**	**8,817.4**	**11,400.4**	**54.6**	**12.4**	**12.2**	**20,500.5**
Accumulated depreciation							
01 January 2023G	-	(1,906.9)	(4,575.1)	(49.5)	(9.9)	(12.2)	(6,553.7)
Charge for the year	(2.3)	(236.7)	(719.5)	(2.5)	(1.1)	-	(962.2)
Write-offs during the year	-	-	172.5	-	-	-	172.5
31 Dec 2023G	**(2.3)**	**(2,143.6)**	**(5,122.1)**	**(52.1)**	**(11.0)**	**(12.2)**	**(7,343.4)**
Charge for the year	(8.6)	(201.8)	(530.3)	(1.8)	(0.7)	-	(743.3)
Transfer	-	(48.7)	48.7	-	-	-	-
Write-offs during the year	-	-	174.3	-	-	-	174.3
31 Dec 2024G	**10.9**	**2,394.1**	**5,429.5**	**53.9**	**11.8**	**12.2**	**7,912.3**
Net book value							
31 Dec 2023G	**276.5**	**6,413.2**	**6,298.1**	**2.4**	**1.2**	**-**	**12,991.3**
31 Dec 2024G	**192.7**	**6,423.3**	**5,970.9**	**0.7**	**0.6**	**-**	**12,588.1**

Source: MAC Financial Statements and Company Information

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 properties, based on information currently available including closure and dismantling plans, the Company's environmental policies and applicable regulations.

Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined.

Management estimated the provision based on its understanding of the current legal requirements in the Kingdom of Saudi Arabia, the Company's environmental policy, terms of the license agreements and engineering estimates.

The net book value of property, plant, and equipment decreased by 3.1%, from SAR 12,991.3 million at 31 December 2023G to SAR 12,588.1 million at 31 December 2024G. This decrease was mainly due to the annual depreciation charge for the year of SAR 743.3 million and an asset retirement obligation amounting to SAR 75.2 million due to estimates for plant dismantling and site rehabilitation were revised, resulting in a decreased provision for these costs.

Table (4-96): Depreciation charge of property, plant and equipment of MAC at 31 December 2023G, and 2024G:

Depreciation of property, plant and equipment		
SARm	31 Dec 2024G	31 Dec 2024G
Distribution of depreciation during the year as following:		
Cost of sales	962.1	743.2
General & administrative	0.1	0.1
Total non-current assets	**962.2**	**743.3**

Source: MAC Financial Statements and Company Information

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

The following table displays MAC's total net book value of capital work in progress for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-97): Capital work-in-progress of MAC at 31 December 2023G, and 2024G:

Capital work-in-progress	
SARm	Total
Cost	
01 January 2023	286.6
Additions during the year	869.5
Transfer to property, plant and equipment during the year	(402.8)
Transfer to intangible assets during the period	(0.5)
31 December 2023G	**752.9**
Additions during the year	579.6
Transfer to property, plant and equipment during the year	(415.3)
Transfer to intangible assets during the period	(6.1)
31 December 2024G	**911.1**

Source: MAC Financial Statements and Company Information

Capital work-in-progress balance increased by 21.0% from SAR 752.9 million at 31 December 2023G to SAR 911.1 million at 31 December 2024G primarily attributable to additions during the period of SAR 579.6 million related to maintaining current production and expanding it in subsequent periods.

CWIP assets are in the course of construction or development and are transferred to the appropriate category (depending on the nature of the assets), once it is capable of operating in the manner intended by the Company.

This was offset by transfers to PPE and intangible assets of SAR 415.3 million and SAR 6.1 million respectively.

Borrowing costs attributable to qualifying assets

The following table presents MAC's capitalized borrowing cost attributable to qualifying assets for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-98): Borrowing cost attributable to qualifying assets of MAC at 31 December 2023G, and 2024G:

Borrowing cost attributable to qualifying assets			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Borrowing cost attributable to qualifying assets	6.8	16.3	139.7%
Capitalization rate	7.0%	6.9%	(0.1 ppts)

Source: MAC Financial Statements

The Company has capitalized net borrowing cost attributable to qualifying assets as part of capital work-in-progress during the period under review.

The borrowing costs capitalised was SAR 6.8 million in 2023G and SAR 16.3 million in 2024G at a capitalisation rate of 6.97% and 6.85% used for the calculation of borrowing cost attributable to qualifying assets.

The capitalisation rate is the weighted average interest rate used for borrowings as at the period end.

4-2-1-2-2 Current assets

The following table represents the statement of current assets during the fiscal years ended at 31, December 2023G and 2024G.

Table (4-99): Current assets of MAC at 31 December 2023G, and 2024G:

Current assets			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Current portion of employees' home owners program receivable	23.4	23.2	(0.9%)
Due from shareholder	70.5	49.2	(30.2%)
Due from fellow subsidiaries	524.7	183.3	(65.1%)
Derivative financial instruments	31.4	-	(100.0%)
Advances and prepayments	64.2	85.9	33.8%
Inventories	1,594.4	1,328.9	(16.7%)
Trade and other receivables	1,509.3	1,729.2	14.6%
Time deposits	15.0	-	(100.0%)
Cash and cash equivalents	444.4	1,065.5	139.8%
Total current assets	**4,277.3**	**4,465.2**	**4.4%**

Source: MAC Financial Statements and Company Information

Current assets increased by 4.4% from SAR 4,277.3 million as at 31 December 2023G to SAR 4,465.2 million as at 31 December 2024G, primarily due to an increase in cash and cash equivalents by 139.8%, from SAR 444.4 million as at 31 December 2023G to SAR 1,065.5 million as at 31 December 2024G.

This increase was partially offset by a decrease in amounts due from fellow subsidiaries of SAR 341.4 million due to collections made during the year.

4-2-1-2-2-1 Due from fellow subsidiaries

Table (4-100): Due from fellow subsidiaries of MAC at 31 December 2023G, and 2024G:

Due from fellow subsidiaries			
SARm	**31 Dec 2023G**	**31 Dec 2023G**	**Var. 23G-24G**
Ma'aden Bauxite and Alumina Company ("MBAC")	223.0	121.5	(45.5%)
Ma'aden Rolling Company ('MRC')	288.9	50.0	(82.7%)
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")	2.4	4.9	104.2%
Ma'aden Phosphate Company ('MPC')	9.0	4.1	(54.4%)
Ma'aden Infrastructure Company ("MIC")	1.1	2.5	127.3%
Ma'aden Fertilizer Company ("MFC")	0.2	0.3	50.0%
Ma'aden Gold and Base Metal Company ("MGBM")	0.1	-	(100.0%)
Total	**524.7**	**183.3**	**(65.1%)**

Source: MAC Financial Statements and Company Information

Due from fellow subsidiaries decreased by 65.1% from SAR 524.7 million at 31 December 2023G to SAR 183.3 million at 31 December 2024G, primarily due to collections from MBAC and MRC amounting to SAR 101.5 million and SAR 238.9 million, respectively.

4-2-1-2-2-2 Derivative financial instruments

Derivative instruments were reported as current assets as of 2023G and matured in 2024G. During the year ended 31 December 2024G, the derivative financial instruments were fully settled, and the outstanding amounts were completely received by MAC.

4-2-1-2-2-3 Inventories

The following table presents MAC's year-end balances in inventories for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-101): Inventories of MAC at 31 December 2023G, and 2024G:

Inventories			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Cost of finished goods	9.8	20.2	106.1%
Less: FG Inventory written off to net realizable value	(1.9)	(0.8)	(57.9%)
Finished goods - ready for sale	7.9	19.4	145.6%
Work-in-process	335.3	268.7	(19.9%)
Sub-total	**343.2**	**288.2**	**(16.0%)**
Spare parts and consumables	806.0	547.7	(32.0%)
Raw materials	484.6	523.5	8.0%
Allowance for slow moving spare parts and consumable materials	(39.4)	(30.4)	(22.8%)
Sub-total	**1,251.3**	**1,040.7**	**(16.8%)**
Total	**1,594.4**	**1,328.9**	**(16.7%)**
Days inventories outstanding ("DIO")[(1)]	**48**	**44**	**(8.3%)**

Source: MAC Financial Statements and Company Information

(1) Note to table: DIO has been calculated by dividing total inventories (excluding spare parts and consumables, and allowance for slow moving spare parts and consumable materials) by raw material and utilities consumed, multiplied by 365 days.

Table (4-102): Movement in allowance for slow moving spare parts and consumable materials of MAC at 31 December 2023G, and 2024G:

Movement in allowance for slow moving spare parts and consumable materials			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
As on 1 January	40.9	39.4	(3.7%)
Allowance for slow moving spare parts and consumables	(1.5)	(8.9)	493.3%
As on 31 December	**39.4**	**30.4**	**(22.8%)**

Source: MAC Financial Statements and Company Information

Inventories decreased by 16.7% from SAR 1,594.4 million at 31 December 2023G to SAR 1,328.9 million at 31 December 2024G primarily due to the decrease in spare parts and consumables by 32.0% from SAR 806.0 million at 31 December 2023G to SAR 547.7 million at 31 December 2024G, primarily due to ongoing working capital and cost optimization initiatives across Ma'aden Aluminium.

Finished goods- ready for sale

Finished goods- ready for sale increased by 145.6% from SAR 7.9 million at 31 December 2023G to SAR 19.4 million at 31 December 2024G driven by a higher cost of production in 2024G as compared to 2023G.

Work in process

Work in process decreased by 19.9% from SAR 335.3 million at 31 December 2023G to SAR 268.7 million at 31 December 2024G as work in process was higher in 2023G due to a potline disruption in 2023G and production ramp up in 2024G.

Spare parts and consumables

Spare parts and consumables decreased by 32.0% from SAR 806.0 million at 31 December 2023G to SAR 547.7 million driven by requirements of spare parts and consumables to restart operations post the November 2022G disruptions. In Q4 of 2022G, the company experienced a production disruption caused by issues in the aluminum smelter potlines. While the company intensified its efforts to restore operations to full capacity, it necessitated a greater inventory of spare parts and consumables in 2023G. Furthermore, the company established a substantial buffer in 2023G by securing additional consumables and spare parts.

Raw materials

Raw materials increased by 8.0% from SAR 484.6 million at 31 December 2023G to SAR 523.5 million 31 December 2024G, primarily due to a year-on-year increase in the price of the key raw material, alumina.

Allowance for slow moving spare parts and consumable materials.

Allowance for slow moving spare parts and consumable materials balance decreased by 22.8% from SAR 39.4 million at 31 December 2023G to SAR 30.4 million, primarily due to the utilization of provision against the write off of obsolete spare parts amounting to SAR 8.9 million during 2023G.

4-2-1-2-2-4 Trade and other receivables

The following table presents MAC's year-end balances trade and other receivables for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-103): Trade and other receivables of MAC at 31 December 2023G, and 2024G:

Trade and other receivables			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Ma'aden	655.3	731.7	11.7%
MRC	539.3	710.7	31.8%
Alcoa Inespal, S.A.	221.9	250.9	13.1%
Sub-total trade receivable	**1,416.4**	**1,693.3**	**19.5%**
Value Added Tax (VAT)	92.1	20.1	(78.2%)
Others	0.7	15.8	2,157.1%
Sub-total other receivable	**92.9**	**35.9**	**(61.4%)**
Total	**1,509.3**	**1,729.2**	**14.6%**
Days sales outstanding ("DSO")(1)	**66**	**67**	**1.5%**

Source: MAC Financial Statements and Company Information

(1) Note to table: DSO has been calculated by dividing trade receivables by total revenue, multiplied by 365 days.

Trade and other receivables increased by 14.6% from SAR 1,509.3 million at 31 December 2023G to SAR 1,729.2 million at 31 December 2024G, primarily due to increases in receivable balances from MRC and Ma'aden by 31.8% and 11.7%, amounting to SAR 171.4 million and SAR 76.4 million at 31 December 2024G, respectively. This increase was driven by higher sales and average prices during 2024G. However, it was partially offset by a decrease in VAT receivables amounting to SAR 72.0 million at 31 December 2024G, due to the collection of invoices related to the Saudi Electricity Company.

4-2-1-2-3 Non-current liabilities

The following table presents MAC's year-end balances for non-current liabilities for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-104): Non-current liabilities of MAC at 31 December 2023G, and 2024G:

Non-current liabilities			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Deferred tax liabilities	333.4	332.0	(0.4%)
Long-term borrowings	7,272.4	7,850.3	7.9%
Other non-current liabilities	277.9	326.5	17.5%
Lease liabilities	1,030.5	996.0	(3.3%)
Provision for PPE dismantling obligation	282.7	220.7	(21.9%)
Employees' benefits	271.9	314.1	15.5%
Total non-current liabilities	**9,468.8**	**10,039.6**	**6.0%**

Source: MAC Financial Statements and Company Information

Non-current liabilities increased by 6.0% from SAR 9,468.8 million at 31 December 2023G to SAR 10,039.6 million at 31 December 2024G.

This was mainly due to the increase in the balance of long-term borrowings by 7.9% from SAR 7,272.4 million at 31 December 2023G to SAR 7,850.3 million at 31 December 2024G, and an increase in other non-current liabilities by 17.5% from SAR 277.9 million at 31 December 2023G to SAR 326.5 million at 31 December 2024G due to additional accruals related to the dross processing project.

This was offset by the decrease in provision for PPE dismantling obligation by 21.9% from SAR 282.7 million at 31 December 2023G to SAR 220.7 million at 31 December 2024G.

4-2-1-2-3-1 Long-term borrowings

On 30 November 2010, the Company had entered into a Common Term Agreement ("**CTA**") with Public Investment Fund ('PIF'), Saudi Industrial Development Fund ("**SIDF**") a consortium of financial institutions. On 14 December 2017G, the facility with PIF was restructured resulting in a revised repayment schedule and covenants.

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

Table (4-105): Approved facilities of MAC at 31 December 2023G, and 2024G:

Facilities approved SARm	Date of approval	31 Dec 2023G	31 Dec 2024G	Commission rates
PIF - Amendment to the existing Agreement	14-Dec-17	4,275.4	4,275.4	SOFR + 1.5%
Riyal Murabaha		5,178.8	4,300.0	SAIBOR + 1.65%
Dollar conventional		1,503.8	-	LIBOR + 1.55%
Islamic and commercial banks	**31-Mar-24**	**6,682.5**	**4,300.0**	
Murabaha Riyal (Working Capital Facility)	22-Aug-22	1,125.0	1,125.0	SAIBOR + 0.65%
Total		**12,082.9**	**9,700.4**	

Source: MAC Financial Statements and Company Information

The new financing agreements imposed some financial covenants including:

- Maintenance of financial ratios as per financial covenants clause;
  - debt will not, at any time, exceed 4 times of total tangible net worth; and
  - financing cost will not exceed 50% of Earnings before Interest, Tax and Amortization ('EBITDA").
- Restriction on dividend distribution to shareholders.

In addition to scheduled repayments, the restructured PIF facility and the Dollar conventional and Riyal Murabaha facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Dollar conventional and the Riyal Murabaha facilities.

The Saudi National Bank acts as Intercreditor Agent and as Riyal Murabaha and Riyal Murabaha working capital Facilities Agent, while the First Abu Dhabi Bank acts as Dollar Conventional Facility Agent. The following table displays the Company's long-term borrowings for the two years ended 31 December 2023G and 2024G.

Table (4-106): Long-term borrowings of MAC at 31 December 2023G, and 2024G:

Long-term borrowings			
SARm	31 Dec 2023G	31 Dec 2024G	Commission rates
PIF	3,330.4	3,161.0	SOFR + 1. 5%
Less: Unamortized transaction costs	(22.5)	(18.5)	
Sub-total	**3,307.9**	**3,142.5**	
Islamic and commercial banks			
Riyal Murabaha	3,996.8	3,511.5	SAIBOR + 1.65%
Dollar conventional	953.6	718.9	LIBOR + 1.55%

Long-term borrowings			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Commission rates**
Sub-total	**4,950.4**	**4,230.4**	
Less: Repaid during the period / year	(720.0)	(4,230.4)	
Sub-total	**4,230.4**	**-**	
Less: Unamortized transaction costs	(17.3)	-	
Sub-total	**4,213.1**	**-**	
Murabaha Riyal (New)			SAIBOR + 0.85%
Murabaha Riyal	**-**	**4,300.1**	
Less: Unamortized transaction costs	-	(21.1)	
Sub-total	**-**	**4,278.8**	
New Murabaha Riyal (WCF)			SAIBOR + 0.65%
Drawdown during the year	1,125.0	1,125.0	
Sub-total	1,125.0	1,125.0	
Add: Accrued finance cost	192.4	157.1	
Total borrowings	**8,838.8**	**8,703.4**	
Sub-total - current portion of borrowings shown under current liabilities	(1,566.4)	(853.1)	
Long term portion	**7,272.4**	**7,850.3**	

Source: MAC Financial Statements and Company Information

Total borrowings decreased by 1.5% from SAR 8,838.7 million at 31 December 2023G to SAR 8,703.5 million at 31 December 2024G.

This decrease was due to the repayment of loans from Islamic and commercial banks amounting to SAR 4,230.4 million and a partial repayment of the PIF loan totaling SAR 169.4 million during 2024G.

This decrease was partially offset by acquiring a new loan from Islamic and commercial banks amounting to SAR 4,300.0 million.

Table (4-107): Facilities utilized of MAC at 31 December 2023G, and 2024G:

Facilities utilized		
SARm	**31 Dec 2023G**	**31 Dec 2024G**
PIF	3,912.1	3,330.4
Less: Repaid during the year	(581.8)	(169.4)
Sub-total	**3,330.4**	**3,161.0**
Less: Unamortized transaction costs	(22.4)	(18.5)
Sub-total	**3,308.0**	**3,142.5**
Islamic and commercial banks		
Riyal Murabaha	3,996.8	3,511.4
Dollar conventional	953.6	719.0
Sub-total	**4,950.4**	**4,230.4**
Less: Repaid during the period / year	(720.1)	(4,230.4)
Sub-total	**4,230.4**	**-**

Facilities utilized		
SARm	**31 Dec 2023G**	**31 Dec 2024G**
Less: Unamortized transaction costs	(17.3)	-
Sub-total	**4,213.1**	**-**
Murabaha Riyal (New)		
Murabaha Riyal	-	4,300.0
Less: Unamortized transaction costs	-	(21.1)
Sub-total	**-**	**4,278.9**
New Murabaha Riyal (WCF)		
Riyal Murabaha	1,125.0	1,125.0
Sub-total	**8,646.1**	**8,546.4**
Accrued finance cost	192.5	157.1
Total borrowings	**8,838.6**	**8,703.5**
Less: Current portion of long-term borrowings	(1,373.7)	(696.1)
Less: Accrued finance cost	(192.5)	(157.1)
Sub-total - current portion of borrowings shown under current liabilities	(1,566.3)	(853.2)
Long term borrowings	**7,272.4**	**7,850.3**

Source: MAC Financial Statements and Company Information

PIF: The repayment of loan started from 31 March 2023G, on a six-monthly basis, starting at SAR 100 million and increasing over the term of the loan with the final repayment of SAR 1,219 million on 30 September 2031G. In addition, MAC is required to make certain prepayments as described above. The rate of commission on the principal amount of the loan drawn for each commission period is Secured Overnight Financing Rate ("**SOFR**") plus a 1.5% margin plus the Credit Adjustment spread ("**CAS**") .

The transaction cost amortization during the year ended 31 December 2024G amounted to SAR 3.9 million (31 December 2023G: SAR 4.1 million).

Islamic and commercial banks:

The Riyal Murabaha and Dollar Conventional Facilities are fully repaid during the year ended 31 December 2024.

Transaction cost amounted to SAR 17.2 million has been amortized during the year ended 31 December 2024 (31 December 2023: SAR 7.6 million).

New Murabaha Riyal (WCF): The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Arabian Interbank Offered Rate ("**SAIBOR**") plus a margin of 0.65%. The repayment of the loan drawn on Islamic Murabaha Riyal facility is at maturity on 22 August 2027, in full.

Murabaha Riyal (New): The rate of commission on the principal amount of the loan drawn on Murabaha Riyal is Saudi Arabian Interbank Offered Rate ("**SAIBOR**") plus a margin of 0.85%. The repayment of the loan drawn on Murabaha Riyal facility is at maturity on September 2030, in full.

4-2-1-2-3-2 Lease liabilities

The Company has entered into lease agreements which entitled the Company to right of use asset and obligations relating to certain vehicles and heavy equipment. The following table presents the lease liabilities for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-108): Lease liabilities MAC at 31 December 2023G, and 2024G:

Lease liabilities			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Future minimum lease payment	1,725.9	1,649.6	(4.4%)
Less: Future finance cost not yet due	(663.6)	(621.8)	(6.3%)
Net present value of minimum lease payment	**1,062.3**	**1,027.8**	**(3.2%)**
Less: Current portion of lease liabilities shown under current liabilities	(31.9)	(31.8)	(0.3%)
Long term portion of lease liabilities	**1,030.5**	**996.0**	**(3.3%)**

Source: MAC Financial Statements and Company Information

The following table presents MAC's additions of new lease liabilities, and the payments made for existing liabilities for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-109): Movement in future minimum lease payments MAC at 31 December 2023G, and 2024G:

Movement in future minimum lease payments:			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
1 January	1,804.0	1,725.9	(4.3%)
Additions during the year	1.1	-	(100.0%)
Terminations during the year	-	-	n/a
Sub-total	**1,805.1**	**1,725.9**	**(4.4%)**
Payments during the year	(79.2)	(76.3)	(3.7%)
31 December	**1,725.9**	**1,649.6**	**(4.4%)**

Source: MAC Financial Statements and Company Information

The following table presents MAC's finance costs related to lease liability and its movements following the lease liability additions and payments for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-110): Movement in future finance costs of MAC at 31 December 2023G, and 2024G:

Movement in future finance costs:			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
1 January	(706.7)	(663.6)	(6.1%)
Additions during the year	(0.1)	-	(100.0%)
Sub-total	**(706.9)**	**(663.6)**	**(6.1%)**
Accretion of future finance cost during year	43.3	41.8	(3.5%)
31 December	**(663.6)**	**(621.8)**	**(6.3%)**

Source: MAC Financial Statements and Company Information

Lease liabilities

Lease liabilities decreased by 3.2% from SAR 1,062.4 million at 31 December 2023G to SAR 1,027.8 million at 31 December 2024G due to the decrease in future minimum lease payment by 4.4% from SAR 1,725.9 million at 31 December 2023G to SAR 1,649.6 million at 31 December 2024G.

4-2-1-2-4 Current liabilities

The following table presents MAC's current liabilities for the two years ended 31 December 2023G and 2024G.

Table (4-111): Current liabilities of MAC at 31 December 2023G, and 2024G:

Current liabilities			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Trade and other payables	1,168.6	997.6	(14.6%)
Accrued expenses	1,157.4	1,221.1	5.5%
Zakat and income tax payable	44.9	60.2	34.1%
Current portion of long-term borrowings	1,566.3	853.2	(45.5%)
Current portion of lease liabilities	31.9	31.8	(0.3%)
Due to a shareholder	93.6	105.5	12.7%
Due to fellow subsidiaries	100.8	51.6	(48.8%)
Total current liabilities	**4,163.4**	**3,321.1**	**(20.2%)**

Source: MAC Financial Statements and Company Information

Current liabilities decreased by 20.2% from SAR 4,163.4 million at 31 December 2023G to SAR 3,321.1 million at 31 December 2024G primarily due to the decrease in current portion of long-term borrowings by 45.5% from SAR 1,566.3 million at 31 December 2023G to SAR 853.2 million at 31 December 2024G.

Additionally, the trade and other payables balance decreased by 14.6% from SAR 1,168.6 million at 31 December 2023G to SAR 997.6 million at 31 December 2024G primarily due to the settlement of outstanding energy bills at 31 December 2023G during 2024G.

4-2-1-2-4-1 Trade and other payable

The following table presents MAC's year-end balances in trade and other payables for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-112): Trade and other payables of MAC at 31 December 2023G, and 2024G:

Trade and other payables			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Trade payables - MRC	232.0	342.1	47.5%
Trade payables - MBAC	151.0	317.1	110.0%
Trade payables	758.6	297.0	(60.8%)
Project payable and others	27.0	41.4	53.3%
Total	**1,168.6**	**997.6**	**(14.6%)**
Days payable outstanding ("DPO")(1)	**49**	**42**	**(14.3%)**

Source: MAC Financial Statements and Company Information

(1) Note to table: DPO has been calculated by dividing total trade and other payables by total cost of sales, multiplied by 365 days.

Trade and other payables decreased by 14.6% from SAR 1,168.6 million at 31 December 2023G to SAR 997.6 million at 31 December 2024G, primarily due to a decrease in trade payables by 60.8%, from SAR 758.6 million at 31 December 2023G to SAR 297.0 million at 31 December 2024G.

This decrease was largely driven by settlement of outstanding energy bills at 31 December 2023G during 2024G.

However, this was partially offset by an increase in trade payables to MRC by 47.5%, from SAR 232.0 million at 31 December 2023G to SAR 342.1 million at 31 December 2024G, and an increase in trade payables to MBAC by 110.0%, from SAR 151.0 million at 31 December 2023G to SAR 317.1 million at 31 December 2024G.

These increases were primarily due to higher volumes purchased as production increased and an increase in prices for the products.

4-2-1-2-4-2 Accrued expenses

The following table presents MAC's year-end balances in accrued expenses for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-113): Accrued expenses of MAC at 31 December 2023G, and 2024G:

Accrued expenses			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Trade	1,046.2	1,096.7	4.8%
Employee related	111.2	103.0	(7.4%)
Accrued Projects	-	21.4	n/a
Total	**1,157.4**	**1,221.1**	**5.5%**

Source: MAC Financial Statements and Company Information

Accrued expenses increased by 5.5% from SAR 1,157.4 million at 31 December 2023G to SAR 1,221.1 million at 31 December 2024G, primarily due to an increase in trade-related accrued expenses by 4.8%, from SAR 1,046.2 million at 31 December 2023G to SAR 1,096.7 million at 31 December 2024G, driven by higher accrual of utilities.

Additionally, the accrued project balance increased from nil at 31 December 2023G to SAR 21.4 million at 31 December 2024G, mainly due to accruals related to ongoing projects.

This increase was partially offset by a decrease in employee-related expenses, which fell by 7.4% from SAR 111.2 million at 31 December 2023G to SAR 103.0 million at 31 December 2024G, primarily due to reductions in vacation pay accruals and airfare accruals.

4-2-1-2-5 Equity

The following table presents MAC's equity for the two years ended 31 December 2023G and 2024G.

Table (4-114): Equity of MAC at 31 December 2023G, and 2024G:

Equity		
SARm	31 Dec 2023G	31 Dec 2024G
Share capital	6,573.8	6,573.8
Statutory reserve (transfer of net income)	57.2	-
Cash flow hedge reserve	20.9	-
General reserve	-	57.2
Net (accumulated losses) / retained earnings	(704.8)	(571.2)
Total shareholders' equity	**5,947.0**	**6,059.7**

Source: MAC Financial Statements and Company Information

Total shareholder's equity was mainly composed of the share capital of the Company, statutory reserve, cash flow hedge reserve and retained earnings / accumulated losses. Share capital amounted to SAR 6,573.8 million at 31 December 2023G and 31 December 2024G.

4-2-1-3 Cash flow statement

The following table displays the statement of cash flows of MAC for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-115): Cash flow statement of MAC at 31 December 2023G, and 2024G:

Cash flow statement			
SARm	2023G	2024G	Var. 23G-24G
(Loss) / profit before Zakat and income tax	(1,552.9)	205.2	(113.2%)
Adjustments for non-cash flow items:			
Finance cost	613.8	650.8	6.0%
Finance income	(38.4)	(40.3)	4.9%
Depreciation- PPE	962.2	743.3	(22.7%)
Depreciation- ROU	51.7	46.6	(9.9%)
Amortization of intangible assets	7.2	6.2	(13.9%)
Allowance for slow moving spare parts and consumable materials	1.5	(8.9)	(693.3%)
Write down of inventories to net realizable value	1.9	0.8	(57.9%)
Provision for employees' termination benefits	21.7	24.9	14.7%
Employees' saving plan (payment) / contribution	(1.0)	3.7	(470.0%)
Changes in working capital:			
Due from a shareholder	138.9	21.3	(84.7%)
Due from fellow subsidiaries	(146.9)	341.4	(332.4%)
Employees' home owners program receivable	8.6	27.5	219.8%
Advances and prepayments	(82.8)	3.7	(104.5%)
Inventories	(198.9)	273.7	(237.6%)
Trade and other receivables	(228.8)	(219.9)	(3.9%)
Trade and other payables	438.5	(172.6)	(139.4%)
Accrued expenses	371.8	52.4	(85.9%)
Due to a shareholder	(15.8)	11.9	(175.3%)
Due to fellow subsidiaries	15.2	(49.2)	(423.7%)
Net cash generated from operations	**367.5**	**1,922.5**	**423.1%**
Employees' termination benefits paid	4.0	(7.5)	(287.5%)
Payment for periodic net settlement of interest rate swap	54.8	21.2	(61.3%)
Zakat paid	(57.3)	(43.2)	(24.6%)
Tax paid	-	-	(100.0%)
Finance cost paid	(599.2)	(689.6)	15.1%
Net cash (utilized in) generated from operating activities	**(230.2)**	**1,203.4**	**(622.8%)**
Additions to capital work-in-progress	(869.5)	(503.4)	(42.1%)

Cash flow statement			
SARm	**2023G**	**2024G**	**Var. 23G-24G**
Finance income received	38.4	40.3	4.9%
Time deposits	1,152.5	15.0	(98.7%)
Movement in restricted cash	1.0	48.4	4,740.0%
Net cash generated from (utilized in) investing activities	**322.4**	**(399.7)**	**(224.0%)**
Repayment of long-term borrowings	(1,301.8)	(4,399.8)	238.0%
Additions of long-term borrowings	1,125.0	4,300.0	282.2%
Payment of principal portion of lease liabilities	(35.9)	(34.5)	(3.9%)
Dividend paid to shareholders	(226.1)	-	(100.0%)
Net cash utilized in financing activity	**(438.8)**	**(134.2)**	**(69.4%)**
Net change in cash and cash equivalents	**(346.7)**	**669.5**	**(293.1%)**
Unrestricted cash and cash equivalents at the beginning of the year	742.6	396.0	(46.7%)
Unrestricted cash and cash equivalents at the end of the year	**396.0**	**1,065.5**	**169.1%**

Source: MAC Financial Statements and Company Information

Table (4-116): Non-cash flow transactions of MAC at 31 December 2023G, and 2024G:

Non-cash flow transactions			
SARm	**2023G**	**2024G**	**Var. 23G-24G**
Transfer to intangible assets from capital work-in-progress	0.5	6.1	1,120.0%
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	6.8	16.3	139.7%
Transfer to PPE from capital work-in-progress	402.8	415.3	3.1%
Adjustment to PPE against accrual	261.5	11.3	(95.7%)
Addition of dismantling obligation of PPE	278.8	75.2	(73.0%)

Source: MAC Financial Statements and Company Information

The unrestricted cash and cash equivalents balance at the end of the year increased by 169.1% from SAR 396.0 million at 31 December 2023G to SAR 1,065.5 million at 31 December 2024G, primarily due to net cash generated from operations amounting to SAR 1,922.5 million in 2024G compared to SAR 367.5 million in 2023G.

This increase was partially offset by additions to capital work-in-progress amounting to SAR 503.4 million and net cash utilized in financing activities amounting to SAR 134.2 million compared to SAR 438.8 million in 2023G.

Net cash from operating activities

Net cash generated from operating activities increased by SAR 1,433.6 million from SAR (230.2) million in 2023G to SAR 1,203.4 million in 2024G, primarily due to the increase in profit before zakat.

This was coupled with a decrease in the balance due from fellow subsidiaries by SAR 341.4 million and a decrease in the balance due from a shareholder by SAR 21.3 million due to collections. Additionally, there was a decrease in inventories by SAR 273.7 million as a result of ongoing working capital and cost optimization initiatives.

This increase was partially offset by an increase in trade and other receivables by SAR 219.9 million due to higher sales during the year, along with a decrease in trade and other payables by SAR 172.6 million due to settling outstanding payables with suppliers.

Net cash from investing activities

Net cash generated from investing activities decreased from an inflow of SAR 322.4 million in 2023G to an outflow of SAR 399.7 million in 2024G. This decrease was primarily attributable to lower cash inflow from time deposits amounting to SAR 15.0 million in 2024G compared to SAR 1,152.5 million in 2023G. which was partially offset by lower additions to capital work-in-progress from SAR 869.5 million in 2024G compared to SAR 503.4 million in 2023G.

Net cash from financing activities

Net cash outflows from financing activities reduced from an outflow of SAR 438.8 million in 2023G to SAR 134.2 million in 2024G primarily due to the Company did not pay any dividends to shareholders during the year compared to SAR 226.1 million in 2023G.

4-3 MBAC's management's discussion and analysis of the financial position and results of operations

4-3-1 Introduction

This Section "**Management Discussion and Analysis of Financial Position and Results of Operations**" ("**MD&A**") provides an analysis of the financial results of Ma'aden Bauxite and Alumina Company ("**MBAC**") and is based on MBAC's Financial Statements for the years ended 31 December 2021G, 31 December 2022G, 31 December 2023G and 31 December 2024G (together referred to as "**MBAC's Financial Statements**"). Information not directly derived from the MBAC's Financial Statements has been derived from the Company's information.

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

The above-mentioned financial statements are an integral part of this Circular and this section should be read in conjunction with the financial statements, their accompanying notes and their supplementary clarifications, contained in Appendix [1] ("**Financial Statements of Financial Years ended on 31 December 2021G, 2022G, 2023G and 2024G**") of this Circular.

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

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

4-3-2 Directors' Declarations on the Financial Statements

Members of the Board of Directors of Ma'aden bear no responsibility for the accuracy and completeness of the information provided in this section. The information in this section has been obtained from MBAC's Financial Statements without making any material modification to them, in addition to information provided by MBAC. MBAC is committed to supplying Ma'aden with all necessary information available to MBAC, as required for the preparation of this disclosure. MBAC has also provided a guarantee to Ma'aden that all information provided to MBAC related to the transaction is true, accurate, and materially non-misleading. MBAC has further guaranteed that it has not intentionally withheld any material information from Ma'aden.

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

4-3-3 Overview of MBAC

MBAC is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2055012955 dated 18 Safar 1432H (corresponding to 22 January 2011G), and a branch CR number 1131037372 dated 12 Thul Qa'adah 1432H (corresponding to 10 October 2011G) with an authorized share capital of Saudi Riyals ("**SAR**") 5,100,000,000 comprising of 510,000,000 ordinary shares at a nominal value of SAR 10 each.

The objectives of the Company are to mine and refine bauxite and produce and sell alumina.

The Company is owned by one Saudi Arabian shareholder (Saudi Arabian Mining Company ("**Ma'aden**")) and one foreign shareholder (AWA Saudi Limited ("**AWA**")) as summarized in the following table:

Share capital	2021G	2022G	2023G	2024G
Saudi Arabian Mining Company	74.9%	74.9%	74.9%	74.9%
AWA Saudi Limited*	25.1%	25.1%	25.1%	25.1%

Source: MBAC Financial Statements

*AWA is 60% owned by Alcoa Corporation and 40% owned by Alumina Limited.

The Company has started its initial production as part of its commissioning activities in the fourth quarter of 2014G. The Company has declared achieving commercial production on 1 October 2016G and has a designed production capacity of 1.8 million tons per year.

At 31 December 2024, the Company's current liabilities exceeded its current assets by Saudi Riyals 58.2 million. The management believes that the liquidity position of the Company will improve in the next 12 months and beyond based on the following:

-The Company, based on the five year approved business plan, expects to generate sufficient cash flows in the next 12 months to cover the shortfall. Moreover, management has taken the initiatives to improve the Company's working capital cycle and has forecasted significant positive operating cash flows in its business plan for the next five years based on the realistic prices, cost and production assumptions which are aligned with the Company's historical performance. Moreover, historically the Company has generated significant operating cash flows and has always settled its current liabilities within the credit period of 60 days; and

-As of 31 December 2024, the Company has unutilized working capital facility of Saudi Riyals 925 million which can be utilized in case of any liquidity shortfall.

Based on the above, management believes that the Company will be able to repay its liabilities for the next twelve months as they become due, in the normal course of business. Accordingly, the financial statements have been prepared under the going concern basis.

4-3-4 Summary of MBAC's accounting policies

4-3-4-1 Basis of preparation

The financial statements comprise the financial information for MBAC only with no subsidiaries or associate company investments.

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

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

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

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

The financial statements are presented in SAR which is the reporting currency of the Company.

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

Certain new accounting standards, amendments to standards and interpretations have been published by the IASB that are not mandatory for the 31 December 2024G reporting period and have not been early adopted by the Company. The management is in the process of assessing the impact of the new standards, amendments and interpretations on its financial statements.

New and amended IFRS standards adopted by the Company

The Company has applied the following amendments for the first time from 1 January 2024G:

- Classification of Liabilities as current or non-current and non-current liabilities with covenants – amendments to IAS 1;
- Lease liability in sale and leaseback – amendments to IFRS 16; and
- Supplier finance arrangements – amendments to IAS 7 and IFRS 7

No material effect was noted upon the adoption of the new and amended standards on the Company's financial statements. There are no other amendments or interpretations which are effective from 1 January 2024G that have a material effect on the Company's financial statements.

4-3-4-2 Summary of material accounting policies

The significant accounting policies applied in the preparation of the financial statements for the periods 31 December 2024G and 31 December 2023G are set out below. These policies have been consistently applied to all years presented.

4-3-4-2-1 Foreign currency translation

Foreign currency transactions are translated into SAR at the spot rates of exchange prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into SAR at the rate of exchange prevailing at the reporting date.

4-3-4-2-2 Revenue recognition

Revenue comprises of sales of alumina and is measured based on the considerations specified in contracts with customers. Revenue is recognized either at a point in time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

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

4-3-4-2-3 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 Company transfers the related goods or services. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

4-3-4-2-4 General and administrative expenses

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

4-3-4-2-5 Mine properties and property, plant and equipment

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 the mine, in which case the straight-line method is applied.

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

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

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

Depreciation is charged to the 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
Land and buildings	25 – 50
Plant and equipment	10 – 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the 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 statement of profit or loss.

Borrowing costs related to qualifying assets that take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the qualifying assets until substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

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

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.

Evaluation expenditure 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 feasibilities studies.

All exploration and evaluation costs are expensed until a 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 expenditure.

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 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 accumulated impairment. 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 asset 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 and reversal of impairment on exploration and evaluation assets.

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**".

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**".

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

Stripping activity asset and stripping activity expense

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

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

Stripping activities during the production phase generally create two types of benefits, being as follows:

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

Where the benefits are realized in the form of inventory produced during the period end 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 ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a 'Stripping activity asset', if all the following criteria 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 access will be 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 criteria are not met, the production stripping costs are charged to the 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 asset, being either a tangible or an intangible asset (based upon the nature of existing asset) in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value of cash generating unit may not be recoverable.

The stripping activity asset is subsequently amortized to cost of sales 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 amortization and any impairment losses.

4-3-4-2-6 Right-of-use assets and lease liabilities

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes 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 Company recognizes 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 ("**ROU**") assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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

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

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

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are 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 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 Company uses its incremental borrowing rate.

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

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

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

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

The Company remeasures the lease liability (and makes a corresponding adjustment to the related 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 liabilities are 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 liabilities are 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 liabilities are remeasured by discounting the revised lease payments using a revised discount rate.

4-3-4-2-7 Capital work-in-progress

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in 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.

4-3-4-2-8 Intangible assets

Internally generated intangibles, excluding capitalized development costs, are not capitalized. Instead, the related expenditure is recognized in the 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 on intangible assets with finite lives is recognized in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortizes intangible assets with a limited economic useful life using the straight-line method over ten years.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually, or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from 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 statement of profit or loss when the asset is derecognized.

4-3-4-2-9 Asset impairment

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment 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 Company estimates the recoverable amount of the cash generating unit ("**CGU**") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually whenever there is an indication that the asset may be impaired.

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

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

4-3-4-2-10 Employees' home owners program receivable

The Company has established an employees' home owners program ("**HOP**") that offer 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 upon completion of full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners' receivable upon signing of the sales contract with the eligible employees. The monthly instalments 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.

4-3-4-2-11 Inventories

Finished goods

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

Production costs include:

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

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

Work-in-process

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

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore and production activities;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore, and the Amortization of any deferred stripping assets; 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.

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. Cost of ore stockpile is determined by using the weighted-average 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 or 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 or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow-moving items, if any, is estimated at each reporting date.

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

Raw materials

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

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

4-3-4-2-12 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less expected credit loss ("**ECL**") allowance, if any.

When a trade and other receivable is uncollectible, it is written-off against the allowance for doubtful debts in the statement of profit or loss. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

4-3-4-2-13 Time deposits

Time deposits include placements with banks and other short term highly liquid instruments, with original maturities of more than 3 months but not more than one year from the date of acquisition. Term 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 credit risk of the counter party.

4-3-4-2-14 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash and cash equivalents are related to employees' savings plan obligation.

4-3-4-2-15 Financial instruments and financial assets and financial liabilities

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

Derivative instruments

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

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

Interest rate swaps and cash flow hedges

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 exchange rates. The Saudi Riyal is pegged at SAR 3.75: USD 1, therefore the Company is not exposed to any risks from USD denominated financial instruments.

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

The Company does not use forward exchange contracts.

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces. The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Financial assets

The Company's principal financial assets include:

- due from fellow subsidiaries
- due from a shareholder
- derivative financial instruments
- trade and other receivable excluding pre-payments and Zakat / tax receivable
- time deposits
- cash and cash equivalents

Initial recognition 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 at transaction price.

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

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

Classification of financial assets

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

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

Impairment and uncollectibility of financial assets

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

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

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

Regardless of the change in credit risk, loss allowances on trade receivables 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 statement of profit or loss.

De-recognition of financial assets

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

Gains and losses on de-recognition are generally recognized in the statements of profit or loss.

Financial liabilities

The Company's principal financial liabilities comprise of:

- due to fellow subsidiaries
- due to a shareholder
- long -term borrowings
- trade and other payables and accrued expenses

Initial recognition of financial liabilities

Financial liabilities are initially recognized at fair value of 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 effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the separate statement of profit or loss over the period of long-term borrowings using effective interest rate method.

Classification of financial liabilities

Financial liabilities are classified as 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.

De-recognition of financial liabilities

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

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

Offsetting a financial asset and a financial liability

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

4-3-4-2-16 Long-term borrowings

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

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

4-3-4-2-17 Provisions

Provisions are recognized when the Company has:

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

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

4-3-4-2-18 Provisions for decommissioning, site rehabilitation and dismantling obligations

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

The full estimated cost is discounted to its present value and capitalized as part of "**Mining properties**" and once commercial production is achieved, it is then depreciated as an expense over the expected life-of-mine using UOP method.

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

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

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase or decrease in liability and a corresponding increase or decrease in the mine 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.

4-3-4-2-19 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 6 Rabi II 1420H (corresponding to 19 July 1999G), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Company to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Company.

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1.0% to a maximum of 15.0% of their basic salary subject to a minimum of SAR 300 per month.

In accordance with this plan, the Company will contribute an amount equaling 10.0% of the monthly savings of each member per year for the first year and increase it by 10.0% per year in the years there after until it reaches 100.0% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Company's portion is charged to statement of profit or loss on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

Other short-term obligations

Liabilities for wages and salaries, including non-monetary benefits 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 statement of financial position.

Furniture loan

The Company 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 statement of financial position in respect of the defined employees' end of service termination benefits plan, is the present value of the defined benefits obligation at the end of the reporting period. The defined 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 defined benefit obligation by discounting the estimated future cash outflows.

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

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in shareholders' equity and in the statement of financial position.

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

4-3-4-2-20 Trade and other payables and accrued expenses

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

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

4-3-4-2-21 Zakat, income tax, withholding tax and deferred taxes

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

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

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

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

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

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

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

Further, the amounts for Zakat and income tax expense for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

4-3-4-2-22 Severance fees

Effective from 1 January 2021G onwards, as per the Mining Investment Law as issued via Ministerial Resolution No. 1006/1/1442 dated 9 Jumada Al-Awwal 1442H (corresponding to 17 April 2021G) (the "**Mining Law**"), the Company 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 below mineral, 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

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 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 statement of profit or loss and is not included in the valuation of inventory.

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.

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

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

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

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

The following critical judgements have the most significant effect on the amounts realized in the financial statements:

- right-of-use assets and lease liabilities; and
- Provision for decommissioning, site rehabilitation and dismantling obligations
- severance fees under the Mining Law

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company'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 Company, the lessee's incremental borrowing rate is used, being the rate that the Company 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.

Provision for decommissioning, site rehabilitation and dismantling obligations

The Company will be able to renew its mining license beyond its initial expiry term in 2037 and the renewal shall be made to 2063 based on the life of mine. As such, the future date used in the asset decommissioning calculation of 2063 is deemed appropriate as the Company expects to fully extract the ore from the mine by that date. There are no changes in the government plans and policies, introduction of new mining companies or granting new mining licenses that could potentially impact the determination by management of the renewal of the Company's license

Severance fees under the Mining Law

In accordance with the Mining Law, the Company is required to pay 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.

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

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

- economic useful lives and residual values of mine properties, property, plant and equipment;
- zakat and income taxes;
- mineral resource and ore reserve estimates;
- decommissioning, site rehabilitation and dismantling obligations;
- allowances for obsolete and slow-moving spare parts and consumable materials

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

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

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

Zakat and income taxes

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. No Zakat assessments were finalized by the ZATCA and where the final Zakat outcome of an assessment is different from the amounts that were initially recorded, such differences will impact and be recorded in the Zakat provisions in the period in which such determinations are made.

The deferred tax and severance assets include an amount of SAR 1,378,000 which relates to carried-forward tax losses of the Company. The Company has incurred the losses over the past few financial years. The Company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets of the Company. The Company generated taxable income during the current year and is expected to generate taxable income in 2025G and onwards as well.

Mineral resource and ore reserve estimates

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

The ore reserve estimates of the Company have been determined based on long-term commodity price and forecasts 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 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 Company's ability to extract these ore reserves, could have a material adverse effect on the Company's business, prospects, financial condition and operating results.

Decommissioning, site rehabilitation and dismantling obligations

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

Allowances for obsolete and slow-moving spare parts and consumable materials

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date.

Changes in accounting estimate

During quarter ended 31 December 2023G, as part of the Company'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 Company's business and industry, the Company 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 2024G:

- Economic useful lives and residual values of mine properties and property, plant and equipment.
- 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 quarter ended 31 December 2023, the Company 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 Company for the year ended 31 December 2024 decreased by SAR 99.0 million (2023: SAR 58.6 million), as compared to what it would have been using the previous estimates of useful lives and residual values.

Recognition of provision for dismantling of property, plant and equipment

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

- Provision of SAR 254 million for plant dismantling and site rehabilitation with a corresponding increase in non-current assets as of 31 December 2023G
- Increase in depreciation expense of SAR 10.0 million (2023G: SAR 2.5 million), an
- Increase in finance cost of SAR 18.8 million (2023G: SAR 4.7 million).

4-3-5 Results of the Operations for the Financial Years ended 31 December 2021G, 2022G and 2023G for MBAC

4-3-5-1 Statement of profit or loss and other comprehensive income

The following table presents the statement of profit or loss and other comprehensive income of MBAC for the financial years ended 31 December 2021G, 2022G and 2023G.

Table (4-117): Statement of profit or loss and other comprehensive income of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Statement of profit or loss and other comprehensive income						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Sales	2,271.1	2,362.8	2,429.3	4.0%	2.8%	3.4%
Cost of sales	(1,936.2)	(2,675.1)	(2,567.0)	38.2%	(4.0%)	15.1%
Gross profit \ (loss)	**334.9**	**(312.3)**	**(137.7)**	**(193.3%)**	**(55.9%)**	**N/A**
Operating expenses						
General and administrative expenses	(59.4)	(76.8)	(89.5)	29.3%	16.5%	22.7%
Operating profit \ (loss)	**275.6**	**(389.1)**	**(227.2)**	**(241.2%)**	**(41.6%)**	**N/A**
Other (expenses) income						
Finance cost	(208.4)	(271.6)	(468.3)	30.3%	72.4%	49.9%
Finance income	4.6	20.0	16.3	334.8%	(18.5%)	88.2%
Finance cost, net	(203.8)	(251.6)	(452.1)	23.5%	79.7%	48.9%
Other (expense)/ income, net	-	2.4	(0.3)	N/A	(112.5%)	N/A
(Loss) profit before Zakat, income tax and severance fee	**71.7**	**(638.3)**	**(679.5)**	**(990.2%)**	**6.5%**	**N/A**
Zakat expense	(18.0)	(7.4)	(8.7)	(58.9%)	17.6%	(30.5%)
Income tax expense	(11.5)	21.5	9.8	(287.0%)	(54.4%)	N/A
Severance fee, net	-	-	312.8	N/A	N/A	N/A
(Loss) profit for the year	**42.2**	**(624.2)**	**(365.6)**	**(1,579.1%)**	**(41.4%)**	**N/A**
Other comprehensive (loss) / gain						
Items that may be reclassified to profit or loss in subsequent periods						
(Loss) / gain on cash flow hedge	48.8	84.7	(30.3)	73.6%	(135.8%)	N/A
Items not to be reclassified to profit or loss in subsequent periods						
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation	(0.1)	(2.2)	0.6	2,100.0%	(127.3%)	N/A
Other comprehensive (loss) / gain for the year	**48.7**	**82.5**	**(29.7)**	**69.4%**	**(136.0%)**	**N/A**
Total comprehensive income for the year	**90.9**	**(541.7)**	**(395.3)**	**(695.9%)**	**(27.0%)**	**N/A**

Source: MBAC Financial Statements

The following table presents the key performance indicators of MBAC for the financial years ended 31 December 2021G, 2022G and 2023G.

Table (4-118): Key performance indicators of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Key performance indicators (KPIs)						
	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Volumes sold (kMT)	1,841.0	1,709.0	1,856.0	(7.2%)	8.6%	0.4%
Average selling price (SAR/kMT)	1,233.6	1,382.5	1,308.9	12.1%	(5.3%)	3.0%
Volume produced (kMT)	1,879.0	1,745.0	1,825.0	(7.1%)	4.6%	(1.4%)
Utilization of production facility	101.4%	99.5%	102.5%	1.9 ppts	3.0 ppts	N/A
Raw material and utilities cost as a % of sales	25.5%	51.0%	33.8%	25.5 ppts	(17.2 ppts)	N/A
Gross margin	14.7%	(13.2%)	(5.7%)	(28.0 ppts)	7.5 ppts	N/A
Operating margin	12.1%	(16.5%)	(9.4%)	(28.6 ppts)	7.1 ppts	N/A
Net profit margin	1.9%	(26.4%)	(15.0%)	(28.3 ppts)	11.4 ppts	N/A

Source: MBAC Financial Statements, Company Information

Sales

Sales comprises of sales of alumina and are measured based on the considerations specified in contracts with customers. Revenue is recognized either at a point in time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

Despite the decline in volumes sold by 7.2% from 1,841 kMT in 2021G to 1,709.0 kMT in 2022G), sales increased by 4.0% from SAR 2,271.1 million in 2021G to SAR 2,362.8 million in 2022G, mainly due to the increase in domestic sales to Ma'aden Aluminum Company ("**MAC**") by 9.9% from SAR 1,876.3 million in 2021G to SAR 2,061.3 million in 2022G largely driven by the overall increase in average selling prices from SAR 1,233.6 per kMT in 2021G to SAR 1,382.5 per kMT as a result of better market conditions.

This increase in domestic sales to MAC in 2022G was partially offset by decrease in international sales to third parties by 23.6% from SAR 394.8 million in 2021G to SAR 301.5 million in 2022G primarily due to the decline in volumes sold to third parties from 320.0 kMT in 2021G to 218.0 kMT in 2022G primarily due to lower market demand in 2022G.

Sales increased by 2.8% from SAR 2,362.8 million in 2022G to SAR 2,429.3 million in 2023G, mainly due to the increase in international sales to third parties by 135.9% from SAR 301.5 million in 2022G to SAR 711.2 million in 2023G primarily due to the increase in volumes sold to international third parties from 218.0 kMT in 2022G to 543.0 kMT in 2023G, primarily driven by the decline in demand from MAC, which resulted in higher volumes of alumina sold to international third parties.

This increase in 2023G was partially offset by (i) a decrease in domestic sales to MAC by 16.6% from SAR 2,061.3 million in 2022G to SAR 1,718.1 million in 2023G due to the decline in volumes sold to MAC from 1,491.0 kMT in 2022G to 1,313.0 kMT in 2023G largely driven by a decline in demand for alumina, and (ii) a decline in average selling prices of alumina from SAR 1,382.5 per kMT in 2022G to SAR 1,308.9 per kMT in 2023G as a result of a drop in the Alumina Price Index ("**API**") largely due to market movements.

Cost of sales

Cost of sales mainly comprised of raw material and utilities consumed, salaries and staff benefits, overheads and contracted services, which on average collectively represented 70.8% of total cost of sales over the 2021G-2023G period.

Cost of sales increased by 38.2% from SAR 1,936.2 million in 2021G to SAR 2,675.1 million in 2022G as a result of the increase in (i) raw material and utilities consumed by 108.0% from SAR 579.0 million in 2021G to SAR 1,204.4 million in 2022G primarily due to the increase in Caustic Soda prices by approximately 25% compared to 2021G, coupled with an increase in utilities cost due to Transmission Use of Services ("**TUOS**"), (ii) overheads by 27.4% from SAR 250.7 million in 2021G to SAR 319.3 million in 2023G largely due to higher logistic costs resulting from a rate increase from Saudi Railway as well as higher volume of Bauxite extracted from the mine to the refinery.

This increase in 2022G was partially offset by a decrease in consumables by 30.5% from SAR 172.3 million in 2021G to SAR 119.7 million in 2022G primarily due to lower production in 2022G (1,745.0 kMT) compared to 2021G (1,879.0 kMT).

Cost of sales decreased by 4.0% from SAR 2,675.1 million in 2022G to SAR 2,567.0 million in 2023G primarily driven by the decrease in raw material and utilities consumed of 31.8% from SAR 1,204.4 million in 2022G to SAR 821.4 million in 2023G largely due to the decrease in Caustic Soda prices in 2023G as compared to 2022G.

This decrease in 2023G was partially offset by (i) an increase in consumables by 77.9% from SAR 119.7 million in 2021G to SAR 213.0 million in 2022G was due to relatively higher auxiliary power charges (such as Transmission Use of Services from the National Grid) as well as an overall increase in consumables primarily due to the production ramp up in 2023G as compared to 2022G, and (ii) SAR 108.2 million change in inventory in 2023G primarily due to the Company's volumes sold (1,856.0 kMT) exceeding volumes produced (1,825.0 kMT) during 2023G.

Gross profit \ (loss)

Gross profit decreased by 193.3% from SAR 334.9 million in 2021G to SAR (312.3) million in 2022G mainly due to the increase in cost of sales by 38.2% from SAR 1,936.2 million in 2021G to SAR 2,675.1 million in 2022G, primarily as a result of the increase raw material and utilities consumed of 108.0% from SAR 579.0 million in 2021G to SAR 1,204.4 million in 2022G largely driven by the increase in overall utility costs and Caustic Soda prices during 2023G as compared to 2022G.

The gross profit margin also decreased from 14.7% in 2021G to 13.2% in 2022G. This decrease was partially offset by the increase in sales by 4.0% from SAR 2,271.1 million in 2021G to SAR 2,362.8 million in 2022G mainly due to the increase in domestic sales to MAC by 9.9% from SAR 1,876.3 million in 2021G to SAR 2,061.3 million in 2022G.

Gross losses decreased by 55.9% from SAR (312.3) million in 2022G to SAR (137.7) million in 2023G, and gross loss margin decreased from (13.2%) in 2022G to (5.7%) in 2023G largely driven by a decrease in cost of sales by 4.0% from SAR 2,675.1 million in 2022G to SAR 2,567.0 million in 2023G primarily resulting from a decrease in raw material and utilities consumed by 31.8% from SAR 1,204.4 million in 2022G to SAR 821.4 million in 2023G primarily due to the decline in Caustic Soda prices in 2023G as compared to 2022G.

This decrease in gross losses in 2023G was also due to increase in sales by 2.8% from SAR 2,362.8 million in 2022G to SAR 2,429.3 million in 2023G, primarily due to the increase in international sales to third parties by 135.9% from SAR 301.5 million in 2022G to SAR 711.2 million in 2023G largely due to a decline in demand from MAC which resulted in higher sales to third parties during the year.

General and administrative expenses

General and administrative expenses were mainly related to salaries and staff related benefits, contracted services and overheads contributing to an average of 99.5% to total general and administrative expenses during 2021G-2023G period.

General and administrative expenses increased by 29.3% from SAR 59.4 million in 2021G to SAR 76.8 million in 2022G, largely due to the increase in (i) contracted services by 52.6% from SAR 24.9 million in 2021G to SAR 38.0 million in 2022G primarily driven by the centralization of employee costs during 2022G (which ultimately resulted in lower employee costs, but higher contracted costs during the year), and (ii) overheads by 18.3% from SAR 26.8 million in 2021G to SAR 31.7 million in 2022G driven by the improvement in employee benefit standards (such as transportation, regional HQ costs, etc.) as well as IT support costs.

The increase was partially offset by decrease in salaries and staff related benefits by 9.3% primarily due to the fact that Ma'aden centralized certain functions in late 2021G which resulted in a reclassification of employee costs to contracted costs.

General and administrative expenses further increased by 16.5% from SAR 76.8 million in 2022G to SAR 89.5 million in 2023G, due to an increase in:

- i- salaries and staff related benefits by 52.9% from SAR 6.8 million in 2022G to SAR 10.4 million in 2023G primarily driven by a few departments (including Human Resources) being decentralized during 2023G as well as some new management positions being added to the organization's structure;
- ii- contracted services by 16.8% from SAR 38.0 million in 2022G to SAR 44.4 million in 2023G primarily driven by employee welfare costs (such as catering) and additional functional support from the HQ in 2023G as compared to 2022G;
- iii- consumables by 500.0% from SAR 0.1 million in 2022G to SAR 0.6 million in 2023G; and
- iv- overheads by 7.6% from SAR 31.7 million in 2022G to SAR 34.1 million in 2023G primarily driven by further improvements to employee benefit standards and additional IT support costs.

Finance cost, net

Finance costs primarily comprised of interest on bank borrowings from the Public Investment Fund, Islamic and Commercial Bank and Riyal Murabaha.

Finance costs increased by 30.3% from SAR 208.4 million in 2021G to SAR 271.6 million in 2022G, mainly due to the increase in interest on borrowings from (i) Islamic and commercial banks by SAR 42.2 million (ii) Public Investment Fund ("**PIF**") by SAR 29.1 million due to the increase in the Saudi Arabian Interbank Offered Rate ("**SAIBOR**") (which increased from an average of 0.9% in 2021G to 2.2% in 2022G) as well as the London Interbank Offer Rate ("**LIBOR**") (which increased from an average of 0.2% in 2021G to 1.6% in 2022G), and (iii) Riyal Murabaha by SAR 4.8 million primarily due to the increase in SAIBOR.

This increase in 2022G was partially offset by a decrease in accrual of derivative interest of SAR 13.6 million in 2022G compared to 2021G driven by hedge gains.

Finance costs further increased by 72.4% from SAR 271.6 million in 2022G to SAR 468.3 million in 2023G as a result of increase in interest on borrowings from (i) Islamic and commercial bank by SAR 114.3 million, (ii) PIF by SAR 95.3 million driven by a further increase in SAIBOR (from 2.2% in 2022G to 5.7% in 2023G) and LIBOR (from 1.6% in 2022G to 5.2% in 2023G), and (iii) Riyal Murabaha by SAR 18.5 million primarily due to the increase in SAIBOR.

This increase in 2023G was partially offset by decrease in accrual of derivative interest by SAR 51.4 million.

Finance income

Finance income primarily comprised investment income on time deposits and interest on bank accounts.

Finance income increased by 334.8% from SAR 4.6 million in 2021G to SAR 20.0 million in 2022G, largely due to the increase in SAIBOR in 2022G.

Finance income decreased by 18.5% from SAR 20.0 million in 2022G to SAR 16.3 million in 2023G mainly as a result of comparatively lower cash at bank.

Other (expense)/ income, net

Other (expense) / income mainly related to net foreign exchange gains and purchase price variation gains.

Other income increased from nil in 2021G to SAR 2.4 million in 2022G, largely due to an increase in others by SAR 2.3 million, coupled with the increase in foreign exchange gain by SAR 0.2 million.

Other income decreased by 112.5% from SAR 2.4 million in 2022G to SAR (0.3) million in 2023G, due to a SAR 3.5 million decrease in others, which was partially offset by the increase in foreign exchange gain by SAR 0.9 million.

Zakat expense

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

Zakat expense decreased from by 58.9% from SAR 18.0 million in 2021G to SAR 7.4 million in 2022G, mainly due to the decrease in profit for the year.

During 2023G, the Company recognized additional uncertain tax provision of SAR 8.7 million for the years 2019G through 2022G.

Income tax expense

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. During the years ended 31 December 2023G, 31 December 2022G and 31 December 2021G, no provision for income tax has been recorded by the Company due to adjusted net loss for each respective year.

Income tax includes the current tax and deferred tax charge recognized in the statement of profit or loss. The income tax charge of SAR 11.5 million in 2021G was mainly due to profit for year, while the income tax credit of SAR 21.5 million in 2022G and SAR 9.8 million in 2023G was largely driven by the loss for each respective year.

Severance fee, net

In accordance with the Mining Law, the Company 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 statement of profit or loss up to 31 December 2023G.

(Loss) profit for the year

Profit for the year decreased by 1,579.1% from SAR 42.2 million in 2021G to SAR (624.2) million in 2022G, primarily due to the increase in (i) cost of sales by 38.2% from SAR 1,936.2 million in 2021G to SAR 2,675.1 million in 2022G, (ii) general and administrative expenses by 29.3% from SAR 59.4 million in 2021G to SAR 76.8 million in 2022G, and (iii) finance cost by 30.3% from SAR 208.4 million in 2021G to SAR 271.6 million in 2022G.

This decrease in 2022G as compared to 2021G was partially offset by the increase in sales by 4.0% from SAR 2,271.1 million in 2021G to SAR 2,362.8 million in 2022G mainly due to the increase in domestic sales to MAC by 9.9% from SAR 1,876.3 million in 2021G to SAR 2,061.3 million in 2022G.

Loss for the year decreased by 41.4% from SAR (624.2) million in 2021G to SAR (365.6) million in 2022G, primarily due to the decrease cost of sales by 4.0% from SAR 2,675.1 million in 2022G to SAR 2,567.0 million in 2023G coupled with increase in sales by 2.8% from SAR 2,362.8 million in 2022G to SAR 2,429.3 million in 2023G, mainly due to the increase in international sales to third parties by 135.9% from SAR 301.5 million in 2022G to SAR 711.2 million in 2023G. The increase was partially offset by the increase in general and administrative expenses by 16.5% from SAR 76.8 million in 2022G to SAR 89.5 million in 2023G and finance cost by 72.4% from SAR 271.6 million in 2022G to SAR 468.3 million in 2023G.

Sales by customer

The following tables present the breakdown of sales by customer as well as the key performance indicators ("**KPIs**") tracked by MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-119): Sales by customer and key performance indicators of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Sales						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Domestic sales to Ma'aden Aluminum Company	1,876.3	2,061.3	1,718.1	9.9%	(16.6%)	(4.3%)
International sales to third parties	394.8	301.5	711.2	(23.6%)	135.9%	34.2%
Total sales	**2,271.1**	**2,362.8**	**2,429.3**	**4.0%**	**2.8%**	**3.4%**

Source: MBAC Financial Statement

As % of total sales						
%	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Domestic sales to Ma'aden Aluminum Company	82.6%	87.2%	70.7%	4.6 ppts	(16.5 ppts)	N/A
International sales to third parties	17.4%	12.8%	29.3%	(4.6 ppts)	16.5 ppts	N/A
Total	**100.0%**	**100.0%**	**100.0%**	**-**	**-**	**N/A**

Source: MBAC Financial Statement

Quantity sold and average price per kMT						
	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Domestic sales to Ma'aden Aluminum Company analysis						
Quantity sold (kMT)	1,521.0	1,491.0	1,313.0	(2.0%)	(11.9%)	(7.1%)
Average price per tonne (SAR / kMT)	1,233.6	1,382.5	1,308.5	12.1%	(5.4%)	3.0%
International sales to third parties analysis						
Quantity sold (kMT)	320.0	218.0	543.0	(31.9%)	149.1%	30.3%
Average price per tonne (SAR / kMT)	1,233.7	1,383.1	1,309.8	12.1%	(5.3%)	3.0%
Total sales volume	**1,841.0**	**1,709.0**	**1,856.0**	**(7.2%)**	**8.6%**	**0.4%**

Source: Company Information

Actual Production						
kMT	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Total production volume	**1,879.0**	**1,745.0**	**1,825.0**	**(7.1%)**	**4.6%**	**(1.4%)**

Source: Company Information

Utilization / Efficiency						
%	2021G	2022G	2023G	Var 21G-22G	Var 22G-23G	CAGR 21G-23G
Total utilization/ efficiency	101.4%	99.5%	102.5%	(1.9 ppts)	3.0 ppts	N/A

Source: Company Information

Cost of sales

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

Table (4-120): Cost of sales breakdown of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Cost of sales						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Raw materials and utilities consumed	579.0	1,204.40	821.4	108.0%	(31.8%)	19.1%
Salaries and staff related benefits	242.5	307.2	324.9	26.7%	5.8%	15.7%
Overheads	250.7	319.3	312.2	27.4%	(2.2%)	11.6%
Contracted services	216.1	261.6	280.1	21.1%	7.1%	13.8%
Consumables	172.3	119.7	213.0	(30.5%)	77.9%	11.2%
Repair and maintenance	-	3.5	3.2	N/A	(8.6%)	N/A
Allowance for slow moving spare parts and consumable materials	-	7.6	-	N/A	(100.0%)	N/A
Severance fee	-	14.0	-	N/A	(100.0%)	N/A
Total cash operating costs	**1,460.6**	**2,237.3**	**1,954.7**	**53.2%**	**(12.6%)**	**15.7%**
Depreciation mine properties	61.7	57.8	52.6	(6.3%)	(9.0%)	(7.7%)
Depreciation property, plant and equipment	426.2	437.2	423.6	2.6%	(3.1%)	(0.3%)
Depreciation – right-of-use assets	24.6	23.1	23.1	(6.1%)	-	(3.1%)
Amortization	3.6	4.6	4.7	27.8%	2.2%	14.3%
Total operating costs	**1,976.8**	**2,760.0**	**2,458.8**	**39.6%**	**(10.9%)**	**11.5%**
Change in inventory	(40.6)	(84.9)	108.2	109.1%	(227.4%)	N/A
Total	**1,936.2**	**2,675.1**	**2,567.0**	**38.2%**	**(4.0%)**	**15.1%**
As % of sales						
Raw materials and utilities consumed	25.5%	51.0%	33.8%	25.5 ppts	(17.2 ppts)	N/A
Salaries and staff related benefits	10.7%	13.0%	13.4%	2.3 ppts	0.4 ppts	N/A
Overheads	11.0%	13.5%	12.9%	2.5 ppts	(0.7 ppts)	N/A
Contracted services	9.5%	11.1%	11.5%	1.6 ppts	0.5 ppts	N/A
Consumables	7.6%	5.1%	8.8%	(2.5 ppts)	3.7 ppts	N/A
Repair and maintenance	N/A	0.1%	0.1%	N/A	(0.0 ppts)	N/A
Allowance for slow moving spare parts and consumable materials	0.0%	0.3%	N/A	0.3 ppts	N/A	N/A
Severance fee	N/A	0.6%	N/A	N/A	N/A	N/A

Source: MBAC Financial Statements

Raw materials and utilities consumed

Raw materials and utilities consumed mainly comprised of inputs like sulfur, molten sulfur, sulfuric acid, sulphate of potash and imported rock.

Raw materials and utilities consumed increased by 108.0% from SAR 579.0 million in 2021G to SAR 1,204.4 million in 2022G, primarily due to the increase in Caustic Soda prices by approximately 25%, on average, in 2022G compared to 2021G, coupled with the increase in utilities costs as a result of the Transmission Use of Services.

Raw materials and utilities consumed decreased by 31.8% from SAR 1,204.4 million in 2022G to SAR 821.4 million in 2023G, predominantly attributable to the decrease in Caustic Soda prices during the year as compared to 2022G.

Salaries and staff related benefits

The following table presents the cost of sales staff costs of MBAC and head count for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-121): Cost of sales staff costs of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Staff costs						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Salaries and staff related benefits (Cost of sales)	242.5	307.2	324.9	26.7%	5.8%	15.7%
Average headcount in each year	660	649	647	(1.7%)	(0.3%)	(1.0%)
Average annual cost per FTE (SAR000)	367.4	473.3	502.2	28.8%	6.1%	16.9%

Source: MBAC Financial Statements and Company Information

Despite the average headcount remaining relatively stable between 2021G and 2022G at 660 employees and 649 employees, respectively, salaries and staff benefits increased by 26.7% from SAR 242.5 million in 2021G to SAR 307.2 million in 2022G, primarily due to higher bonuses and medical insurance in 2022G as compared to 2021G as the Company performed a benchmarking exercise to align the employees' salaries with market standards, including an upgrade in insurance categories for all employees.

Salaries and staff related benefits further increased by 5.8% from SAR 307.2 million in 2022G to SAR 324.9 million in 2023G, mainly due to salary increments and merit increases as compared to the prior year.

Overheads

Overheads primarily comprise plant insurance, lease charges, logistic charges, and software licenses.

Overheads increased by 27.4% from SAR 250.7 million in 2021G to SAR 319.3 million in 2022G, primarily due to higher logistic costs resulting from a rate increase as the economy re-opened post the COVID-19 pandemic, as well as costs related to process efficiency software licenses.

Overheads decreased by 2.2% from SAR 319.3 million in 2022G to SAR 312.2 million in 2023G, primarily due to lower lease rental costs.

Contracted services

Contracted services primarily related to operations, support and maintenance services.

Contracted services increased by 21.1% from SAR 216.1 million in 2021G to SAR 261.6 million in 2022G, mainly due to higher plant maintenance as MBAC's plant faced operational disruptions in 2022G.

Contracted services further increased by 7.1% from SAR 261.6 million in 2022G to SAR 280.1 million in 2023G, largely due to precautionary measures for sustainable operations and the adoption of process efficiency best practices during 2023G.

Consumables, and repair and maintenance

Consumables and repair and maintenance were primarily comprised operational supplies such as safety materials, fuel and lubricants, and tools and spare parts used in MBAC's plant, among other miscellaneous supplies.

Consumables and repair and maintenance decreased by 28.5% from SAR 172.3 million in 2021G to SAR 123.2 million in 2022G, mainly attributable to the lower overall production in 2022G (1,745.0 kMT) compared to 2021G (1,879.0 kMT).

Consumables subsequently increased by 75.9% from SAR 123.2 million in 2022G to SAR 216.2 million in 2023G, mainly due to higher auxiliary power charges such as Transmission Use of Services from the National Grid as well as the production ramp up in 2023G.

Allowance for slow moving spare parts and consumable materials

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

Allowance for slow moving spare parts and consumable materials increased from nil in 2021G to SAR 7.6 million in 2022G and then decreased to nil in 2023G driven by the estimation of provision as per the Company's provisioning policy.

Severance fees

In accordance with the Mining Law, the Company is required to pay to the Government of Saudi Arabia severance fees representing equivalent of 20.0% 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 statement of profit or loss up to 31 December 2023G.

During 2023G, the Ministry shared new interpretations under the Mining Law which resulted in no additional severance fees charge relating to the year 2022G. The Company has analyzed new interpretations to the Mining Law and have accounted for severance fees equivalent of 20.0% of hypothetical income net of proportionate Zakat due to ZATCA under IAS 12 "**Income Taxes**" as it now falls under the scope of IAS 12. Accordingly, such component of severance fees along with the net deferred severance fee credit has been presented separately in the statement of profit or loss.

The following table displays the severance fees of MBAC for the financial years ended 31 December 2021G, 2022G and 2023G.

Table (4-122): Severance fees breakdown of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Severance fees						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	-	-	-	N/A	N/A	N/A
Provision for severance fee made during the year	-	14.0	-	N/A	(100.0%)	N/A
Current charge for year		-		N/A	N/A	N/A
Provision for the prior year	-	14.0	-	N/A	(100.0%)	N/A
Paid during the year	-	(14.0)	-	N/A	(100.0%)	N/A
31 December	**-**	**-**	**-**	**N/A**	**N/A**	**N/A**

Source: MBAC Financial Statements

The calculation of the provision is included in the following table:

Table (4-123): Calculation of provision for severance fees of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Provision for severance fees payable						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Severance fees based on the value of extracted Alumina						
Net value of minerals upon extraction	2,282.9	2,387.4	2,348.3	4.6%	(1.6%)	1.4%
Less: Operational expenses for the year (excluding cost of Bauxite)	(1,618.5)	(2,331.3)	(1,983.4)	44.0%	(14.9%)	10.7%
Estimated return on capital:						
Total book value of assets at the start of year	1,351.1	9,564.9	9,239.5	(607.9%)	(3.4%)	161.5%
Price of long-term bond for the period	2.8%	3.1%	3.1%	N/A	N/A	N/A
Mining Law Allowance	5.0%	5.0%	5.0%	N/A	N/A	N/A
Number of days for the period	365	365	365	N/A	N/A	N/A
Total estimated return on capital	**(105.4)**	**(770.0)**	**(743.8)**	**(630.6%)**	**(3.4%)**	**165.7%**
Net value of minerals upon extraction	**559.0**	**(713.9)**	**(378.8)**	**(227.7%)**	**(46.9%)**	**N/A**
Percentage of the fees for the extracted Alumina	2.5%	2.5%	2.5%	N/A	N/A	N/A
Net severance fee provision for the year	**14.0**	**-**	**-**	**(100.0%)**	**N/A**	**(100.0%)**

Source: Company Information

Depreciation mine properties

Depreciation of mine properties decreased by 6.3% from SAR 61.7 million in 2021G to SAR 57.8 million in 2022G and further decreased by 9.0% to 52.6 million in 2023G, mainly due to certain properties becoming fully depreciated in 2022G with minimal additions during the year.

Depreciation property, plant and equipment

Depreciation of property, plant and equipment increased by 2.6% from SAR 426.2 million in 2021G to SAR 437.2 million in 2022G, largely due to higher additional depreciation on the lands and buildings acquired during 2022G.

Depreciation of property, plant and equipment decreased by 3.1% from SAR 437.2 million in 2022G to SAR 423.6 million in 2023G, largely due to the reassessment of useful lives and residual values.

Depreciation - right-of use assets

Depreciation of right of use assets decreased by 6.1% from SAR 24.6 million in 2021G to SAR 23.1 million in 2022G, mainly due to a Group wide exercise that was conducted to review the estimates (such as useful lives, salvage values) relating to right-of-use assets and lease liabilities.

Depreciation of right-of-use assets remained relatively stable between 2022G and 2023G.

Amortization

Amortization recognized within the cost of sales consists solely of the amortization of intangible assets; in MBAC's case, this pertains specifically to software, which is amortized over a period of 10 years.

Amortization remained relatively stable between 2021G, 2022G and 2023G.

Change in inventory

Change in inventory declined from SAR (40.6) million in 2021G to SAR (84.9) million in 2022G before subsequently increasing to SAR 108.2 in 2023G mainly due to the production being higher than sales volumes in 2021G and 2022G which resulted in the change in inventory to reduce cost of sales. However, in 2023G, the sales volumes exceeded the production and thus was considered a charge to cost of revenues as the inventory was liquidated during the same year.

General and administrative expenses

The following table presents the general and administrative ("**G&A**") expenses of MBAC for the financial years ending in 31 December 2021G, 2022G and 2023G.

Table (4-124): General and administrative expenses breakdown of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

General and administrative expenses						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Contracted services	24.9	38.0	44.4	52.6%	16.8%	33.5%
Overheads	26.8	31.7	34.1	18.3%	7.6%	12.8%
Salaries and staff related benefits	7.5	6.8	10.4	(9.3%)	52.9%	17.8%
Consumables	0.1	0.1	0.6	-	500.0%	144.9%
Total	**59.4**	**76.8**	**89.5**	**29.3%**	**16.5%**	**22.7%**
As % of sales						
Contracted services	1.1%	1.6%	1.8%	0.5 ppts	0.2 ppts	N/A
Overheads	1.2%	1.3%	1.4%	0.1 ppts	0.1 ppts	N/A
Salaries and staff related benefits	0.3%	0.3%	0.4%	(0.0 ppts)	0.1 ppts	N/A
Consumables	0.0%	0.0%	0.0%	(0.0 ppts)	0.0 ppts	N/A

Source: MBAC Financial Statements

G&A expenses primarily comprised contracted services (which accounted for 49.6% of total G&A expenses in 2023G) and overheads (which accounted for 38.1% of total G&A expenses in 2023G), amongst others.

Contracted services

Contracted services mainly comprised operations, support, and maintenance services provided by third parties.

Contracted services increased by 52.6% from SAR 24.9 million in 2021G to SAR 38.0 million in 2022G, primarily due to the centralization of certain functions by Ma'aden during late 2021G which resulted in the Company relying on more contracted services during 2022G as compared to 2021G.

Contracted services increased by 16.8% from SAR 38.0 million in 2022G to SAR 44.4 million in 2023G, largely due to the Human Resources function becoming decentralized during the year, in addition to an improvement in employee welfare (such as catering) and additional functional support from the HQ which all resulted in higher contracted costs.

Overheads

Overheads primarily comprise lease rental charges, and software licenses.

Overheads increased by 18.3% from SAR 26.8 million in 2021G to SAR 31.7 million in 2022G and further increased by 7.6% to SAR 34.1 million in 2023G, primarily due to improvements implemented by the Company in relation to employee benefit standards (such as transportation and the regional HQ office) as well as IT support costs.

Salaries and staff related benefits

Salaries and staff related benefits decreased by 9.3% from SAR 7.5 million in 2021G to SAR 6.8 million in 2022G, mainly due to reclassifications between salaries and contracted services driven by Ma'aden centralizing certain functions during late 2021G which resulted in lower payroll cost, and consequently, higher contracted services.

Salaries and staff related benefits increased by 52.9% from SAR 6.8 million in 2022G to SAR 10.4 million in 2023G, mainly due to multiple departments being decentralized (such as Human Resources) and a few additional management positions that were added to the Company's organization structure during the year.

Consumables

Consumables were mainly related to tools and spare parts used in MBAC's plant.

Consumables remained relatively stable between 2021G and 2022G at SAR 0.1 million before increasing to SAR 0.6 million in 2023G, due to a higher consumption of materials during the year.

4-3-5-1-1 Finance costs

The following table presents the finance costs of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-125): Finance costs breakdown of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Finance costs						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Public Investment Fund	56.4	85.5	180.8	51.6%	111.5%	79.0%
Riyal Wakala	5.1	7.5	14.4	47.1%	92.0%	68.0%
Riyal Murabaha	6.2	11.0	29.5	77.4%	168.2%	118.1%
Murabaha Riyal Tranche A	51.5	72.9	129.2	41.6%	77.2%	58.4%
Murabaha Riyal Tranche B	38.3	56.7	107.8	48.0%	90.1%	67.8%
Others	1.6	1.5	14.7	(6.3%)	880.0%	203.1%
Sub-total	**159.3**	**235.2**	**476.5**	**47.6%**	**102.6%**	**73.0%**
Accretion of lease liabilities	12.0	11.2	10.5	(6.7%)	(6.2%)	(6.5%)
Amortization of transaction cost	14.4	13.7	13.7	(4.9%)	-	(2.5%)
Plant dismantling	-	-	4.7	N/A	N/A	N/A
Accretion of provision for mine closure and reclamation	4.1	3.6	3.1	(12.2%)	(13.9%)	(13.0%)
Accretion of provision for employees' termination benefits obligation	1.4	1.6	3.4	14.3%	112.5%	55.8%
Accrual of derivative interest	25.2	11.6	(39.8)	(54.0%)	(443.1%)	N/A
Sub-total	**216.3**	**276.9**	**472.1**	**28.0%**	**70.5%**	**47.7%**
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress	(7.9)	(5.3)	(3.7)	(32.9%)	(30.2%)	(31.6%)
Total	**208.4**	**271.6**	**468.3**	**30.3%**	**72.4%**	**49.9%**

Source: MBAC Financial Statements

Finance costs primarily comprised of interest on bank borrowings from Public Investment Fund, Islamic and Commercial Bank and Riyal Murabaha.

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

Finance costs increased by 30.3% from SAR 208.4 million in 2021G to SAR 271.6 million in 2022G, mainly due to the increase in interest on borrowings from:

i- Islamic and commercial banks by SAR 42.2 million mainly driven by a higher SAIBOR rate in 2022G;
ii- PIF by SAR 29.1 million primarily due to the increase in the average SAIBOR (from 0.9% in 2021G to 2.2% in 2022G) and LIBOR (from 0.2% in 2021G to 1.6% in 2022G); and
iii- Riyal Murabaha by SAR 4.8 million, mainly driven by a higher SAIBOR rate in 2022G.

This increase in 2022G as compared to 2021G was partially offset by decrease in accrual of derivative interest by SAR 13.6 million.

Finance costs further increased by 72.4% from SAR 271.6 million in 2022G to SAR 468.3 million in 2023G as a result of increase in interest on borrowings from:

i- Islamic and commercial banks by SAR 114.3 mainly driven by the further increase in SAIBOR rate in 2023G;
ii- The PIF by SAR 95.3 million driven by the further increase in SAIBOR and LIBOR in 2023G to 5.7% and 5.2%, respectively;
iii- Riyal Murabaha by SAR 18.5 million primarily driven by a further increase in SAIBOR rate in 2023G; and
iv- Others by SAR 13.2 million as a result of the fee for the extended payment terms.

4-3-5-1-2 Other (expense) / income, net

The following table presents the other (expense)/ income of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-126): Other (expense) / income breakdown of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Other (expense)/ income, net						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Foreign exchange gains, net	0.1	0.3	1.2	200.0%	300.0%	246.4%
Others, net	(0.2)	2.1	(1.4)	(1,150.0%)	(166.7%)	164.6%
Total	**(0.0)**	**2.4**	**(0.3)**	**N/A**	**(112.5%)**	**N/A**
As % of sales						
Foreign exchange gains, net	0.0%	0.0%	0.0%	0.0 ppts	0.0 ppts	N/A
Others, net	(0.0%)	0.1%	(0.1%)	0.1 ppts	(0.2 ppts)	N/A

Source: MBAC Financial Statements

Other (expense) \ income mainly related to net foreign exchange gains and purchase price variance gains.

Other income increased from nil in 2021G to SAR 2.4 million in 2022G, and subsequently decreased to SAR (0.3) million in 2023G primarily due to fluctuations in others as a result of purchase order price and quantity variances.

4-3-5-1-3 Zakat

The following table presents the adjusted income / (loss) calculation for Zakat and tax provision of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-127): Adjusted income calculation for Zakat and tax provision of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Adjusted income calculation for Zakat and tax provision						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Accounting (loss) income for the year	71.7	(638.3)	(679.5)	(990.2%)	6.5%	N/A
Add/less: Disallowable expenses						
Depreciation – right-of-use assets	24.6	23.1	23.1	(6.1%)	-	(3.1%)
Provision for employees' end of service termination benefits	9.8	8.6	11.8	(12.2%)	37.2%	9.7%
Allowance for slow moving spare parts and consumable materials	-	7.6	-	N/A	(100.0%)	N/A
Accretion of provision for mine closure and reclamation	4.1	3.6	-	(12.2%)	(100.0%)	N/A
Accretion of plant dismantling cost	-	-	7.8	N/A	N/A	N/A
Accretion of lease liabilities	12.0	11.2	10.5	(6.7%)	(6.2%)	(6.5%)
Other	0.1	-	-	(100.0%)	N/A	N/A
Sub-total	**122.4**	**(584.2)**	**(626.3)**	**(577.3%)**	**7.2%**	**N/A**
Less:						
Net accrual for settlement of derivative interest	(11.7)	(4.0)	4.0	(65.8%)	(200.0%)	N/A
Repayment of lease liabilities during the year	(29.9)	(32.6)	(28.1)	9.0%	(13.8%)	(3.1%)
Adjusted loss for Zakat calculations	**80.7**	**(620.8)**	**(650.3)**	**(869.3%)**	**4.8%**	**N/A**
Add/less adjustment for tax calculation:						
Depreciation differential	(288.4)	(142.3)	(102.0)	(50.7%)	(28.3%)	(40.5%)
Payments of employees' end of service termination benefits	(5.9)	(2.1)	(6.9)	(64.4%)	228.6%	8.1%
Interest charges in excess of the allowable limit	165.8	243.6	486.4	46.9%	99.7%	71.3%
Adjusted loss for Tax calculations	**(47.8)**	**(521.6)**	**(272.8)**	**991.2%**	**(47.7%)**	**138.9%**
Allocation of adjusted loss:						
Saudi Arabian shareholder (74.9%)	60.5	(465.0)	(487.1)	(868.6%)	4.8%	N/A
Foreign shareholder (25.1%)	(12.0)	(130.9)	(68.5)	990.8%	(47.7%)	138.9%

Source: MBAC Financial Statements

The following table presents the components of Zakat expense of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-128): Components of Zakat base of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Components of Zakat base						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Shareholders' equity at the beginning of the year	3,616.0	3,651.6	3,164.5	1.0%	(13.3%)	(6.5%)
Provisions at the beginning of the year	152.3	207.6	111.0	36.3%	(46.5%)	(14.6%)
Long-term borrowings	5,366.7	4,738.2	4,811.7	(11.7%)	1.6%	(5.3%)
Project payables and accruals	-	13.7	11.0	N/A	(19.7%)	N/A
Lease liabilities and right-of-use assets, net	18.2	20.2	24.2	11.0%	19.8%	15.3%
Provision for decommissioning, site rehabilitation and dismantling obligations	39.1	(105.0)	344.0	(368.5%)	(427.6%)	196.6%
Other	1.0	10.8	19.5	980.0%	80.6%	341.6%
Sub-total	**9,193.3**	**8,537.1**	**8,485.9**	**(7.1%)**	**(0.6%)**	**(3.9%)**
Mine properties, property, plant and equipment and Intangible assets	(8,176.9)	(7,789.3)	(7,862.3)	(4.7%)	0.9%	(1.9%)
Capital work-in-progress	(187.7)	(164.1)	(172.4)	(12.6%)	5.1%	(4.2%)
Spare parts and consumables	(162.6)	(178.9)	(215.6)	10.0%	20.5%	15.2%
Employees' home owners program receivable, non-current portion	(26.9)	(25.4)	(15.2)	(5.6%)	(40.2%)	(24.8%)
Others	-	(1.3)	(4.2)	N/A	223.1%	N/A
Net Zakat base for the year	**639.2**	**378.1**	**216.3**	**(40.8%)**	**(42.8%)**	**(41.8%)**
Zakat due at 2.578% on Zakat base for 2023G (2022G: Zakat due at 2.578%)	16.5	9.7	5.6	(41.2%)	(42.3%)	(41.7%)
Zakat calculation based on adjusted net loss:						
Adjusted net (loss) for the year	60.5	(465.0)	(487.1)	(868.6%)	4.8%	N/A
Zakat rate applicable to the Company	2.5%	2.5%	2.5%	-	-	-
Zakat due at 2.5% on adjusted net loss for the year	1.5	(11.6)	(12.2)	(873.3%)	5.2%	N/A
Net Zakat due on Zakat base and on adjusted net loss	**18.0**	**(1.9)**	**(6.6)**	**(110.6%)**	**247.4%**	**N/A**

Source: MBAC Financial Statements

The Company is subject to Zakat for its Saudi shareholders and income tax for its foreign shareholders in accordance with the regulations of the ZATCA. A provision for Zakat and income tax for the Company is charged to the statement of profit or loss and 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.

The significant components of the Zakat base for the Company attributable to the Saudi Arabian shareholders in proportion with their direct shareholding of 74.9%, under the Zakat and the income tax regulations and Zakat is only payable by the Saudi Arabian shareholders at a rate of 2.58% on all components of Zakat base except for adjusted net income for the year which is subject to Zakat at the rate of 2.5%.

Zakat expense decreased by 110.6% from SAR 18.0 million in 2021G to SAR 7.4 million in 2022G, primarily due to the decrease in profit for the year.

During 2023G, the Company recognized additional uncertain tax provision of SAR 8.7 million for the years 2019G through 2022G.

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

4-3-5-1-4 Income tax

The following table presents the income tax provision of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-129): Income tax provision of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Income tax provision						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Accounting loss for the year	71.7	(638.3)	(679.5)	(990.2%)	6.5%	N/A
Income tax rate applicable to the Company	20%	20%	20%	-	-	-
Foreign shareholders' 25.1% proportionate share of the year accounting (loss)/ profit	**18.0**	**(160.2)**	**(170.6)**	**(990.0%)**	**6.5%**	**NA**
Income tax on foreign shareholder	(3.6)	(32.0)	(34.1)	788.9%	6.6%	207.8%
Tax effect of expenses disallowed (includes temporary differences, depreciation differential)	0.4	(6.2)	(17.7)	(1,650.0%)	185.5%	N/A
Tax effect of permanent differences	(8.3)	59.7	61.7	(819.3%)	3.4%	N/A
Total income tax credit/ (charge) for the year	**(11.5)**	**21.5**	**9.8**	**(287.0%)**	**(54.4%)**	**N/A**

Source: MBAC Financial Statements

Income tax is payable at the rate of 20.0% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. During the years ended 31 December 2023G, 31 December 2022G and 31 December 2021G, no provision for income tax has been recorded by the Company due to adjusted net loss for such years.

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

Severance fees

The following table presents the severance fee expense for MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-130): Severance fees breakdown of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Severance fees						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Deferred severance asset credited to income statement	-	-	(375.1)	N/A	N/A	N/A
Deferred severance liabilities debited to income statement	-	-	62.4	N/A	N/A	N/A
Total severance fee credit	**-**	**-**	**(312.8)**	**N/A**	**N/A**	**N/A**

Source: MBAC Financial Statements

The following table presents the deferred severance asset of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-131): Deferred severances assets of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Deferred severance asset SARm	Tax losses	Mine decommissioning asset	Employees benefits	Total
01 January 2022G	-	-	-	-
Credited to profit or loss for the period	326.8	37.5	10.8	375.1
31 December 2023G	**326.8**	**37.5**	**10.8**	**375.1**

Source: MBAC Financial Statements

The following table presents the deferred severance liabilities of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G

Table (4-132): Deferred severance liabilities of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Deferred severance liabilities						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
01 January	-	-	-	N/A	N/A	N/A
Charged to profit or loss for the year	-	-	62.4	N/A	N/A	N/A
31 December	**-**	**-**	**62.4**	**N/A**	**N/A**	**N/A**

Source: MBAC Financial Statements

In accordance with the Mining Law, the Company is required to pay to the Government of Saudi Arabia severance fees representing equivalent of 20.0% 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 statement of profit or loss up to 31 December 2023G.

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

(Loss) / gain on cash flow hedge

The following table presents the (loss) / gain on cash flow hedge of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-133): (Loss) / gain on cash flow hedge of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

(Loss)/ gain on cash flow hedge						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
01 January	94.5	34.0	(54.7)	(64.0%)	(260.9%)	N/A
Net accrual for settlement of derivative interest	(11.7)	(4.0)	4.0	(65.8%)	(200.0%)	N/A
Accrual during the period / year	25.2	11.6	(39.8)	(54.0%)	(443.1%)	N/A
Paid during the period / year	(36.9)	(15.6)	43.8	(57.7%)	(380.8%)	N/A
Loss / (gain) in fair value of hedge instrument charged to other comprehensive income	(48.8)	(84.7)	30.3	73.6%	(135.8%)	N/A
31 December	**34.0**	**(54.7)**	**(20.4)**	**(260.9%)**	**(62.7%)**	**N/A**

Source: MBAC Financial Statements

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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

The following table presents the income / (loss) attributable to the re-measurement of employees' end of service termination benefit obligations of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-134): Remeasurements of employees' end of service termination benefits obligations of MBAC for the financial years ended 31 December 2021G, 2022G, and 2023G:

Re-measurements of employees' end of service termination benefits obligation						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	55.4	59.4	68.1	7.2%	14.6%	10.9%
Total amount recognized in profit or loss	9.8	8.6	11.8	(12.2%)	37.2%	9.7%
Current service cost	8.4	7.0	8.4	(16.7%)	20.0%	-
Interest expense	1.4	1.6	3.4	14.3%	112.5%	55.8%
Re-measurements recognized in other comprehensive income	0.1	2.2	(0.6)	2,100.0%	(127.3%)	N/A
Gain / (loss) due to financial assumptions	-	(1.0)	0.9	N/A	(190.0%)	N/A
Loss due to experience adjustment	0.1	3.3	(1.5)	3,200.0%	(145.5%)	N/A
Settlements / transfers	(5.9)	(2.1)	(6.9)	(64.4%)	228.6%	8.1%
31 December	**59.4**	**68.1**	**72.4**	**14.6%**	**6.3%**	**10.4%**

Source: MBAC Financial Statements

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

Employees' end of service benefit plans are unfunded plans, and the benefit payment obligation are met when they become due.

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in shareholders' equity and in the statement of financial position.

Statement of Financial Position

The following table presents the financial position statement of MBAC for financial year ended in 31 December 2021G, 2022G and 2023G.

Table (4-135): Statement of financial position of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Statement of financial position						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Assets						
Non-current assets						
Mine properties	1,342.9	1,147.2	1,327.8	(14.6%)	15.7%	(0.6%)
Property, plant and equipment	9,564.9	9,239.5	9,160.7	(3.4%)	(0.9%)	(2.1%)
Right-of-use assets	269.9	244.2	221.4	(9.5%)	(9.3%)	(9.4%)
Capital work-in-progress	250.6	216.2	227.3	(13.7%)	5.1%	(4.8%)
Intangible assets	9.9	15.8	11.4	59.6%	(27.8%)	7.3%
Deferred tax and severance assets	156.8	185.6	573.8	18.4%	209.2%	91.3%
Derivative financial instruments	-	54.7	-	N/A	(100.0%)	N/A
Employees' home owners program receivable	35.9	33.9	20.2	(5.6%)	(40.4%)	(25.0%)
Total non-current assets	**11,630.7**	**11,137.2**	**11,542.6**	**(4.2%)**	**3.6%**	**(0.4%)**
Current assets						
Current portion of employees' home owners program receivable	4.0	3.0	2.8	(25.0%)	(6.7%)	(16.3%)
Due from a shareholder	26.7	72.2	16.5	170.4%	(77.1%)	(21.4%)
Due from fellow subsidiaries	4.8	26.2	13.0	445.8%	(50.4%)	64.6%
Derivative financial instruments	-	-	20.4	N/A	N/A	N/A
Advances and prepayments	21.7	22.0	9.3	1.4%	(57.7%)	(34.5%)
Inventories	464.8	534.1	473.0	14.9%	(11.4%)	0.9%
Trade and other receivables	213.6	151.3	248.8	(29.2%)	64.4%	7.9%
Time deposits	-	-	2.1	N/A	N/A	N/A
Cash and cash equivalents	1,130.6	495.8	241.3	(56.1%)	(51.3%)	(53.8%)
Total current assets	**1,866.3**	**1,304.6**	**1,027.2**	**(30.1%)**	**(21.3%)**	**(25.8%)**
Total assets	**13,497.1**	**12,441.9**	**12,569.8**	**(7.8%)**	**1.0%**	**(3.5%)**
Shareholders' equity and liability						
Shareholders' equity						
Share capital	4,828.5	4,828.5	4,828.5	-	-	-
Payments to increase share capital	271.5	271.5	271.5	-	-	-
Statutory reserve						
Transfer of net income	3.2	3.2	3.2	-	-	-
Cash flow hedge reserve	(34.0)	50.7	20.4	(249.1%)	(59.8%)	N/A
Accumulated losses	(269.4)	(895.8)	(1,260.9)	232.5%	40.8%	116.3%

Statement of financial position						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Net shareholders' equity	**4,799.7**	**4,258.0**	**3,862.7**	**(11.3%)**	**(9.3%)**	**(10.3%)**
Liabilities						
Non-current liabilities						
Long-term borrowings	6,823.4	6,007.0	5,735.2	(12.0%)	(4.5%)	(8.3%)
Provision for decommissioning, site rehabilitation and dismantling obligations	197.2	60.5	527.7	(69.3%)	772.2%	63.6%
Lease liabilities	272.9	253.4	234.7	(7.1%)	(7.4%)	(7.3%)
Employees' benefits	72.7	81.1	82.4	11.6%	1.6%	6.5%
Derivative financial instruments	34.0	-	-	(100.0%)	N/A	(100.0%)
Deferred tax and severance liabilities	223.5	230.8	296.4	3.3%	28.4%	15.2%
Total non-current liabilities	**7,623.7**	**6,632.9**	**6,876.4**	**(13.0%)**	**3.7%**	**(5.0%)**
Current liabilities						
Trade and other payables	81.1	219.6	506.3	170.8%	130.6%	149.9%
Accrued expenses	453.2	691.2	328.1	52.5%	(52.5%)	(14.9%)
Current portion of long-term borrowings	341.7	321.1	688.9	(6.0%)	114.5%	42.0%
Current portion of lease liabilities	21.3	17.8	18.9	(16.4%)	6.2%	(5.8%)
Zakat, income tax and severance fee	19.3	8.1	16.8	(58.0%)	107.4%	(6.7%)
Due to a shareholder	20.4	46.8	35.7	129.4%	(23.7%)	32.3%
Due to fellow subsidiaries	136.7	246.2	236.0	80.1%	(4.1%)	31.4%
Total current liabilities	**1,073.6**	**1,550.9**	**1,830.7**	**44.5%**	**18.0%**	**30.6%**
Total liabilities	**8,697.3**	**8,183.8**	**8,707.1**	**(5.9%)**	**6.4%**	**0.1%**
Total shareholders' equity and liabilities	**13,497.1**	**12,441.9**	**12,569.8**	**(7.8%)**	**1.0%**	**(3.5%)**

Source: MBAC Financial Statements

Table (4-136): Statement of financial position metrics of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Statement of financial position metrics						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Debt to equity ratio (1)	1.8	1.9	2.3	5.6%	21.1%	13.0%
Return on assets (2)	0.3%	(5.0%)	(2.9%)	(5.3 ppts)	2.1 ppts	N/A
Return on equity (3)	0.9%	(14.7%)	(9.5%)	(15.5 ppts)	5.2 ppts	N/A
Current ratio (4)	1.7	0.8	0.6	(52.9%)	(25.0%)	(40.6%)
Net cash from operating activities over rev. (5)	31.0%	13.7%	(7.9%)	(17.3 ppts)	(21.6 ppts)	N/A

Source: MBAC Financial statements and Company Information

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

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

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

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

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

The following table presents MBAC's Non-current assets for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-137): Non-current assets of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Non-current assets						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Mine properties	1,342.9	1,147.2	1,327.8	(14.6%)	15.7%	(0.6%)
Property, plant and equipment	9,564.9	9,239.5	9,160.7	(3.4%)	(0.9%)	(2.1%)
Right-of-use assets	269.9	244.2	221.4	(9.5%)	(9.3%)	(9.4%)
Capital work-in-progress	250.6	216.2	227.3	(13.7%)	5.1%	(4.8%)
Intangible assets	9.9	15.8	11.4	59.6%	(27.8%)	7.3%
Deferred tax and severance assets	156.8	185.6	573.8	18.4%	209.2%	91.3%
Derivative financial instruments	-	54.7	-	N/A	(100.0%)	N/A
Employees' home owners program receivable	35.9	33.9	20.2	(5.6%)	(40.4%)	(25.0%)
Total non-current assets	**11,630.7**	**11,137.2**	**11,542.6**	**(4.2%)**	**3.6%**	**(0.4%)**

Source: MBAC Financial Statements

Non-current assets decreased by 4.2% from SAR 11,630.7 million at 31 December 2021G to SAR 11,137.2 million at 31 December 2022G primarily due to the decrease in (i) property, plant and equipment by 3.4% from SAR 9,564.9 million at 31 December 2021G to SAR 9,239.5 million at 31 December 2022G primarily due to annual depreciation charges, (ii) mine properties by 14.6% from SAR 1,342.9 million at 31 December 2021G to SAR 1,147.8 million at 31 December 2022G mainly due to the adjustment in provision for decommissioning, site rehabilitation and dismantling obligations of SAR 140.2 million at 31 December 2022G, and (iii) capital work-in-progress by 13.7% from SAR 250.6 million in 31 December 2021G to SAR 216.2 million in 31 December 2022G mainly due to lower additions as compared to 31 December 2021G.

This decrease at 31 December 2022G as compared to 31 December 2021G was partially offset by the increase in intangible asset by 59.6% from SAR 9.9 million at 31 December 2021G to SAR 15.8 million at 31 December 2022G due to transfers from capital work-in- progress of SAR 10.5 million.

Non-current assets increased by 3.6% from SAR 11,137.2 million at 31 December 2022G to SAR 11,542.6 million at 31 December 2023G primarily due to the increase in deferred tax and severance assets by 209.2% from SAR 185.6 million at 31 December 2022G to SAR 573.8 million at 31 December 2023G driven by the increase in severance assets by SAR 375.1 million at 31 December 2023G due to deferred tax credit on severance fees.

This increase was partially offset by the decrease in property, plant and equipment by 0.9% from SAR 9,239.5 million at 31 December 2022G to SAR 9,160.7 million at 31 December 2023G primarily due to annual depreciation charges.

Table (4-138): Mine properties of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

SARm	Mine closure and rehabilitation provision	Plant and equipment*	Land and buildings*	Motor vehicles	Office equipment	Stripping activity asset	Mining capital work-in-progress	Total
	Mine properties							
Cost								
1 January 2021G	126.4	529.0	960.0	0.8	6.7	3.1	0.5	1,626.5
Additions	-	-	2.4	-	-	-	-	2.4
Reversal / Adjustment	-	(8.9)	-	-	-	-	-	(8.9)
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations	52.2	-	-	-	-	-	-	52.2
31 December 2021G	**178.6**	**520.1**	**962.4**	**0.8**	**6.7**	**3.1**	**0.5**	**1,672.3**
Additions	-	-	-	-	-	-	2.4	2.4
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations	(140.2)	-	-	-	-	-	-	(140.2)
Adjustments	-	3.1	(3.1)	-	-	-	-	-
31 December 2022G	**38.4**	**523.2**	**959.3**	**0.8**	**6.7**	**3.1**	**2.9**	**1,534.4**
Transfer from capital work-in-progress	-	0.1	-	-	-	-	(0.1)	(0.1)
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations	205.4	-	-	-	-	-	-	205.4
Plant dismantling obligation*	27.8	-	-	-	-	-	-	27.8
31 December 2023G	**271.6**	**523.2**	**959.3**	**0.8**	**6.7**	**3.1**	**2.8**	**1,767.5**
Accumulated depreciation								
01 January 2021G	(8.5)	(136.0)	(126.0)	(0.8)	(3.3)	(0.7)	-	(275.4)
Charge for the year	(3.1)	(26.9)	(31.0)	-	(0.6)	-	-	(61.7)
Reversal/ adjustment	-	7.7	-	-	-	-	-	7.7
31 December 2021G	**(11.6)**	**(155.2)**	**(157.1)**	**(0.8)**	**(3.9)**	**(0.7)**	**-**	**(329.4)**
Charge for the year	(2.8)	(23.6)	(30.8)	-	(0.6)	-	-	(57.8)
Adjustment	-	(0.9)	3.2	-	-	(2.4)	-	-

SARm	Mine properties							
	Mine closure and rehabilitation provision	Plant and equipment*	Land and buildings*	Motor vehicles	Office equipment	Stripping activity asset	Mining capital work-in-progress	Total
31 December 2022G	**(14.4)**	**(179.7)**	**(184.6)**	**(0.8)**	**(4.5)**	**(3.1)**	**-**	**(387.2)**
Charge for the period	(1.4)	(31.5)	(19.2)	-	(0.4)	-	-	(52.6)
31 December 2023G	**(15.8)**	**(211.2)**	**(203.9)**	**(0.8)**	**(4.9)**	**(3.1)**	**-**	**(439.8)**
Net book value								
31 December 2021G	**167.0**	**364.8**	**805.3**	**-**	**2.8**	**2.4**	**0.5**	**1,342.9**
31 December 2022G	**24.0**	**343.5**	**774.6**	**-**	**2.2**	**-**	**2.9**	**1,147.2**
31 December 2023G	**255.8**	**312.0**	**755.4**	**-**	**1.8**	**-**	**2.8**	**1,327.8**

Source: MBAC Financial Statements

Mine properties had a net book value of SAR 1,327.8 million at 31 December 2023G and mainly comprised of land and buildings of SAR 755.4 million and plant and equipment of SAR 312.0 million at 31 December 2023G.

The net book value of mine properties decreased by 14.6% from SAR 1,342.9 million at 31 December 2021G to SAR 1,147.2 million at 31 December 2022G primarily due to (i) the adjustment in provision for decommissioning, site rehabilitation and dismantling obligations of SAR (140.2) million at 31 December 2022G. This provision represents the full amount of the estimated closure and reclamation cost for various operational mining properties, based on information currently available including closure plans and applicable regulations, and (ii) the depreciation charge for the year of SAR 57.8 million at 31 December 2022G.

The changes in adjustments in the provision for decommissioning, site rehabilitation and dismantling obligations is created under the guidelines of IAS 16 and assessed and adjusted every quarter, mainly based on change in the interest rates.

The net book value increased by 15.7% from SAR 1,147.2 million at 31 December 2022G to SAR 1,327.8 million at 31 December 2023G. This was primarily due to the revision of estimates for the mine closure obligations which caused an increase in the provision for mine closure costs and corresponding mine closure assets under the mine properties in the amount of SAR 205.4 million at 31 December 2023G.

This increase was partially offset by the depreciation charge for the year of SAR 52.6 million at 31 December 2022G.

Table (4-139): Mine properties depreciation charge of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

SARm	Mine properties depreciation charge		
	2021G	2022G	2023G
Allocation of depreciation charge during the year to:			
Cost of sales	61.7	57.8	52.6

Source: MBAC Financial Statements

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

Exploration and evaluation assets

Exploration expenditures relates 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.

Evaluation expenditure 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 feasibilities studies.

All exploration and evaluation costs are expensed until a 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 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 accumulated impairment. 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 asset 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 and reversal of impairment on exploration and evaluation assets.

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**".

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**".

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

Stripping activity asset and stripping activity expense

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

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

Stripping activities during the production phase generally create two types of benefits, being as follows:

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

Where the benefits are realized in the form of inventory produced during the period end 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 ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a 'Stripping activity asset', if all the following criteria 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 access will be 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 criteria are not met, the production stripping costs are charged to the 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 asset, being either a tangible or an intangible asset (based upon the nature of existing asset) in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value of cash generating unit may not be recoverable.

The stripping activity asset is subsequently amortized to cost of sales 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 amortization and any impairment losses.

4-3-5-1-4-1 Property, plant and equipment

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

Table (4-140): Property, plant and equipment of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

	Property, plant and equipment						
SARm	Plant dismantling obligation	Land & Buildings	Plant & Equipment	Office equipment	Furniture & fittings	Motor vehicles	Total
Cost							
1 January 2021G	-	5,541.2	6,050.5	10.2	0.1	6.0	11,607.9
Transfer from capital work-in-progress	-	203.9	6.6	3.5	0.0	-	214.0
Adjustment	-	-	(6.1)	0.0	(0.0)	-	(6.1)
31 December 2021G	-	5,745.1	6,050.9	13.7	0.1	6.0	11,815.8
Transfer from capital work-in-progress	-	111.8	-	-	-	-	111.8
Adjustments		3.4	(0.0)	(3.5)	0.1	-	(0.0)
31 December 2022G	**-**	**5,860.3**	**6,050.8**	**10.3**	**0.2**	**6.0**	**11,927.6**
Transfer from capital work-in-progress	-	1.0	117.5	0.2	-	-	118.7
Plant dismantling obligation*	226.1	-	-	-	-	-	226.1
31 December 2023G	**226.1**	**5,861.3**	**6,168.4**	**10.4**	**0.2**	**6.0**	**12,272.5**
Accumulated depreciation							
1 January 2021G	-	(718.8)	(1,096.2)	(3.6)	(0.1)	(6.0)	(1,824.7)
Charge for the year	-	(165.5)	(259.8)	(0.9)	(0.0)	-	(426.2)
31 December 2021G	**-**	**(884.3)**	**(1,355.9)**	**(4.6)**	**(0.1)**	**(6.0)**	**(2,250.9)**
Charge for the period	-	(177.6)	(258.8)	(0.9)	(0.0)	-	(437.2)
Adjustment	-	-	0.0	(0.0)	-	-	-
31 December 2022G	**-**	**(1,061.8)**	**(1,614.7)**	**(5.5)**	**(0.1)**	**(6.0)**	**(2,688.1)**
Charge for the period	(2.3)	(174.2)	(246.4)	(0.7)	(0.0)	-	(423.6)
31 December 2023G	**(2.3)**	**(1,236.1)**	**(1,861.1)**	**(6.2)**	**(0.1)**	**(6.0)**	**(3,111.7)**
31 December 2021G	**-**	**4,860.8**	**4,694.9**	**9.2**	**-**	**-**	**9,564.9**
31 December 2022G	**-**	**4,798.5**	**4,436.1**	**4.8**	**0.1**	**-**	**9,239.5**
31 December 2023G	**223.8**	**4,625.3**	**4,307.3**	**4.3**	**0.1**	**-**	**9,160.7**

Source: MBAC Financial Statements

Property, plant and equipment ("**PPE**") had a net book value of SAR 9,160.7 million at 31 December 2023G mainly comprised land and buildings of SAR 4,625.3 million and plant and equipment of SAR 4,307.3 million at 31 December 2023G.

The net book value of PPE decreased by 3.4% from SAR 9,564.9 million at 31 December 2021G to SAR 9,239.5 million at 31 December 2022G mainly due to the annual depreciation charge for the year of SAR 437.2 million, offset by the transfer of assets from capital work-in-progress amounting to SAR 111.8 million at 31 December 2022G primarily related to buildings for the refinery production growth project.

The net book value further decreased by 0.9% from SAR 9,239.5 million at 31 December 2022G to SAR 9,160.7 million at 31 December 2023G driven by the annual depreciation charge of SAR 423.6 million in 2023G.

This decrease was partially offset by transfers from capital work-in-progress of SAR 118.7 million primarily related to plant and equipment amounting to SAR 117.5 million. In addition, there were plant dismantling obligation additions of SAR 226.1 million which primarily related to the present value of dismantling costs that the Company estimates it will incur at the end of the project. A plant dismantling provision has been provided in 2023G in compliance with the environmental law.

Table (4-141): Property, plant and equipment charge of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

PPE depreciation charge			
SARm	2021G	2022G	2023G
Allocation of depreciation charge during the year to:			
Cost of sales	426.2	437.2	423.6

Source: MBAC Financial Statements

During the Historical Period, depreciation for property, plant and equipment was allocated in cost of sales in accordance with the function of expense method.

Property, plant and equipment pledged as security

At 31 December 2023G, PPE with a net book value of SAR 19,125.7 million (31 December 2022G: SAR 19,522.8 million and 31 December 2021G: SAR 19,744.3 million) was pledged as security to the lender under the Common Terms Financing Agreement.

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

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

Table (4-142): Right-of-use assets of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Right of use assets			
SARm	Motor vehicles	Land and buildings	Total
Cost			
1 January 2021G	12.8	324.9	337.8
Additions for the year	4.2	-	4.2
31 December 2021G	**17.1**	**324.9**	**342.0**
Expired / terminated leases	(9.2)	-	(9.2)
31 December 2022G	**7.8**	**324.9**	**332.7**
Additions	0.3	-	0.3
31 December 2023G	**8.1**	**324.9**	**333.1**
Accumulated depreciation			
1 January 2021G	(5.6)	(41.9)	(47.5)
Charge for the year	(3.6)	(21.0)	(24.6)
31 December 2021G	**(9.2)**	**(62.9)**	**(72.1)**
Charge for the period	(2.1)	(21.0)	(23.1)
Expired / terminated leases	6.6	-	6.6

Right of use assets			
SARm	**Motor vehicles**	**Land and buildings**	**Total**
31 December 2022G	**(4.7)**	**(83.8)**	**(88.6)**
Charge for the period	(2.2)	(21.0)	(23.1)
31 December 2023G	**(6.9)**	**(104.8)**	**(111.7)**
Net book value as at			
31 December 2021G	**7.9**	**262.0**	**269.9**
31 December 2022G	**3.1**	**241.1**	**244.2**
31 December 2023G	**1.3**	**220.1**	**221.4**

Source: MBAC Financial Statements

Right-of-use assets had a net book value of SAR 221.4 million at 31 December 2023G mainly relating to land and building of SAR 220.1 million and motor vehicles of SAR 1.3 million at 31 December 2023G. These vehicles primarily comprised small trucks and cars treated as long term leases for the Company's use.

The Company's average lease durations were as follows:

i- Vehicles: three-to-five-years.
ii- Land and buildings: 15 years.

Right-of-use assets net book value decreased from SAR 269.9 million at 31 December 2021G to SAR 244.2 million at 31 December 2022G largely due to annual depreciation charges of SAR 23.1 million, coupled with expired / terminated leases of SAR 9.2 million in 2022G related to minor vehicle leases that the Company initially recognized with a lease duration of three years, however, after the first year elapsed, the Company determined that these vehicles were no longer required / fit for the purpose. Therefore, the Company decided to terminate the related lease agreement.

Right-of-use assets net book value further decreased from SAR 244.2 million at 31 December 2022G to SAR 221.4 million at 31 December 2023G primarily due to annual depreciation charges of SAR 23.1 million in 2023G, partially offset by additions in motor vehicles by SAR 0.3 million at 31 December 2023G.

Table (4-143): Right-of-use assets depreciation charge of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Right of use assets depreciation charge			
SARm	**2021G**	**2022G**	**2023G**
Allocation of depreciation charge during the year to:			
Cost of sales	24.6	23.1	23.1

Source: MBAC Financial Statements

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

Short-term leases

The Company recognizes 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 Company recognizes 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.

4-3-5-1-4-3 Capital work-in-progress

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

Table (4-144): Capital work in progress of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Capital work in progress	
SARm	Refinery
Cost	
1 January 2021G	368.7
Additions	95.9
Transfer to property, plant and equipment	(214.0)
31 December 2021G	**250.6**
Additions/Reversal, net	88.0
Transfer to property, plant and equipment	(111.8)
Transfer to intangible Assets	(10.5)
31 December 2022G	**216.2**
Additions/Reversal, net	130.1
Transfer to mine properties and property, plant and equipment	(118.8)
Transfer to intangible Assets	(0.2)
31 December 2023G	**227.3**

Source: MBAC Financial Statements

Capital work-in-progress ("**CWIP**") had a book value of SAR 227.3 million at 31 December 2023G solely related to the refinery.

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

The book value of CWIP decreased by 13.7% from SAR 250.6 million at 31 December 2021G to SAR 216.2 million at 31 December 2022G mainly due to the (i) transfer to property, plant and equipment of SAR 111.8 million, and (ii) transfer of intangible assets of SAR 10.5 million relating to the Company's newly implemented ERP software.

This decrease was partially offset by additions of SAR 88.0 million mainly related to plant and equipment.

CWIP subsequently increased by 5.1% from SAR 216.2 million at 31 December 2022G to SAR 227.3 million at 31 December 2023G primarily driven by additions of SAR 130.1 million primarily related to plant and equipment, partially offset by the transfer to mine properties, property, plant and equipment and intangible assets total of SAR 119.0 million.

Borrowing costs attributable to qualifying assets

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

Table (4-145): Borrowing costs attributed to qualifying assets of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Borrowing costs attributable to qualifying assets						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Gross borrowing cost incurred	216.3	276.9	472.1	28.0%	70.5%	47.7%
Expensed during year	208.4	271.6	468.3	30.3%	72.4%	49.9%
Net borrowing cost capitalized as part of qualifying assets in CWIP	**7.9**	**5.3**	**3.7**	**(32.9%)**	**(30.2%)**	**(31.6%)**
Capitalization rate	2.5%	6.3%	6.6%	3.8%	0.3%	4.1%

Source: MBAC Financial Statements

During 2023G, the capitalization rate of 6.6% (2022G: 6.3% and 2021G: 2.5%) has been used for the calculation of borrowing cost attributable to qualifying assets.

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

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment 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 Company estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually whenever there is an indication that the asset may be impaired.

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

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

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

4-3-5-1-4-4 Intangible assets

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

Table (4-146): Intangible assets of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Intangible assets at carrying value	
SARm	**Software**
Cost	
1 January 2021G	36.4
31 December 2021G	**36.4**
Transfer from capital work-in-progress	10.5
31 December 2022G	**47.0**
Transfer from capital work-in-progress	0.2
31 December 2023G	**47.2**
Accumulated amortization	
1 January 2021G	(22.9)
Charge for the year	(3.6)
31 December 2021G	**(26.6)**
Charge for the period	(4.6)
31 December 2022G	(31.2)
Charge for the period	(4.7)
31 December 2023G	**(35.9)**
Net book value as at	
31 December 2021G	**9.9**
31 December 2022G	**15.8**
31 December 2023G	**11.4**

Source: MBAC Financial Statements

Intangible assets of SAR 11.4 million at 31 December 2023G primarily represented the Company's ERP and other software.

Intangible assets net book value increased by 59.6% from SAR 9.9 million at 31 December 2021G to SAR 15.8 million at 31 December 2022G mainly due to the transfer from capital work-in- progress of SAR 10.5 million relating to the Company's newly implemented ERP software, partially offset by the annual amortization charge of SAR 4.6 million at 31 December 2022G.

Intangible assets net book value subsequently decreased by 27.8% from SAR 15.8 million at 31 December 2022G to SAR 11.4 million at 31 December 2023G largely due to the annual amortization charge of SAR 4.7 million in 2023G.

Table (4-147): Intangible assets amortization charge of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Intangible assets amortization charge			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Allocation of amortization charge during the year to:			
Cost of sales	3.6	4.6	4.7

Source: MBAC Financial Statements

During the Historical Period, amortization for intangible assets is allocated to the cost of sales in accordance with the function of expense method.

4-3-5-1-4-5 Deferred taxes and severance assets

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

Table (4-148): Deferred taxes and severance assets of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Deferred taxes and severance assets						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Deferred tax assets	156.8	185.6	198.6	18.4%	7.0%	12.5%
Severance assets	-	-	375.1	N/A	N/A	N/A
Total	**156.8**	**185.6**	**573.8**	**18.4%**	**209.2%**	**91.3%**

Source: MBAC Financial Statements

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

Table (4-149): Movements in deferred tax assets of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Movements in deferred tax assets					
SARm	Tax losses carried forward	Allowance for slow moving spare parts and Consumable materials	Right of use assets	Employees benefits	Total
1 January 2021G	150.0	0.5	-	3.0	153.5
Credited to profit or loss for the year	3.1	-	-	0.2	3.3
31 December 2021G	**153.1**	**0.5**	**-**	**3.2**	**156.8**
Credited to profit or loss for the remainder of the year	25.9	0.4	1.3	1.3	28.9
31 December 2022G	**179.1**	**0.9**	**1.3**	**4.4**	**185.6**
Credited to profit or loss for the period	13.0	-	0.3	(0.3)	13.0
31 December 2023G	**192.0**	**0.9**	**1.6**	**4.1**	**198.6**

Source: MBAC Financial Statements

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

Table (4-150): Movements in deferred severance assets of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Movements in deferred severance assets				
SARm	Tax losses carried forward	Mine decommissioning assets	Employees benefits	Total
01 January 2021G	-	-	-	-
Credited to profit or loss for the year	-	-	-	-
31 December 2021G	**-**	**-**	**-**	**-**
Credited to profit or loss for the period	-	-	-	-
31 December 2022G	**-**	**-**	**-**	**-**
Credited to profit or loss for the year	326.8	37.5	10.8	375.1
31 December 2023G	**326.8**	**37.5**	**10.8**	**375.1**

Source: MBAC Financial Statements

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 assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

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

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

4-3-5-1-4-6 Derivative Financial instruments

The following table presents MBAC's total Derivative financial asset for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-151): Derivative financial instruments of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Derivative financial instruments						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	94.5	34.0	(54.7)	(64.0%)	(260.9%)	N/A
Net accrual for settlement of derivative interest	(11.7)	(4.0)	4.0	(65.8%)	(200.0%)	N/A
Accrual during the year	25.2	11.6	(39.8)	(54.0%)	(443.1%)	N/A
Paid during the year	(36.9)	(15.6)	43.8	(57.7%)	(380.8%)	N/A
Loss / (gain) in fair value of hedge instrument charged to other comprehensive income	(48.8)	(84.7)	30.3	73.6%	(135.8%)	N/A
31 December	**34.0**	**(54.7)**	**(20.4)**	**(260.9%)**	**(62.7%)**	**N/A**

Source: MBAC Financial Statements

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The fair value of derivatives is determined with reference to an active market index and are calculated as the present value of the estimated future cash flow based on observable yield curves for the interest rate swaps.

Derivative financial instruments decreased by 260.9% from SAR 34.0 million at 31 December 2021G to SAR (54.7) million at 31 December 2022G primarily due to losses in fair value of hedge instrument incurred by the Company of SAR 84.7 million at 31 December 2022G. This was partially offset by decreases in accruals for the settlement of derivative interest of SAR 4.0 million at 31 December 2022G.

Derivative financial instruments subsequently decreased by 62.7% from SAR (54.7) million at 31 December 2022G to SAR (20.4) million at 31 December 2023G primarily due to gains on the fair value of hedge instruments of SAR 30.3 million at 31 December 2023G.

4-3-5-1-4-7 Employees' home owners program receivable

The following table presents the MBAC's Employees' home owners program for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-152): Employees' home owners program receivables of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Employees' home owners program receivable						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	43.4	39.9	36.9	(8.1%)	(7.5%)	(7.8%)
Less: Employees' repayment during the year	(3.5)	(2.9)	(13.9)	(17.1%)	379.3%	99.3%
Sub-total	**39.9**	**36.9**	**23.0**	**(7.5%)**	**(37.7%)**	**(24.1%)**
Less: Current portion of employees' home owners program receivable	(4.0)	(3.0)	(2.8)	(25.0%)	(6.7%)	(16.3%)
Non-current portion of employees' home owners program receivable	**35.9**	**33.9**	**20.2**	**(5.6%)**	**(40.4%)**	**(25.0%)**

Source: MBAC Financial Statements

The Company has established an employees' home owners program that offer 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 upon completion of full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners' receivable upon signing of the sales contract with the eligible employees. The monthly instalments 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.

The non-current portion of employees, home owners program receivable decreased by 5.6% from SAR 35.9 million at 31 December 2021G to SAR 33.9 million at 31 December 2022G and further decreased by 40.4% reaching SAR 20.9 million at 31 December 2023G. This decline was largely due to repayments made by employees of SAR 2.9 million at 31 December 2022G and of SAR 13.9 million at 31 December 2023G.

4-3-5-1-5 Current assets

Table (4-153): Current assets of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Current assets						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Current portion of employees' home owners program receivable	4.0	3.0	2.8	(25.0%)	(6.7%)	(16.3%)
Due from a shareholder	26.7	72.2	16.5	170.4%	(77.1%)	(21.4%)
Due from fellow subsidiaries	4.8	26.2	13.0	445.8%	(50.4%)	64.6%
Derivative financial instruments	-	-	20.4	N/A	N/A	N/A
Advances and prepayments	21.7	22.0	9.3	1.4%	(57.7%)	(34.5%)
Inventories	464.8	534.1	473.0	14.9%	(11.4%)	0.9%
Trade and other receivables	213.6	151.3	248.8	(29.2%)	64.4%	7.9%
Time deposits	-	-	2.1	N/A	N/A	N/A
Cash and cash equivalents	1,130.6	495.8	241.3	(56.1%)	(51.3%)	(53.8%)
Total current assets	**1,866.3**	**1,304.6**	**1,027.2**	**(30.1%)**	**(21.3%)**	**(25.8%)**

Source: MBAC Financial Statements

Current assets decreased by 30.1% from SAR 1,866.3 million at 31 December 2021G to SAR 1,304.6 million at 31 December 2022G primarily due to the decrease in cash and cash equivalents by 56.1% from SAR 1,130.6 million at 31 December 2021G to SAR 495.8 million at 31 December 2022G primarily related to decrease in unrestricted cash and bank balances by SAR 434.1 million. This was partially offset by the increase in (i) inventories by 14.9% from SAR 464.8 million at 31 December 2021G to SAR 534.1 million at 31 December 2022G largely due to the increase in work-in-process by 39.4% from SAR 119.2 million at 31 December 2021G to SAR 166.2 million at 31 December 2022G, primarily driven by higher production costs as well as a higher quantity of work-in-process inventory during 2022G, and (ii) due from a shareholder by 170.4% from SAR 26.7 million at 31 December 2021G to SAR 72.2 million at 31 December 2022G solely related to Ma'aden due to the reclassification of these derivates from non-current to current assets during the year, as these are expected to mature in June 2024G.

Current assets further decreased by 21.3% from SAR 1,304.6 million at 31 December 2022G to SAR 1,027.2 million at 31 December 2023G primarily due to the decrease in due from a shareholder by 77.1% from SAR 72.2 million at 31 December 2022G to SAR 16.5 million at 31 December 2023G due to an outstanding VAT reimbursement invoice that was issued in October 2022G but was still not collected at the end of 2022G. This was partially offset by the increase in trade and other receivables by 64.4% from SAR 151.3 million at 31 December 2022G to SAR 248.8 million at 31 December 2023G primarily due to the increase in trade receivables from third parties by 73.9% as a result of a customer delaying payments due to a cashflow issue in 2022G which the customer resolved in January 2023G.

4-3-5-1-5-1 Current portion of employees' home owners program receivable

Refer to section 1-5-2-1-8 for further details on receivables from employees' home owners program.

4-3-5-1-5-2 Due from a shareholder

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

Table (4-154): Due from shareholders of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Due from shareholders						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	26.7	72.2	16.5	170.4%	(77.1%)	(21.4%)
Total	**26.7**	**72.2**	**16.5**	**170.4%**	**(77.1%)**	**(21.4%)**

Source: MBAC Financial Statements

Due from shareholders comprised operational current account transactions with Ma'aden.

These balances are unsecured, interest free and have payments terms of 30 days.

Due from shareholders increased by 170.4% from SAR 26.7 million at 31 December 2021G to SAR 72.2 million at 31 December 2022G due to the fact that during 2022G, a VAT reimbursement invoice relating to the first nine months of 2022G was still outstanding. This invoice was issued in October 2022G and was settled in March 2023G.

Due from shareholders decreased by 77.1% from SAR 72.2 million at 31 December 2022G to SAR 16.5 million at 31 December 2023G primarily attributed to the collection of the outstanding VAT reimbursement invoice relating to October 2022G during 2023G.

4-3-5-1-5-3 Due from fellow subsidiaries

Table (4-155): Due from fellow subsidiaries of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Due from fellow subsidiaries						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
MAC	2.8	24.1	12.7	760.7%	(47.3%)	113.0%
MRC	-	0.1	0.3	N/A	200.0%	N/A
MFC	2.0	2.0	-	-	N/A	N/A
MGBM	-	-	0.1	N/A	N/A	N/A
Total	**4.8**	**26.2**	**13.0**	**445.8%**	**(50.4%)**	**64.6%**

Source: MBAC Financial Statements

The due from fellow subsidiaries mainly comprised of receivables from MAC, MRC, MFC, MGBM.

Due from fellow subsidiary increased by 445.8% from SAR 4.8 million at 31 December 2021G to SAR 26.2 million at 31 December 2022G and subsequently decreased by 50.4% to SAR 13.0 million primarily attributable to the increase in due from MAC from SAR 2.8 million at 31 December 2021G to SAR 24.1 million at 31 December 2022G before decreasing to SAR 12.7 million as result of the value of invoices issued to MAC during Q4 2022G being higher as compared to that of 2021G and 2023G.

4-3-5-1-5-4 Derivative financial instruments

Refer to section 1-5-2-1-7 for further details on derivative financial instruments.

4-3-5-1-5-5 Advances and prepayments

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

Table (4-156): Advances and prepayments of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Advances and prepayments						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Advances to employees	2.3	-	0.3	(100.0%)	N/A	(63.9%)
Advances to vendors	6.1	1.6	-	(73.8%)	(100.0%)	N/A
Prepaid housing	2.7	1.2	-	(55.6%)	(100.0%)	N/A
Prepaid insurance and other	10.7	19.2	9.0	79.4%	(53.1%)	(8.3%)
Total	**21.7**	**22.0**	**9.3**	**1.4%**	**(57.7%)**	**(34.5%)**

Source: MBAC Financial Statements

Advances and prepayments mainly represented advances paid by the Company to vendors and employees (for housing, insurance, etc.).

Advances to employees

Advances to employees decreased from SAR 2.3 million at 31 December 2021G to nil at 31 December 2022G, mainly due to repayments made by employees during the year.

Advances to employees subsequently increased from nil at 31 December 2022G to SAR 0.3 million at 31 December 2023G, mainly due to an increase in advances to employees during the year which remain unsettled at year end.

Advances to vendors

Advances to vendors mainly related to advances paid to the Saudi Canadian Mining Company for mining services.

Advances to vendors decreased by 73.8% from SAR 6.1 million at 31 December 2021G to SAR 1.6 million at 31 December 2022G and further decreased to nil at 31 December 2023G, mainly due to the settlement of advances against running invoices.

Prepaid housing

Prepaid housing related to employee housing advances which decreased by 55.6% from SAR 2.7 million at 31 December 2021G to SAR 1.2 million at 31 December 2022G and further decreased to nil at 31 December 2023G, primarily driven by settlements during the years.

Prepaid insurance and other

Prepaid insurance primarily related to the comprehensive insurance for property, plant, equipment, and medical insurance for employees.

Prepaid insurance and other increased by 79.4% from SAR 10.7 million at 31 December 2021G to SAR 19.2 million at 31 December 2022G, primarily due to higher medical insurance premium incurred during the year.

Prepaid insurance and others decreased by 53.1% from SAR 19.2 million at 31 December 2022G to SAR 9.0 million at 31 December 2023G, largely due to a renegotiation of the insurance premiums with the respective insurance providers during the year.

4-3-5-1-5-6 Inventories

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

Table (4-157): Inventories of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Inventories						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Finished goods - ready for sale	29.2	67.1	-	129.8%	(100.0%)	N/A
Cost of finished goods	29.2	93.6	-	220.5%	(100.0%)	N/A
Less: FG Inventory written off to net realizable value	-	(26.5)	-	N/A	(100.0%)	N/A
Stockpiles	43.8	55.3	46.4	26.3%	(16.1%)	2.9%
Work-in-process	119.2	166.2	125.1	39.4%	(24.7%)	2.4%
Cost of work-in-process	119.2	197.5	129.2	65.7%	(34.6%)	4.1%
Less: work-in-process written off to net realizable value	-	(31.3)	(4.1)	N/A	(86.9%)	N/A
Sub-total	**192.2**	**288.6**	**171.5**	**50.2%**	**(40.6%)**	**(5.5%)**
Raw materials	65.1	23.9	22.1	(63.3%)	(7.5%)	(41.7%)
Spare parts and consumables	217.1	238.8	287.8	10.0%	20.5%	15.1%
Allowance for slow moving spare parts and consumable materials	(9.6)	(17.2)	(8.4)	79.2%	(51.2%)	(6.5%)
Sub-total	**272.7**	**245.5**	**301.5**	**(10.0%)**	**22.8%**	**5.1%**
Total	**464.8**	**534.1**	**473.0**	**14.9%**	**(11.4%)**	**0.9%**
Days inventories outstanding ("DIO")[1]	**162**	**95**	**86**	**(41.4%)**	**(9.5%)**	**(27.1%)**

Source: MBAC Financial Statements, and Company Information

(1) Note to table: DIO has been calculated by dividing total inventories (excluding spare parts and consumables, and allowance for slow moving spare parts and consumable materials) by raw material and utilities consumed, multiplied by 365 days.

Inventories comprised finished goods-ready for sale, stockpiles, work in process and spare parts and consumables.

Finished goods - ready for sale

Finished goods - ready for sale increased by 129.8% from SAR 29.2 million at 31 December 2021G to SAR 67.1 million at 31 December 2022G, mainly due to the increase in cost of finished goods from SAR 29.2 million at 31 December 2021G to SAR 93.6 million at 31 December 2022G, largely driven by operational disruptions in November and December 2022G. This increase was partially offset by an inventory valuation write-off amounting to SAR 26.5 million at 31 December 2022G.

As per IAS2, the inventory valuation should be calculated at the lower of cost or NRV and the Company consistently applied this principle. The adjustment to finished goods at 31 December 2022G was driven by the net realizable value of finished goods being lower than its cost.

Finished goods - ready for sale subsequently decreased from SAR 67.1 million at 31 December 2022G to nil at 31 December 2023G, primarily due to the Company selling a higher quantity of alumina compared to what it produced during the year especially in December 2023G.

Stockpiles

Stockpiles increased by 26.3% from SAR 43.8 million at 31 December 2021G to SAR 55.3 million at 31 December 2022G, mainly due to a higher stockpile of Bauxite at 31 December 2022G as compared to 31 December 2021G as a result of the lower alumina production. The Company decided to hold additional safety stock to support the expected production ramp up.

Stockpiles subsequently decreased by 16.1% from SAR 55.3 million at 31 December 2022G to SAR 46.4 million at 31 December 2023G, primarily due to the production ramp up as well as an inventory optimization program implemented by the Company in 2023G.

Work-in-process

Work-in-process increased by 39.4% from SAR 119.2 million at 31 December 2021G to SAR 166.2 million at 31 December 2022G, largely due to the increase in cost of work-in-process from SAR 119.2 million at 31 December 2021G to SAR 197.5 million at 31 December 2022G, primarily driven by higher production costs as well as a higher quantity of work-in-process inventory during 2022G. This increase was partially offset by write-offs amounting to SAR 31.3 million at 31 December 2022G in associated with the Company's net realizable value calculation.

Work-in-process decreased by 24.7% from SAR 166.2 million at 31 December 2022G to SAR 125.1 million at 31 December 2023G, mainly due to the decrease in cost of work-in-process from SAR 197.5 million at 31 December 2022G to SAR 125.1 million at 31 December 2023G, primarily driven by lower production costs as well as lower work-in-process inventory as the production ramped up during 2023G. This decrease was partially offset decrease in write-offs amounting to SAR 4.1 million at 31 December 2023G in associated with the Company's net realizable value calculation.

Raw materials

Raw materials mainly comprised of Caustic Soda and Bauxite.

Raw materials decreased by 63.3% from SAR 65.1 million at 31 December 2021G to SAR 23.9 million at 31 December 2022G, largely due to the Company recognizing a higher level of Caustic Soda in transit as compared to 2022G.

Raw materials further decreased by 7.5% from SAR 23.9 million at 31 December 2022G to SAR 22.1 million at 31 December 2023G, largely due to the Company's implementation of the inventory optimization program.

Spare parts and consumables

Spare parts and consumables mainly comprised tools and spare parts used in MBAC's plant related to maintenance activities.

Spare parts and consumable increased by 10.0% from SAR 217.1 million at 31 December 2021G to SAR 238.8 million at 31 December 2022G and a further by 20.5% increased to SAR 287.8 million at 31 December 2023G, mainly due to the Company reassessing the required materials on hand which led the procurement of additional spare parts and materials to support operations and the upkeep requirements of the facility.

The allowance for slow moving spare parts and consumables provisioning policy requires the Company to recognize a provision for spare parts and consumables. Movements in the provision balance at each year end occur based on the actual position at the end of each respective year.

4-3-5-1-5-7 Trade and other receivables

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

Table (4-158): Trade and other receivables of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Trade and other receivables						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
MAC	200.3	92.2	151.0	(54.0%)	63.8%	(13.2%)
Third parties	12.7	50.1	87.1	294.5%	73.9%	161.9%
Sub-total	**213.0**	**142.4**	**238.1**	**(33.1%)**	**67.2%**	**5.7%**
Other receivables						
Value added tax receivable	0.6	8.8	10.5	1,366.7%	19.3%	318.3%
Others	-	0.1	0.2	N/A	100.0%	N/A
Sub-total	**0.6**	**8.9**	**10.7**	**1,383.3%**	**20.2%**	**322.3%**
Total	**213.6**	**151.3**	**248.8**	**(29.2%)**	**64.4%**	**7.9%**
Days sales outstanding ("DSO")[(1)]	**34**	**23**	**37**	**(32.4%)**	**60.9%**	**4.3%**

Source: MBAC Financial Statements, and Company Information

(1) Note to table: DSO has been calculated by dividing trade receivables by total revenue, multiplied by 365 days.

Trade and other receivables comprised trade receivable to MAC and third parties, value added tax receivable and others.

The Company assesses on a forward-looking basis the allowance for doubtful debts using an expected credit losses approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the statement of profit or loss and reported under "**General and administrative expenses**".

When a trade and other receivable is uncollectible, it is written-off against the allowance for doubtful debts in the statement of profit or loss. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

The Company's credit terms with customers are as follows:

i- With MAC and local customers: 30 days from the issuance of the invoice.
ii- With international customers: 90.0% due after 30 days of the invoice issuance and 10.0% due after 60 days of the invoice issuance.

MAC

Trade receivables from MAC decreased by 54.0% from SAR 200.3 million at 31 December 2021G to SAR 92.2 million at 31 December 2022G, largely due to lower sales in Q4 of 2022G.

Trade receivable from MAC increased by 63.8% from SAR 92.2 million at 31 December 2022G to SAR 151.0 million at 31 December 2023G, primarily due to an increase in sales in Q4 of 2023G.

Third parties

Trade receivables from third parties increased by 294.5% from SAR 12.7 million at 31 December 2021G to SAR 50.1 million at 31 December 2022G, mainly due to a certain customer experiencing cash flow issues in December 2022G which resulted in a late settlement from that customer. This also resulted in an increase in third party DSO from 12 days at 31 December 2021G to 61 days at 31 December 2022G.

Trade receivable from third parties further increased by 73.9% from SAR 50.1 million at 31 December 2022G to SAR 87.1 million at 31 December 2023G, largely driven by most of the Company's external customers using letters of credit during 2023G, which resulted in the Company receiving payments on time (within 30 days). This also resulted in a decline in the third-party DSO at 31 December 2023G to 45 days (compared to 31 December 2022G).

The following table presents an ageing breakdown for the trade receivables which indicates there are immaterial balances aged over 180 days in each of 2021G, 2022G and 2023G.

Table (4-159): Aging of trade receivables of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Aging of trade receivables						
SARm	Current	1-30	31-60	61-90	>90	Total
31 December 2021G	207.0	5.3	0.5	0.3	0.0	**213.0**
31 December 2022G	131.7	7.0	3.7	-	-	**142.4**
31 December 2023G	232.2	4.0	1.9	-	-	**238.1**

Source: Company information

Other receivables

Other receivables include value added tax receivables and other miscellaneous receivables (related to scrap sales).

Other receivables increased from SAR 0.6 million at 31 December 2021G to SAR 8.9 million at 31 December 2022G and further increased by 20.2% to SAR 10.7 million at 31 December 2023G primarily driven by the increase in value added tax receivables, which increased from 0.6 million at 31 December 2021G to SAR 8.8 million at 31 December 2022G in line with the increase in local sales during the year.

4-3-5-1-5-8 Time deposits

The following table displays the MBAC's year-end balances for time deposits for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-160): Time deposits of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Time deposits						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Time deposits with original maturities of more than three months and less than a year at the date of acquisition - unrestricted	-	-	2.1	N/A	N/A	N/A
Total	**-**	**-**	**2.1**	**N/A**	**N/A**	**N/A**

Source: MBAC Financial Statements

Time deposits at 31 December 2023G represented funds with banks and other short-term highly liquid investments, with original maturities of more than three months but not more than one year from the date of acquisition.

MBAC's treasury places short term deposits with excess cash based on the projected cash flow requirements of the Company.

4-3-5-1-5-9 Cash and cash equivalents

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

Table (4-161): Cash and cash equivalents of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Cash and cash equivalents						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Time deposits with original maturities equal to or less than three months at the date of acquisition-- unrestricted	200.0	-	0.3	(100.0%)	N/A	(96.1%)
Investment income receivable - unrestricted	0.4	-	-	(100.0%)	N/A	(100.0%)
Cash and bank balances						
Unrestricted	916.9	482.8	231.0	(47.3%)	(52.2%)	(49.8%)
Restricted	13.3	13.0	10.0	(2.3%)	(23.1%)	(13.3%)
Sub-total	**930.2**	**495.8**	**241.0**	**(46.7%)**	**(51.4%)**	**(49.1%)**
Total unrestricted cash and cash equivalents	1,117.3	482.8	231.3	(56.8%)	(52.1%)	(54.5%)
Total restricted cash and cash equivalents	13.3	13.0	10.0	(2.3%)	(23.1%)	(13.3%)
Total	**1,130.6**	**495.8**	**241.3**	**(56.1%)**	**(51.3%)**	**(53.8%)**

Source: MBAC Financial Statements

Cash and cash equivalents mainly represent time deposits with a maturity of less than or equal to three months in addition to both restricted and unrestricted cash and cash equivalents. Within cash and bank balances, restricted cash is related to the employee savings plan obligations.

Cash and cash equivalents decreased by 56.1% from SAR 1,130.6 million at 31 December 2021G to SAR 495.8 million at 31 December 2022G mainly due to the decrease in unrestricted cash and cash equivalents from SAR 1,117.3 million at 31 December 2021G to SAR 482.8 million at 31 December 2022G.

Cash and cash equivalents decreased further by 51.3% to SAR 241.3 million at 31 December 2023G mainly due to the decrease in unrestricted cash and cash equivalents from SAR 482.8 million at 31 December 2022G to SAR 231.3 million at 31 December 2023G.

4-3-5-1-6 Non-current liabilities

The following table presents the MBAC's year-end balances for non-current liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-162): Non-current liabilities of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Non-current liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Long-term borrowings	6,823.4	6,007.0	5,735.2	(12.0%)	(4.5%)	(8.3%)
Provision for decommissioning, site rehabilitation and dismantling obligations	197.2	60.5	527.7	(69.3%)	772.2%	63.6%
Lease liabilities	272.9	253.4	234.7	(7.1%)	(7.4%)	(7.3%)
Employees' benefits	72.7	81.1	82.4	11.6%	1.6%	6.5%
Derivative financial instruments	34.0	-	-	(100.0%)	-	(100.0%)
Deferred tax and severance liabilities	223.5	230.8	296.4	3.3%	28.4%	15.2%
Total non-current liabilities	**7,623.7**	**6,632.9**	**6,876.4**	**(13.0%)**	**3.7%**	**(5.0%)**

Source: MBAC Financial Statements and Company Information

Non-current liabilities decreased by 13.0% from SAR 7,623.7 million at 31 December 2021G to SAR 6,632.9 million at 31 December 2022G primarily due to a decrease in (i) long-term borrowings by 12.0% from SAR 6,823.4 million at 31 December 2021G to SAR 6,007.0 million at 31 December 2022G primarily due to repayments made during the period, and (ii) provision for decommissioning, site rehabilitation and dismantling obligations by 69.3% from SAR 197.2 million at 31 December 2021G to SAR 60.5 million at 31 December 2022G in line within the Company's policy to reassess the provision at year end. This was partially offset by 11.6% increase in employee's benefits due to the Actuarial assessment of EOSB at December 2022G.

Non-current liabilities increased by 3.7% from SAR 6,632.9 million at 31 December 2022G to SAR 6,876.4 million at 31 December 2023G primarily due to the increase in provision for decommissioning, site rehabilitation and dismantling obligations by 772.2% from SAR 60.5 million at 31 December 2022G to SAR 527.7 million at 31 December 2023G in line with the requirements of environmental laws applicable to the Company.

4-3-5-1-6-1 Long-term borrowings

On 27 November 2011G, the "**Company**" entered into the Common Terms Agreement ("**CTA**") and other agreements (collectively referred to as "**Financing Agreements**") with a group of financial institutions.

On 16 July 2018G the facility with PIF of SAR 3,605.3 million was restructured resulting in a revised repayment schedule and covenants. Effective on the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Riyal Murabaha for 2 tranches (Tranch A amounting to SAR 2,370.0 million and Tranche B amounting to SAR 1,655.0 million and Riyal Wakala facilities (amounting to SAR 220.0 million) to replace the balance of the facilities.

On 9 January 2019G the working capital facility restructured for five years amounted to SAR 750.0 million.

The new financing facilities comprised of the following:

Table (4-163): Approved facilities of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Facilities approved			
SARm	Date of approval	Facilities granted	Commission rates
PIF – Amendment to the existing Agreement	16-Jul-18	3,506.3	LIBOR+1.5%
Islamic and commercial banks	**16-Jul-18**		
Riyal Murabaha Tranche A		2,370.0	SIBOR+ 1.45%
Riyal Murabaha Tranche B		1,655.0	SIBOR+ 1.55%
Riyal Wakala		220.0	SIBOR+ 1.55%
Sub-total		**4,245.0**	
Murabaha Riyal, Working Capital Facility (WCF}	09-Jan-19	750.0	SIBOR+0.80% /+0.95%
Total		**8,501.3**	

Source: MBAC Financial Statements

The new financing agreements imposed some financial covenants including:

- Maintenance of financial ratios as per financial covenants clause: debt will not, at any time, exceed 4 times of total tangible net worth;
- Restriction on dividend distribution to shareholders; and
- Financing cost will not exceed 50 % of Earnings before Interest, Tax, Depreciation and Amortization ('EBITDA").

Compliance with loan covenants

MBAC complied with these covenants throughout the reporting period. At 31 December 2023G, the net debt was 1.87 times of total tangible net worth, and the financing cost was 159.92% of EBITDA.

The following table presents the MBAC's year-end balances for long-term borrowings for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-164): Long-term borrowings of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Long-term borrowings				
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Commission rates
PIF	3,291.3	3,152.1	2,583.2	LIBOR+1.5%
Riyal Murabaha Tranche A	2,238.2	2,060.7	1,943.7	SIBOR+ 1.45%
Riyal Murabaha Tranche B	1,589.3	1,517.1	1,378.4	SIBOR+ 1.55%
Riyal Wakala	211.3	201.7	174.3	SIBOR+ 1.55%
Islamic and commercial banks	4,038.8	3,779.5	3,496.5	
Riyal Murabaha	346.7	346.7	346.7	SIBOR+0.80%/ +0.95%
Loan from banks	**7,676.8**	**7,278.3**	**6,426.4**	
PIF	(228.4)	(648.9)	(128.7)	
Islamic and commercial banks	(282.7)	(302.8)	(276.9)	
Riyal Murabaha	(1.4)	(0.6)	403.2	
Accrued finance cost	0.8	2.0	0.1	
Repayments and transaction costs	**(511.7)**	**(950.2)**	**(2.3)**	
Less: Current portion of long-term borrowings	(340.9)	(319.1)	(688.8)	
Less: Accrued finance cost	(0.8)	(2.0)	(0.1)	
Long term portion	**6,823.4**	**6,007.0**	**5,735.2**	

Source: MBAC Financial Statements

MBAC's borrowings with the PIF as well as with the Islamic and commercial banks were predominantly long-term loans obtained for the purpose of financing machinery, plant and equipment of the facility.

Long-term borrowings decreased by 12.0% from SAR 6,823.4 million at 31 December 2021G to SAR 6,007.0 million at 31 December 2022G due to the repayment of (i) SAR 568.9 million against the borrowings from PIF, and (ii) SAR 283.0 million against the borrowings from Islamic and commercial bank.

Long-term borrowings further decreased by 4.5% from SAR 6,007.0 million at 31 December 2022G to SAR 5,735.2 million at 31 December 2023G driven by the repayment of (i) SAR 261.1 million against the borrowings from Islamic and commercial bank, and (ii) SAR 58.0 million against the borrowings from PIF.

The decrease at 31 December 2023G as compared to 31 December 2022G was partially offset by SAR 403.3 million of additional drawdowns which were withdrawn from Murabaha Riyal facility at 12 October 2023G out of the total headroom of SAR 750.0 million of which SAR 346.7 million was already drawn down previously (on 9 January 2019G).

The Saudi National Bank formerly "**National Commercial Bank**" acts as Intercreditor Agent and as Riyal Murabaha facility agent, HSBC Saudi Arabia acts as Riyal Wakala facility agent and Banque Saudi Fransi acts as the Murabaha Riyal ECF agent.

In addition to scheduled repayments, the restructured PIF facility and the Riyal Murabaha and Riyal Wakala facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Riyal Murabaha and Riyal Wakala facilities.

Table (4-165): Facilities utilized under the different CTAs of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Facilities utilized under the different CTAs			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
PIF	3,291.3	3,152.1	2,583.2
Less: Repaid during the year	(139.2)	(568.9)	(58.0)
Sub-total	**3,152.1**	**2,583.2**	**2,525.2**
Less: Unamortized transaction costs	(89.2)	(80.0)	(70.7)
Sub-total	**3,062.9**	**2,503.2**	**2,454.5**
Islamic and commercial banks			
Riyal Murabaha Tranche A	2,238.2	2,060.7	1,943.7
Riyal Murabaha Tranche B	1,589.3	1,517.1	1,378.4
Riyal Wakala	211.3	201.7	174.3
Sub-total	**4,038.8**	**3,779.5**	**3,496.5**
Less: Repaid during the year	(259.3)	(283.0)	(261.1)
Sub-total	**3,779.5**	**3,496.5**	**3,235.4**
Less: Unamortized transaction costs	(23.4)	(19.8)	(15.8)
Sub-total	**3,756.1**	**3,476.7**	**3,219.6**
Riyal Murabaha	346.7	346.7	346.7
Drawn during the year	-	-	403.3
Sub-total	**346.7**	**346.7**	**750.0**
Less: Unamortized transaction costs	(1.4)	(0.6)	(0.1)
Sub-total	**345.3**	**346.1**	**749.9**
Total borrowing	**7,164.3**	**6,326.1**	**6,424.0**
Accrued finance cost	0.8	2.0	0.1
Sub-total carried forward	**7,165.1**	**6,328.1**	**6,424.1**
Less: Current portion of long-term borrowings	(340.9)	(319.1)	(688.8)
Less: Accrued finance cost	(0.8)	(2.0)	(0.1)
Sub-total - Current portion of borrowings shown under current liabilities	**(341.7)**	**(321.1)**	**(688.9)**
Long term portion	**6,823.4**	**6,007.0**	**5,735.2**

Source: MBAC Financial Statements

PIF

The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate plus a 1.5% margin.

The repayment of the loan started on 30 June 2019G, on a bi-annual basis, starting from SAR 36.0 million and increasing over the term of the loan with the final repayment of SAR 328.0 million due on 30 June 2032G. In addition, MBAC is required to make certain prepayments as described above.

The upfront transaction cost incurred is amortized over the term of the loan (31 December 202GG: SAR 9.2 million; 31 December 2022G: SAR 9.3 million; and 31 December 2021G: SAR 9.0 million).

Islamic and commercial banks

The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is SAIBOR plus a margin / mark-up of 1.45% for Riyal Murabaha Tranche A, and 1.55% for Riyal Murabaha Tranche B and Riyal Wakala.

Repayment of the principal amounts of total approved facilities commenced from 30 September 2019G. The repayments started from SAR 34.0 million and are increasing over the term of the loan with the final repayment of SAR 274.0 million for Riyal Murabaha Tranche A due on 30 June 2028G and the final repayment of SAR 223.0 million for Wakala Riyal and Riyal Murabaha Tranche B due on 31 December 2030G.

The upfront transaction cost incurred is amortized over the term of the loan. The transaction cost amortized over the term of the loan during (31 December 2023G: SAR 3.9 million; 31 December 2022G: SAR 3.6 million; and 31 December 2021G: SAR 4.6 million).

Riyal Murabaha

The rate of profit on the purchase price (i.e., principal amount of the loan drawn for each commission period) is SAIBOR plus 0.80% and SAIBOR plus 0.95%.

The Working Capital Murabaha Riyal facility amounting to SAR 340.0 million was repaid on 9 January 2019G and a new Murabaha Riyal facility agreement was signed for a total of SAR 750.0 million. On the same date a drawdown amounting to SAR 347.0 million was made. Subsequently, on 12 October 2023G, the remaining headroom of the loan amounting to SAR 403.0 million was utilized.

The new Murabaha Riyal facility will be due in January 2024G.

The transaction cost amortized over the term of the loan during the period ended 31 December 2023G amounted to SAR 0.5 million (31 December 2022G: SAR 0.7 million, 31 December 2021G: SAR 0.7 million).

Facilities' currency denomination

Essentially 43.0% of MBAC's facilities have been contracted in SAR and 57.0% in USD and the drawdown balances denominated in USD are shown below:

Table (4-166): Facilities' currency denomination of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Facilities' currency denomination						
USDm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
PIF (USD)	840.6	688.9	673.4	(18.0%)	(2.2%)	(10.5%)
Unamortized transaction cost	(23.8)	(21.3)	(18.9)	(10.5%)	(11.3%)	(10.9%)
Sub-total	**816.8**	**667.5**	**654.5**	**(18.3%)**	**(1.9%)**	**(10.5%)**
Islamic and commercial banks				**N/A**	**N/A**	**N/A**
Riyal Murabaha Tranche A	549.5	518.1	518.3	(5.7%)	0.0%	(2.9%)
Riyal Murabaha Tranche B	404.6	367.8	367.6	(9.1%)	(0.1%)	(4.7%)
Riyal Wakala	53.8	46.5	46.5	(13.6%)	-	(7.0%)
Sub-total	**1,007.9**	**932.4**	**932.4**	**(7.5%)**	**-**	**(3.8%)**
Less: Repaid during the year	-	-	(69.6)	N/A	N/A	N/A
Sub-total	**1,007.9**	**932.4**	**862.8**	**(7.5%)**	**(7.5%)**	**(7.5%)**
Unamortized transaction cost	(6.2)	(5.3)	(4.2)	(14.5%)	(20.8%)	(17.7%)
Sub-total	**1,001.6**	**927.1**	**858.6**	**(7.4%)**	**(7.4%)**	**(7.4%)**
Riyal Murabaha	92.5	92.5	92.5	-	-	-
Drawn during the year	-	-	107.5	N/A	N/A	N/A
Sub-total	**92.5**	**92.5**	**200.0**	**-**	**116.2%**	**47.0%**
Unamortized transaction cost	(0.4)	(0.2)	(0.0)	(50.0%)	(100.0%)	(100.0%)
Sub-total	**92.1**	**92.3**	**200.0**	**0.2%**	**116.7%**	**47.4%**
Add: accrued finance cost	0.2	0.5	0.0	150.0%	(100.0%)	(100.0%)
Total borrowings	**1,910.7**	**1,687.5**	**1,713.1**	**(11.7%)**	**1.5%**	**(5.3%)**
Less: Current portion of long-term borrowings	(90.9)	(85.1)	(183.7)	(6.4%)	115.9%	42.2%
Less: accrued finance cost	(0.2)	(0.5)	(0.0)	150.0%	(100.0%)	(100.0%)
Sub-total - Current portion of borrowings shown under current liabilities	**(91.1)**	**(85.6)**	**(183.7)**	**(6.0%)**	**114.6%**	**42.0%**
Total	**1,819.6**	**1,601.9**	**1,529.4**	**(12.0%)**	**(4.5%)**	**(8.3%)**

Source: MBAC Financial Statements and Company Information

Maturity profile of long-term borrowings

The following table presents MBAC's maturity profile of long-term borrowings for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-167): Maturity profile of long-term borrowings of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Maturity profile of long-term borrowings						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
2022G	341.7	-	-	(100.0%)	N/A	(100.0%)
2023G	330.5	321.1	-	(2.8%)	(100.0%)	(100.0%)
2024G	701.1	688.8	688.9	(1.8%)	0.0%	(0.9%)
2025	424.6	411.9	411.9	(3.0%)	-	(1.5%)
2026	400.5	390.6	390.6	(2.5%)	-	(1.2%)
2027	615.0	615.0	615.0	-	-	-
2028 onwards	4,465.9	898.4	898.4	(79.9%)	-	(55.1%)
2029 onwards	-	3,102.7	3,506.0	N/A	13.0%	N/A
Total	**7,279.1**	**6,428.4**	**6,510.7**	**(11.7%)**	**1.3%**	**(5.4%)**

Source: MBAC Financial Statements and Company Information

The maturity profile of long-term borrowings presented in the above table of SAR 7,279.1 million at 31 December 2021G, SAR 6,428.4 million at 31 December 2022G and SAR 6,510.7 million at 31 December 2023G are subject to prepayment provisions as defined in the CTA.

4-3-5-1-6-2 Provision for decommissioning, site rehabilitation and dismantling obligations

The following table presents MBAC's year-end balances in provision for decommissioning, site rehabilitation and dismantling obligations for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-168): Provision for decommissioning, site rehabilitation and dismantling obligations of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Provision for decommissioning, site rehabilitation and dismantling obligations						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Bauxite mine	197.2	60.5	269.0	(69.3%)	344.6%	16.8%
Plant dismantling and site rehabilitation	-	-	258.6	N/A	N/A	N/A
Total	**197.2**	**60.5**	**527.7**	**(69.3%)**	**772.2%**	**63.6%**

Source: MBAC Financial Statements

Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mine, 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.

Management estimates the provision based on the current legal requirements in the Kingdom of Saudi Arabia, the Company'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 Company's environmental policies and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined.

The following table presents the MBAC's year-end balances in movement in provision for mine decommissioning obligations for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-169): Movement in provision for mine decommissioning obligations of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Movement in provision for mine decommissioning obligations	
SARm	**Al-Baitha Mine**
1 January 2021G	140.9
Accretion of provision for the year	4.1
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations during the period	52.2
31 December 2021G	**197.2**
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations during the period	(140.2)
Accretion of provision during the year	3.6
31 December 2022G	**60.5**
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations during the period	205.4
Accretion of provision during the period	3.1
31 December 2023G	**269.0**

Source: MBAC Financial Statements

The provision for mine decommissioning obligations decreased from SAR 197.2 million at 31 December 2021G to SAR 60.5 million at 31 December 2022G primarily driven by an adjustment in the provision for mine decommissioning of SAR 140.2 million at 31 December 2022G.

The provision for mine decommissioning obligations increased from SAR 60.5 million at 31 December 2022G to SAR 269.0 million at 31 December 2023G due to the revision of the mine closure obligation estimate which caused an increase in the provision for mine closure costs and corresponding mine closure assets under the mine properties of SAR 205.4 million at 31 December 2023G.

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.

The following table presents MBAC's year-end balances in movement in plant dismantling and Site rehabilitation for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-170): Movement in plant dismantling and site rehabilitation obligations of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Movement in plant dismantling and Site rehabilitation	
SARm	Movement
01 January 2021G	-
Addition of dismantling obligation for property, plant and equipment	-
Accretion of provision during the year	-
31 December 2021G	**-**
Addition of dismantling obligation for property, plant and equipment	-
Accretion of provision during the year	-
31 December 2022G	**-**
Addition of dismantling obligation for property, plant and equipment	254.0
Accretion of provision during the year	4.7
31 December 2023G	**258.6**

Source: MBAC Financial Statements

At December 2023G, the Company reassessed and revised the provision for plant dismantling and site rehabilitation for its mining and non-mining plan.

4-3-5-1-6-3 Lease liabilities

MBAC has entered into lease agreements which entitled the Company to right of use asset and obligations relating to certain vehicles and heavy equipment.

The following table presents the lease liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-171): Lease liabilities of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Lease liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Future minimum lease payment	373.2	338.9	310.8	(9.2%)	(8.3%)	(8.7%)
Less: Future finance cost not yet due	(79.0)	(67.7)	(57.2)	(14.3%)	(15.5%)	(14.9%)
Net present value of minimum lease payment	**294.2**	**271.2**	**253.6**	**(7.8%)**	**(6.5%)**	**(7.2%)**
Less: Current portion of lease liabilities shown under current liabilities	(21.3)	(17.8)	(18.9)	(16.4%)	6.2%	(5.8%)
Long term portion of lease liabilities	**272.9**	**253.4**	**234.7**	**(7.1%)**	**(7.4%)**	**(7.3%)**

Source: MBAC Financial Statements

The following table presents MBAC's maturity profile of lease liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-172): Maturity profile of lease liabilities of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Maturity profile of lease liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
2022G	32.6	-	-	(100.0%)	N/A	(100.0%)
2023G	29.6	28.4	-	(4.1%)	(100.0%)	(100.0%)
2024G	30.8	30.3	30.4	(1.6%)	0.3%	(0.7%)
2025	29.5	29.5	29.6	-	0.3%	0.2%
2026	29.5	29.5	29.6	-	0.3%	0.2%
2027	29.5	29.5	29.6	-	0.3%	0.2%
2028 and thereafter	191.7	29.5	29.5	(84.6%)	-	(60.8%)
2029 and thereafter	-	162.2	162.2	N/A	-	N/A
Total	**373.2**	**338.9**	**310.8**	**(9.2%)**	**(8.3%)**	**(8.7%)**

Source: MBAC Financial Statements

The following table presents the MBAC's additions of new lease liabilities and the payments made for existing liabilities for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-173): Movement in future minimum lease payments of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Movement in future minimum lease payments:						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	398.7	373.2	338.9	(6.4%)	(9.2%)	(7.8%)
Additions during the year	4.4	-	0.4	(100.0%)	N/A	(69.8%)
Leased expired	-	(1.7)	-	N/A	(100.0%)	N/A
Sub-total	**403.1**	**371.5**	**339.3**	**(7.8%)**	**(8.7%)**	**(8.3%)**
Payments during the year	(29.9)	(32.6)	(28.1)	9.0%	(13.8%)	(3.1%)
31 December	**373.2**	**338.9**	**311.2**	**(9.2%)**	**(8.2%)**	**(8.7%)**

Source: MBAC Financial Statements

The following table presents MBAC's finance costs related to lease liability and its movements following the lease liability additions and payments for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-174): Movement in future finance costs of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Movement in future finance costs:						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	(90.8)	(79.0)	(67.7)	(13.0%)	(14.3%)	(13.7%)
Additions during the year	(0.2)	-	-	(100.0%)	N/A	(100.0%)
Adjustment	-	0.1	(0.0)	N/A	(100.0%)	N/A
Sub-total	**(91.0)**	**(78.9)**	**(67.7)**	**(13.3%)**	**(14.2%)**	**(13.7%)**
Accretion of future finance cost during the year	12.0	11.2	10.5	(6.7%)	(6.2%)	(6.5%)
31 December	**(79.0)**	**(67.7)**	**(57.2)**	**(14.3%)**	**(15.5%)**	**(14.9%)**

Source: MBAC Financial Statements

4-3-5-1-6-4 Lease liabilities

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

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

The long-term portion of lease liabilities decreased by 7.1% from SAR 272.9 million at 31 December 2021G to SAR 253.4 million at 31 December 2022G primarily driven by a decrease in the future minimum lease payment by 9.2% from SAR 373.2 million at 31 December 2021G to SAR 338.9 million at 31 December 2022G, in line with payment of SAR 32.6 million made during the period ended 31 December 2022G.

The long-term portion of lease liabilities further decreased by 7.4% to SAR 253.4 million at 31 December 2023G primarily driven by decrease in future minimum lease payment by 8.3% from SAR 338.9 million at 31 December 2022G to SAR 310.8 million at 31 December 2023G, in line with payment of SAR 28.1 million made during the period ended 31 December 2023G.

4-3-5-1-6-5 Employees' benefits

Employees' end of service termination benefits obligation

The following table presents the MBAC's employees' end of service termination benefits obligation and the employees' savings plan for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-175): Employee benefits of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Employees' benefits						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Employees' end of service termination benefits obligation	59.4	68.1	72.4	14.6%	6.3%	10.4%
Employees' savings plan	13.3	13.0	10.0	(2.3%)	(23.1%)	(13.3%)
Total	**72.7**	**81.1**	**82.4**	**11.6%**	**1.6%**	**6.5%**

Source: MBAC Financial Statements

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

Employees' end of service benefit plans are unfunded plans, and the benefit payment obligation are met when they become due.

The employees' benefits liability increased by 11.6% from SAR 72.7 million at 31 December 2021G to SAR 81.1 million at 31 December 2022G, primarily driven by 14.6% increase in employees' end of service termination benefit obligation as a result of decrease in settlements from SAR 5.9 million at 31 December 2021G to SAR 2.1 million at 31 December 2022G mainly due to the annual salary incremental impact and the results of the Actuarial valuation of EOSB. This was partially offset by a decrease in the employee savings plan by 2.3%.

The employees' benefits liability increased by 1.6% from SAR 81.1 million at 31 December 2022G to SAR 82.4 million at 31 December 2023G, primarily driven by 6.3% increase in employees' end of service termination benefit obligation as a result of increase in current service cost from SAR 8.6 million at 31 December 2022G to SAR 11.8 million at 31 December 2022G mainly due to the results of the Actuarial valuation of EOSB. This was partially offset by the decrease in employee savings plan by 23.1% mainly due to the net movement of the savings plan as a result of separation, transfer to other affiliates or withdrawal from the program.

Table (4-176): Re-measurements of employees' end of service termination benefits obligation of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Re-measurements of employees' end of service termination benefits obligation						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	55.4	59.4	68.1	7.2%	14.6%	10.9%
Total amount recognized in profit or loss	9.8	8.6	11.8	(12.2%)	37.2%	9.7%
Current service cost	8.4	7.0	8.4	(16.7%)	20.0%	-
Interest expense	1.4	1.6	3.4	14.3%	112.5%	55.8%
Re-measurements recognized in other comprehensive income	0.1	2.2	(0.6)	2,100.0%	(127.3%)	N/A
Gain / (loss) due to financial assumptions	-	(1.0)	0.9	N/A	(190.0%)	N/A
Loss due to experience adjustment	0.1	3.3	(1.5)	3,200.0%	(145.5%)	N/A
Settlements / transfers	(5.9)	(2.1)	(6.9)	(64.4%)	228.6%	8.1%
31 December	**59.4**	**68.1**	**72.4**	**14.6%**	**6.3%**	**10.4%**

Source: MBAC Financial Statements

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in shareholders' equity and in the statement of financial position.

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

Significant actuarial assumptions

The significant actuarial assumptions used to estimate the end of service termination benefit liability include the following:

Table (4-177): Employees' benefits significant actuarial assumptions of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Employee benefits' significant actuarial assumptions			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Withdrawal rate	5.0%	5.0%	5.0%
Mortality rate	AM(80) Table	AM(80) Table	WHO SA19
Salary growth rate - next five years	2.7%	4.8%	4.5%
Salary growth rate - after five years	2.7%	4.8%	4.8%
Discount rate	2.7%	4.8%	4.8%

Source: MBAC Financial Statements

Sensitivity profile

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

Table (4-178): Employees' benefits sensitivity profile of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Employee benefits' sensitivity profile				
SARm	Sensitivity level		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
31 December 2023G				
Withdrawal rate	10.0%	10.0%	(0.3)	0.3
Mortality rate	10.0%	10.0%	(0.0)	0.0
Salary growth rate	1.0%	1.0%	7.6	(6.5)
Discount rate	1.0%	1.0%	(7.4)	8.8
31 December 2022G				
Withdrawal rate	10.0%	10.0%	(0.2)	0.2
Mortality rate	10.0%	10.0%	(0.0)	0.0
Salary growth rate	1.0%	1.0%	10.6	(8.8)
Discount rate	1.0%	1.0%	(8.8)	10.7
31 December 2021G				
Withdrawal rate	10.0%	10.0%	(0.2)	0.2
Mortality rate	10.0%	10.0%	(0.0)	0.0
Salary growth rate	1.0%	1.0%	9.4	(7.8)
Discount rate	1.0%	1.0%	(7.8)	9.5

Source: MBAC Financial Statements

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 defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability summarized in the statement of financial position.

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

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

The weighted average duration of the defined benefit obligation is 10.84 years. The expected maturity analysis of undiscounted defined benefit obligation is as follows:

Table (4-179): Effect of defined benefit plan on entity's future cash flows of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Effect of defined benefit plan on entity's future cash flows						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
2022G	2.7	-	-	(100.0%)	N/A	(100.0%)
2023G	2.2	3.2	-	45.5%	(100.0%)	N/A
2024G	2.3	2.9	4.6	26.1%	58.6%	41.4%
2025	2.1	2.6	5.7	23.8%	119.2%	64.8%
2026	1.9	2.7	5.5	42.1%	103.7%	70.1%
2027	2.3	2.2	6.2	(4.3%)	181.8%	64.2%
2028 and thereafter	77.3	7.7	7.7	(90.0%)	-	(68.4%)
2029 and thereafter	-	128.4	41.3	N/A	(67.8%)	N/A
Total	**90.8**	**149.6**	**70.9**	**64.8%**	**(52.6%)**	**(11.6%)**

Source: MBAC Financial Statements and Company Information

Table (4-180): Employees' saving plan of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Employees' savings plan						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	10.1	13.3	13.0	31.7%	(2.3%)	13.5%
Contribution for the year	3.2	(0.3)	(3.0)	(109.4%)	900.0%	N/A
31 December	**13.3**	**13.0**	**10.0**	**(2.3%)**	**(23.1%)**	**(13.3%)**

Source: MBAC Financial Statements

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1.0% to a maximum of 15.0% of their basic salary subject to a minimum of SAR 300 per month.

This is a defined contribution plan, where the Company will contribute an amount equaling 10.0% 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 100.0% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Company's portion is charged to statement of profit or loss on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

4-3-5-1-6-6 Derivative financial instruments

Please refer to the non-current liabilities section.

4-3-5-1-6-7 Deferred tax and severance liabilities

The following table displays the MBAC's deferred tax and severance liabilities for the three years ended 31 December 2021G, 2022G and 2023G.

Table (4-181): Deferred taxes and severance liabilities of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Deferred taxes and severance liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Mine properties, Property, plant and equipment and intangible assets	223.5	230.8	234.0	3.3%	1.4%	2.3%
Severance fee	-	-	62.4	N/A	N/A	N/A
Total	**223.5**	**230.8**	**296.4**	**3.3%**	**28.4%**	**15.2%**

Source: MBAC Financial Statements

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

Table (4-182): Deferred taxes and severance liabilities movement of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Movement			
SARm	Mine properties, Property, plant and equipment and intangible assets	Severance fee	Total
01 January 2021G	208.7	-	208.7
Charged to profit or loss for the year	14.8	-	14.8
31 December 2021G	**223.5**	**-**	**223.5**
Charged to profit or loss for the year	7.4	-	7.4
31 December 2022G	**230.8**	**-**	**230.8**
Charged to profit or loss for the year	3.2	62.4	65.6
31 December 2023G	**234.0**	**62.4**	**296.4**

Source: MBAC Financial Statements and Company Information

At 31 December 2023G, deferred tax liability comprises temporary difference attributable to mine properties, property, plant and equipment and intangible assets amounting to SAR 234.0 million and severance fees of SAR 62.4 million.

Please refer to section 1-2-4-21 for details on the calculation of deferred severance liabilities in 2023G.

4-3-5-1-7 Current liabilities

The following table presents MBAC's current liabilities for the three years ended 31 December 2021G, 2022G and 2023G.

Table (4-183): Current liabilities of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Current liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Trade and other payables	81.1	219.6	506.3	170.8%	130.6%	149.9%
Accrued expenses	453.2	691.2	328.1	52.5%	(52.5%)	(14.9%)
Current portion of long-term borrowings	341.7	321.1	688.9	(6.0%)	114.5%	42.0%
Current portion of lease liabilities	21.3	17.8	18.9	(16.4%)	6.2%	(5.8%)
Zakat, income tax and severance fee	19.3	8.1	16.8	(58.0%)	107.4%	(6.7%)
Due to a shareholder	20.4	46.8	35.7	129.4%	(23.7%)	32.3%
Due to fellow subsidiaries	136.7	246.2	236.0	80.1%	(4.1%)	31.4%
Total current liabilities	**1,073.6**	**1,550.9**	**1,830.7**	**44.5%**	**18.0%**	**30.6%**

Source: MBAC Financial Statements

Current liabilities increased by 44.5% from SAR 1.073.6 million at 31 December 2021G to SAR 1,550.9 million at 31 December 2022G. This was primarily due to the increase in (i) accrued expenses by 52.5% from SAR 453.2 million at 31 December 2021G to SAR 691.2 million at 31 December 2022G largely driven by the increase in trade accruals related to Ma'aden, and (ii) trade and other payable by 170.8% from SAR 81.1 million at 31 December 2021G to SAR 219.6 million at 31 December 2022G was due to a higher volume of invoices related to extended payment terms to Ma'aden for purchases of Caustic Soda.

This increase at 31 December 2022G as compared to 31 December 2021G was partially offset by decrease in Zakat, income tax and severance fees by 58.0% from SAR 19.3 million at 31 December 2021G to SAR 8.1 million at 31 December 2022G.

Current liabilities further increased by 18.0% from SAR 1,550.9 million at 31 December 2022G to SAR 1,830.7 million at 31 December 2023G. This was due to the increase in (i) the current portion of long-term borrowings by 114.5% from SAR 321.1 million at 31 December 2022G to SAR 688.9 million at 31 December 2023G primarily due to a higher portion of borrowings due to be repaid within the next 12 months, and (ii) trade and other payables by 130.6% from SAR 219.6 million at 31 December 2022G to SAR 506.3 million at 31 December 2023G was mainly due to extended payment terms negotiated with Ma'aden.

This increase at 31 December 2023G was partially offset by decrease in accrued expense by 52.5% from SAR 691.2 million at 31 December 2021G to SAR 328.1 million at 31 December 2022G as a result of decrease in trade accruals to Ma'aden by 90.8% due to a reclassification from trade accruals to trade payables.

4-3-5-1-7-1 Trade and other payable

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

Table (4-184): Trade and other payables of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Trade and other payables						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Trade payables	81.1	134.9	173.3	66.3%	28.5%	46.2%
Payable to Ma'aden	-	82.8	331.3	N/A	300.1%	N/A
Others	-	2.0	1.6	N/A	(20.0%)	N/A
Total	**81.1**	**219.6**	**506.3**	**170.8%**	**130.6%**	**149.9%**
Days payable outstanding ("DPO")(1)	**15**	**30**	**72**	**100.0%**	**140.0%**	**119.1%**

Source: MBAC Financial Statements, and Company Information

(1) Note to table: DPO has been calculated by dividing total trade and other payables by total cost of sales, multiplied by 365 days.

Trade and other payables comprised of trade payables, payables to Ma'aden and others.

Trade payables

Trade payables at 31 December 2023G largely comprised payables to the Saudi Railway Company (SAR 36.4 million), Tricon Energy Limited (SAR 18.4 million), Al Suwaidi Industrial Services (SAR 11.4 million), Saudi Canadian Mining Services (SAR 9.0 million) and Saudi Dolomite Company (SAR 7.4 million).

The Company's payment terms with suppliers ranged between 60 days and 90 days.

Trade payables increased by 66.3% from SAR 81.1 million at 31 December 2021G to SAR 134.9 million at 31 December 2022G, and by 28.5% to SAR 173.3 million at 31 December 2023G, primarily due to a higher volume of invoices payable at each successive year end.

Payable to Ma'aden

Payables to Ma'aden primarily comprised payables for the procurement of Caustic Soda.

Payable to Ma'aden increased from nil at 31 December 2021G to SAR 82.8 million at 31 December 2022G and further increased by 300.1% to SAR 331.3 million at 31 December 2023G primarily due to extended payment terms negotiated with Ma'aden.

Others

Others largely comprised payables relating to GOSI and withholding tax.

Others increased from nil at 31 December 2021G to SAR 2.0 million at 31 December 2022G and subsequently decreased by 20.0% to SAR 1.6 million at 31 December 2023G mainly due to the timing difference for invoices received.

4-3-5-1-7-2 Accrued expenses

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

Table (4-185): Accrued expenses of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Accrued expenses						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Trade and project	267.8	278.6	253.3	4.0%	(9.1%)	(2.7%)
Due to Alcoa Corporation	4.9	1.6	4.5	(67.3%)	181.3%	(4.2%)
Trade accruals Ma'aden	155.3	382.5	35.0	146.3%	(90.8%)	(52.5%)
Employee related	25.2	28.6	35.3	13.5%	23.4%	18.4%
Total	**453.2**	**691.2**	**328.1**	**52.5%**	**(52.5%)**	**(14.9%)**

Source: MBAC Financial Statements

Accrued expenses represented goods and services received by the Company for which invoices have not been received. Accrued expenses comprised trade and project accrual, trade accrual to Ma'aden, employee related accruals and due to Alcoa Corporation.

Trade and project

Trade and project accruals primarily comprised goods and services received and which are pending receipt of their respective invoices at year end.

Trade and project accrual increased by 4.0% from SAR 267.8 million at 31 December 2021G to SAR 278.6 million at 31 December 2022G, primarily due to a higher number of invoices which had not been received for goods and services at 31 December 2022G as compared to the prior year end.

Trade and project accrual decreased by 9.1% from SAR 278.6 million at 31 December 2022G to SAR 253.3 million at 31 December 2023G, mainly due to a higher quantity of invoices recorded in trade payables.

Due to Alcoa corporation

Due to Alcoa Corporation relates to seconded employees' salaries and other related costs.

Due to Alcoa Corporation decreased by 67.3% from SAR 4.9 million at 31 December 2021G to SAR 1.6 million at 31 December 2022G and then increased by 181.3% to SAR 4.5 million at 31 December 2023G, mainly due to a timing difference in the payment of employee related costs.

Trade accruals Ma'aden

Trade accruals Ma'aden related to purchases of Caustic Soda from Ma'aden Corporate that were not yet invoices at each respective year end.

Trade accruals to Ma'aden increased by 146.3% from SAR 155.3 million at 31 December 2021G to SAR 382.5 million at 31 December 2022G and subsequently decreased by 90.8% to SAR 35.0 million at 31 December 2023G, mainly due to the timing difference in the recognition and settlement of invoices.

Employee related

Employee related accruals mainly comprised bonus and vacation pay accruals.

Employee related accruals increased by 13.5% from SAR 25.2 million at 31 December 2021G to SAR 28.6 million at 31 December 2022G, largely due to higher bonuses estimated and paid in 2022G, compared to 2021G.

Employee related accruals increased by 23.4% from SAR 28.6 million at 31 December 2022G to SAR 35.3 million at 31 December 2023G, largely due to higher accruals provided for based on estimates for 2023G.

Current portion of long-term borrowings

Refer to section 1-4-5-3-1 for further details on current portion of long-term borrowings.

Current portion of lease liabilities

Refer to section 1-4-5-3-3 for further details on current portion of lease liabilities.

Zakat, income tax and severance fee

The following table presents MBAC's year-end balances in Zakat, income tax and severance fee payable for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-186): Zakat and income tax payable of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Zakat and income tax payable						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR21G-23G
Zakat payable	19.3	8.1	16.8	(58.0%)	107.4%	(6.7%)
Income tax payable	-	-	-	N/A	N/A	N/A
Total	**19.3**	**8.1**	**16.8**	**(58.0%)**	**107.4%**	**(6.7%)**

Source: MBAC Financial Statements and Company Information

Please refer to 1-5-1-8 tax section in income statement for further details of the components of the Zakat base calculation, calculation of Zakat provision, adjusted income calculation for Zakat and tax provision.

Table (4-187): Zakat payable attributable to Saudi Arabian shareholders of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Zakat payable attributable to Saudi Arabian shareholders						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	18.4	19.3	8.1	4.9%	(58.0%)	(33.7%)
Provision for Zakat	18.0	7.4	8.7	(58.9%)	17.6%	(30.5%)
Paid during the year	(17.1)	(18.7)	-	9.4%	(100.0%)	(100.0%)
31 December	**19.3**	**8.1**	**16.8**	**(58.0%)**	**107.4%**	**(6.7%)**

Source: MBAC Financial Statements and Company Information

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

Please refer to section 1-5-1-7 for details of the Zakat provision for the fiscal years 31 December 2021G, 2022G, 2023G.

Table (4-188): Income tax payable attributable to foreign shareholders of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Income tax payable attributable for foreign shareholder						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Adjusted loss for tax calculations	(47.8)	(521.6)	(272.8)	991.2%	(47.7%)	138.9%
Foreign shareholders' 25.1% proportionate share	**25.1%**	**25.1%**	**25.1%**	**-**	**-**	
Taxable loss on foreign shareholder	(12.0)	(130.9)	(68.5)	990.8%	(47.7%)	138.9%
Income tax rate applicable to the Company	20.0%	20.0%	20.0%	-	-	
Income tax provision for the year	**-**	**-**	**-**	**N/A**	**N/A**	**N/A**

Source: MBAC Financial Statements and Company Information

Income tax is payable at the rate of 20.0% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. During the year ended 31 December 2023G, no provision for income tax has been recorded by the Company due to adjusted net loss for such years.

Please refer to section 1-5-1-10 for details of the income tax provision for the fiscal years 31 December 2021G, 2022G, 2023G.

Table (4-189): Income tax provision of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Income tax provision						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Accounting loss for the year	71.7	(638.3)	(679.5)	(990.2%)	6.5%	N/A
Income tax rate applicable to the Company	20%	20%	20%	-	-	-
Foreign shareholders' 25.1% proportionate share of the year accounting (loss)/ profit	**18.0**	**(160.2)**	**(170.6)**	**(990.0%)**	**6.5%**	**NA**
Income tax on foreign shareholder	(3.6)	(32.0)	(34.1)	788.9%	6.6%	207.8%
Tax effect of expenses disallowed (includes temporary differences, depreciation differential)	0.4	(6.2)	(17.7)	(1,650.0%)	185.5%	N/A
Tax effect of permanent differences	(8.3)	59.7	61.7	(819.3%)	3.4%	N/A
Total income tax credit (charge) for the year	**(11.5)**	**21.5**	**9.8**	**(287.0%)**	**(54.4%)**	**N/A**

Source: MBAC Financial Statements and Company Information

Status of final certificate and assessment

Zakat and income tax returns have been filed from the date of incorporation until 31 December 2023G and zakat and income tax certificates up to 31 December 2023G have been received.

The company has finalized its assessments with the Zakat, Tax and Customs Authority ("**ZATCA**") up to 31 December 2018G. The 2019G-2023G years are still awaiting ZATCA review.

Due to a shareholder

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

Table (4-190): Due to shareholders of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Due to shareholders						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden	20.4	46.8	35.7	129.4%	(23.7%)	32.3%
Total	**20.4**	**46.8**	**35.7**	**129.4%**	**(23.7%)**	**32.3%**

Source: MBAC Financial Statements

Due to shareholders comprised expenses charged by the shareholder to MBAC such as marketing fees, allocation of head office shared services, cost of seconded employees and other costs.

Due to shareholders increased by 129.4% from SAR 20.4 million at 31 December 2021G to SAR 46.8 million at 31 December 2022G and subsequently decreased by 23.7% to SAR 35.7 million at 31 December 2023G mainly due to the timing difference in the recognition and settlement of invoices.

Due to fellow subsidiaries

The following table presents the MBAC's year-end balances for due to fellow subsidiaries for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-191): Due to fellow subsidiaries of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Due to fellow subsidiaries						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Ma'aden Aluminum Company	80.6	240.6	223.0	198.5%	(7.3%)	66.3%
Ma'aden Rolling Company ("MRC")	51.4	0.5	0.2	(99.0%)	(60.0%)	(93.8%)
Ma'aden Gold and Base Metals Company ("MGBM")	-	-	0.1	N/A	N/A	N/A
Ma'aden Infrastructure Company ("MIC")	4.7	4.9	11.5	4.3%	134.7%	56.4%
Ma'aden Phosphate Company ("MPC")	-	0.2	0.3	N/A	50.0%	N/A
Ma'aden Wa'ad Al-Shamal Phosphate ("MWSPC")	-	-	0.8	N/A	N/A	N/A
Total due to fellow subsidiaries	**136.7**	**246.2**	**236.0**	**80.1%**	**(4.1%)**	**31.4%**

Source: MBAC Financial Statements

Due to fellow subsidiaries primarily related to expenses incurred by other affiliates on behalf of the MBAC.

Due to fellow subsidiaries increased by 80.1% from SAR 136.7 million at 31 December 2021G to SAR 246.2 million at 31 December 2022G, driven by an increase in payables to MAC by 198.5% from SAR 80.6 million at 31 December 2021G to SAR 240.6 million at 31 December 2022G as a result of additional costs paid by MAC on behalf of MBAC.

Due to fellow subsidiaries decreased by 4.1% from SAR 246.2 million at 31 December 2022G to SAR 236.0 million at 31 December 2023G mainly due to the timing difference of the recognition and settlement of invoices received.

Equity

The following table presents the MBAC's equity for the three years ended 31 December 2021G, 2022G and 2023G.

Table (4-192): Equity of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Equity			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Share capital	4,828.5	4,828.5	4,828.5
Payments to increase share capital	271.5	271.5	271.5
Statutory reserve			
Transfer of net income	3.2	3.2	3.2
Cash flow hedge reserve	(34.0)	50.7	20.4
Retained earnings / accumulated losses	(269.4)	(895.8)	(1,260.9)
Net shareholders' equity	**4,799.7**	**4,258.0**	**3,862.7**

Source: MBAC Financial Statements

Total shareholder equity is mainly composed of the share capital of the Company, statutory reserve, cash flow hedge reserve and accumulated losses / retained earnings.

Share capital amounted to SAR 4,828.5 million at 31 December 2021G and remained unchanged in 2022G and 2023G.

Payments to increase share capital amounted to SAR 271.5 million remained constant during 2021G, 2022G and 2023G which comprised of contributions by Ma'aden of SAR 203.4 million and contributions by ASSI by SAR 68.2 million.

The statutory reserve consists of transfer of income at 31 December 2021G, 2022G and 2023G corresponding to 4% of the net income after adjusting accumulated losses for the year.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. In addition, retained earnings moved in line with net income in the same period.

Refer to statement of changes in equity section 1-5-4 for further details.

Statement of changes in shareholders' equity

The following table presents the statement of changes in equity for MBAC at 31 December 2021G, 2022G and 2023G

Table (4-193): Statement of changes in shareholders' equity of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Statement of changes in equity			
SARm	Ma'aden	AWA Saudi Limited	Total
Share capital			
1 January 2021G	3,616.5	1,211.9	4,828.5
31 December 2021G	3,616.5	1,211.9	4,828.5
31 December 2022G	3,616.5	1,211.9	4,828.5
31 December 2023G	**3,616.5**	**1,211.9**	**4,828.5**
Payments to increase share capital			

Statement of changes in equity			
SARm	**Ma'aden**	**AWA Saudi Limited**	**Total**
1 January 2021G	203.4	68.2	271.5
31 December 2021G	203.4	68.2	271.5
31 December 2022G	203.4	68.2	271.5
31 December 2023G	**203.4**	**68.2**	**271.5**
Statutory reserve - Transfer of net income			
1 January 2021G	2.6	0.6	3.2
31 December 2021G	2.6	0.6	3.2
31 December 2022G	2.6	0.6	3.2
31 December 2023G	**2.6**	**0.6**	**3.2**
Cash flow hedge reserve			
1 January 2021G	(62.0)	(20.8)	(82.8)
Changes in fair value and transfer to profit	36.5	12.2	48.8
31 December 2021G	(25.5)	(8.5)	(34.0)
Changes in fair value and transfer to profit	63.5	21.3	84.7
31 December 2022G	38.0	12.7	50.7
Changes in fair value and transfer to profit	(22.7)	(7.6)	(30.3)
31 December 2023G	**15.3**	**5.1**	**20.4**
Accumulated losses			
1 January 2021G	(206.5)	(105.1)	(311.5)
Income for the year before Zakat and income tax	53.7	18.0	71.7
Zakat and income tax	(18.0)	(11.5)	(29.5)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	(0.1)	(0.0)	(0.1)
Total comprehensive income for the year	35.7	6.5	42.1
31 December 2022G	**(170.8)**	**(98.6)**	**(269.4)**
Income for the year before Zakat and income tax	(478.1)	(160.2)	(638.3)
Zakat and income tax	(7.4)	21.5	14.1
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	(1.7)	(0.6)	(2.2)
Total comprehensive income for the year	(487.2)	(139.3)	(626.4)
31 December 2023G	**(658.0)**	**(237.8)**	**(895.8)**
Income for the year before Zakat and income tax	(509.0)	(170.6)	(679.5)
Zakat and income tax	(8.7)	9.8	1.1
Severance fee	312.8	-	312.8
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	0.4	0.1	0.6
Total comprehensive income for the year	(204.4)	(160.6)	(365.0)
31 December 2023G	**(862.4)**	**(398.4)**	**(1,260.9)**

Statement of changes in equity			
SARm	Ma'aden	AWA Saudi Limited	Total
Total shareholders' equity			
31 December 2021G	3,626.2	1,173.6	4,799.7
31 December 2022G	3,202.4	1,055.6	4,258.0
31 December 2023G	**2,975.3**	**887.4**	**3,862.7**

Source: MBAC Financial Statements

Share capital

The following table presents the share capital of MBAC for the financial year ended in 31 December 2021G, 2022G and 2023G.

Table (4-194): Share capital of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Share capital						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Authorized share capital						
510,000,000 ordinary shares, with a nominal value of SAR 10 per share	5,100	5,100	5,100	-	-	-
Issued and partly paid-up share capital						
510,000,000 ordinary shares, with a nominal value of SAR 10 per share partly paid up at SAR 9.47, (31 December 2022G: SAR 9.47) per share, approximately.	4,828	4,828	4,828	-	-	-

Source: MBAC Financial Statements and Company Information

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

Table (4-195): Issued and partly paid-up share capital of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Issued and partly paid-up share capital							
SARm	Number of shares	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Saudi Arabian							
Ma'aden (74.9%)	382	3,616.5	3,616.5	3,616.5	-	-	-
Foreign							
ASSI (25.1%)	128	1,211.9	1,211.9	1,211.9	-	-	-
Total	**510.0**	**4,828.5**	**4,828.5**	**4,828.5**	`	**-**	**-**

Source: MBAC Financial Statements and Company Information

Share capital comprised of 510,000,000 ordinary shares with a nominal value of SAR 10 per share partly paid up at SAR 9.4, whereby, 74.9% of shares are owned by Ma'aden and 25.1% of shares are owned by a foreign shareholder, ASSI, a company wholly owned by Alcoa Corporation.

Statutory reserve - Transfer of net income

The following table presents the transfer of net income of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-196): Transfer of net income of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Transfer of net income						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
1 January	3.2	3.2	3.2	-	-	-
31 December	**3.2**	**3.2**	**3.2**	**-**	**-**	**-**

Source: MBAC Financial Statements and Company Information

Transfer of net income						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Saudi Arabian						
Ma'aden (74.9%)	2.6	2.6	2.6	-	-	-
Foreign						
ASSI (25.1%)	0.6	0.6	0.6	-	-	-
Total	**3.2**	**3.2**	**3.2**	**-**	**-**	**-**

Source: MBAC Financial Statements and Company Information

In accordance with the MBAC's Articles of Association, the Company is required to establish a statutory reserve by apportioning 4.0% of its annual net income to the statutory reserve after adjusting accumulated losses, until the statutory reserve equals or exceed 50% of the Company's paid up share capital. Such a transfer is to be made on an annual basis and the statutory reserve so created is not available for distribution as dividends.

Cash flow hedge reserve

The following table presents the cash flow hedge reserve of MBAC for the financial years ended in 31 December 2021G, 2022G and 2023G.

Table (4-197): Cash flow hedge reserve of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Cash flow hedge reserve						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
At 1 January	(82.8)	(34.0)	50.7	(58.9%)	(249.1%)	N/A
Changes in fair value and transfer to profit	48.8	84.7	(30.3)	73.6%	(135.8%)	N/A
At December 31	**(34.0)**	**50.7**	**20.4**	**(249.1%)**	**(59.8%)**	**N/A**

Source: MBAC Financial Statements

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Related party transactions and balances

The following table presents the related party transactions balances of MBAC for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-198): Related party balances of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Related party balances						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Due from a shareholder						
Ma'aden	26.7	72.2	16.5	170.4%	(77.1%)	(21.4%)
Total	**26.7**	**72.2**	**16.5**	**170.4%**	**(77.1%)**	**(21.4%)**
Due to a shareholder / ultimate shareholder				**N/A**	**N/A**	**N/A**
Ma'aden	20.4	46.8	35.7	129.4%	(23.7%)	32.3%
Ma'aden – Trade payables (as an agent for SAMAPCO)	-	82.8	331.3	N/A	300.1%	N/A
Ma'aden – Trade accruals (as an agent for SAMAPCO)	155.3	382.5	35.0	146.3%	(90.8%)	(52.5%)
Sub-total	**175.7**	**512.1**	**402.1**	**191.5%**	**(21.5%)**	**51.3%**
Alcoa Corporation – Trade accruals	4.9	1.6	4.5	(67.3%)	181.3%	(4.2%)
Total	**180.6**	**513.7**	**406.6**	**184.4%**	**(20.8%)**	**50.0%**
Due from a fellow subsidiary				**N/A**	**N/A**	**N/A**
MAC	2.8	24.1	12.7	760.7%	(47.3%)	113.0%
MRC	-	0.1	0.3	N/A	200.0%	N/A
MFC	2.0	2.0	-	-	(100.0%)	(100.0%)
MGBM	-	-	0.1	N/A	N/A	N/A
Total	**4.8**	**26.2**	**13.0**	**445.8%**	**(50.4%)**	**64.6%**
Due to a fellow subsidiary						
MAC	80.6	240.6	223.0	198.5%	(7.3%)	66.3%
MRC	51.4	0.5	0.2	(99.0%)	(60.0%)	(93.8%)
MGBM	-	-	0.1	N/A	N/A	N/A
MIC	4.7	4.9	11.5	4.3%	134.7%	56.4%

Related party balances						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
MPC	-	0.2	0.3	N/A	50.0%	N/A
MWSPC	-	-	0.8	N/A	N/A	N/A
MFC	-	-	0.0	N/A	N/A	N/A
Total	**136.7**	**246.2**	**236.0**	**80.1%**	**(4.1%)**	**31.4%**
Trade and other receivables						
MAC	200.3	92.2	151.0	(54.0%)	63.8%	(13.2%)
Long-term borrowing from a majority shareholder of Ma'aden						
PIF for financing MBAC	3,152.1	2,583.2	2,525.2	(18.0%)	(2.2%)	(10.5%)
Key management personnel compensation						
Short-term employee benefits	1.4	1.5	0.9	7.1%	(40.0%)	(19.8%)
Employees' end of service termination benefits	0.4	0.1	0.1	(75.0%)	-	(50.0%)
Total	**1.8**	**1.6**	**1.0**	**(11.1%)**	**(37.5%)**	**(25.5%)**

Source: MBAC Financial Statements and Company Information

The related party balances are detailed explained in sections 1-5-2-2-1 due from shareholders, 1-5-2-2-2 due from fellow subsidiaries, 1-5-2-4-5 due to shareholders and 1-5-2-4-6 due to fellow subsidiaries.

The following table presents MBAC's related-party transactions for the fiscal year's ended at 31 December 2021G, 2022G and 2023G.

Table (4-199): Related party transactions of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Related party transactions						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Sales made to MAC	1,876.3	2,061.3	1,718.1	9.9%	(16.6%)	(4.3%)
Cost of seconded employees from Alcoa Corporation	12.0	10.1	9.7	(15.8%)	(4.0%)	(10.1%)
Support function, development and other costs paid by MAC and charged to the Company	290.8	201.1	191.0	(30.8%)	(5.0%)	(19.0%)
Costs paid by the Company on behalf of:	**-**	**-**	**-**	**N/A**	**N/A**	**N/A**
Ma'aden	26.7	30.1	126.4	12.7%	319.9%	117.6%
MAC	3.8	-	-	(100.0%)	N/A	N/A
MRC	-	0.1	0.2	N/A	100.0%	N/A
MFC	-	2.0	2.0	N/A	-	N/A
MWSPC	-	-	0.1	N/A	N/A	N/A
MGBM	-	-	0.8	N/A	N/A	N/A
Total	**30.5**	**32.2**	**129.6**	**5.6%**	**302.5%**	**106.1%**
Costs paid on behalf of the Company and other costs allocations by:				**N/A**	**N/A**	**N/A**
Ma'aden	22.1	159.7	72.2	622.6%	(54.8%)	80.7%

Related party transactions						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
MAC	61.3	291.4	482.2	375.4%	65.5%	180.5%
MRC	-	0.7	0.2	N/A	(71.4%)	N/A
MFC	-	-	1.8	N/A	N/A	N/A
MGBM	-	-	0.1	N/A	N/A	N/A
MPC	-	0.6	0.7	N/A	16.7%	N/A
MWSPC	-	-	0.8	N/A	N/A	N/A
Total	**83.4**	**452.4**	**558.1**	**442.4%**	**23.4%**	**158.7%**
Finance cost incurred on long term borrowings from PIF	56.4	85.5	180.8	51.6%	111.5%	79.0%
Rentals and services charged by MIC to the Company under Land Use and Service Agreement ("**LUSA**") and the agreement for Provision of Facilities at Ras Al-Khair (RAK)	24.8	27.7	27.7	11.7%	-	5.7%
Purchases of caustic soda from SAMAPCO (Ma'aden acting as agent)	289.5	617.2	778.7	113.2%	26.2%	64.0%

Source: MBAC Financial Statements and Company Information

Related party transactions primarily consisted of sales made by the Company to MAC. In addition, these transactions also included the cost of seconded employees from Alcoa Corporation, reimbursement of support functions, development and other costs to MAC, cost paid on behalf of subsidiaries, purchases of caustic soda from SAMAPCO, finance cost incurred, rentals and services charged by the subsidiaries.

Commitments and contingent liabilities

The following table displays the guarantees and letter of credit of MBAC for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-200): Guarantees and letters of credit of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Guarantees and letter of credit			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Guarantee in favor of Saudi Aramco	6.0	6.0	6.0
Letter of Credit in favor of Engro Eximp FZE	-	14.2	-
Total	**6.0**	**20.2**	**6.0**

Source: MBAC Financial Statements

Additionally, the Company has the following capital commitments:

Table (4-201): Capital commitments of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Capital commitments			
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G
Property, plant and equipment and mining properties	26.0	19.2	42.3
Total	**26.0**	**19.2**	**42.3**

Source: MWSPC Financial Statements Contingent liabilities

The Company is not anticipating that any material liabilities will be incurred as a result of any contingent liabilities. There are no environmental obligations or decommissioning liabilities as at the reporting date.

Cash flow statement

The following table displays the statement of cash flows of MBAC for the fiscal years ended at 31 December 2021G, 2022G and 2023G.

Table (4-202): Cash flow statements of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Cash flow statement						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Operating activities						
(Loss) profit before Zakat and income tax	**71.7**	**(638.3)**	**(679.5)**	**(990.2%)**	**6.5%**	**N/A**
Adjustments for non-cash flow items:						
Finance cost	208.4	271.6	468.3	30.3%	72.4%	49.9%
Depreciation- mine properties	61.7	57.8	52.6	(6.3%)	(9.0%)	(7.7%)
Depreciation- Property, plant and equipment	426.2	437.2	423.6	2.6%	(3.1%)	(0.3%)
Depreciation- right-of-use assets	24.6	23.1	23.1	(6.1%)	-	(3.1%)
Amortization of intangible assets	3.6	4.6	4.7	27.8%	2.2%	14.3%
Employees' home owners program receivable	3.5	2.9	13.9	(17.1%)	379.3%	99.3%
Allowance for slow moving spare parts and consumable materials	0.0	7.6	(8.8)	N/A	(215.8%)	N/A
Write down of inventories to net realizable value	-	57.8	(4.1)	N/A	(107.1%)	N/A
Provision for employees' termination benefits obligation	8.4	7.0	8.4	(16.7%)	20.0%	-
Employees' saving plan	3.2	(0.3)	(3.0)	(109.4%)	900.0%	N/A
Loss on terminated lease	-	1.0	-	N/A	(100.0%)	N/A
Changes in working capital:						
Due from a shareholder	(21.3)	(45.4)	55.7	113.1%	(222.7%)	N/A
Due to a shareholder	12.8	26.4	(11.1)	106.3%	(142.0%)	N/A
Due from fellow subsidiaries	(3.7)	(21.4)	13.1	478.4%	(161.2%)	N/A
Due to fellow subsidiaries	110.7	109.5	(10.2)	(1.1%)	(109.3%)	N/A
Advances and prepayments	2.6	(0.3)	12.7	(111.5%)	(4,333.3%)	121.0%
Inventories	(96.6)	(134.7)	74.0	39.4%	(154.9%)	N/A
Trade and other receivables	(44.6)	62.3	(97.5)	(239.7%)	(256.5%)	47.9%
Trade and other payables	(136.0)	138.5	286.6	(201.8%)	106.9%	N/A
Accrued expenses	299.5	238.1	(362.9)	(20.5%)	(252.4%)	N/A
Net cash generated from operations	**934.9**	**605.3**	**259.7**	**(35.3%)**	**(57.1%)**	**(47.3%)**
Finance cost paid	(171.5)	(245.2)	(489.3)	43.0%	99.6%	68.9%
Zakat paid	(17.1)	(18.7)	-	9.4%	(100.0%)	(100.0%)
Employees' termination benefits paid	(5.9)	(2.1)	(6.9)	(64.4%)	228.6%	8.1%

Cash flow statement						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Payment for net settlement of interest rate swap	(36.9)	(15.6)	43.8	(57.7%)	(380.8%)	N/A
Net cash (utilized in) generated from operating activities	**703.5**	**323.6**	**(192.7)**	**(54.0%)**	**(159.5%)**	**N/A**
Investing activities						
Additions to mine properties	(1.2)	(2.4)	(0.1)	100.0%	(95.8%)	(71.1%)
Additions to capital work-in-progress	(88.0)	(82.7)	(126.4)	(6.0%)	52.8%	19.8%
Income receivable from time deposits	0.8	-	-	(100.0%)	N/A	(100.0%)
Time deposits	300.0	-	(2.1)	(100.0%)	N/A	N/A
Movement in restricted cash	(3.2)	0.3	3.0	(109.4%)	900.0%	N/A
Net cash generated from (utilized in) investing activities	**208.3**	**(84.8)**	**(125.5)**	**(140.7%)**	**48.0%**	**N/A**
Financing activities						
Repayment of long-term borrowings	(398.5)	(852.0)	(319.1)	113.8%	(62.5%)	(10.5%)
Working capital withdrawn	-	-	403.3	N/A	N/A	N/A
Repayment of principal portion of lease liabilities	(17.9)	(21.4)	(17.5)	19.6%	(18.2%)	(1.1%)
Net cash generated from/ (utilized in) financing activity	**(416.4)**	**(873.3)**	**66.7**	**109.7%**	**(107.6%)**	**N/A**
Net change in cash and cash equivalents	495.4	(634.5)	(251.5)	(228.1%)	(60.4%)	N/A
Unrestricted cash and cash equivalents at the beginning of the year	621.9	1,117.3	482.8	79.7%	(56.8%)	(11.9%)
Unrestricted cash and cash equivalents at the end of the year	**1,117.3**	**482.8**	**231.3**	**(56.8%)**	**(52.1%)**	**(54.5%)**

Source: MBAC Financial Statements

Table (4-203): Non-cash flow transactions of MBAC at 31 December 2021G, 31 December 2022G and 31 December 2023G:

Non-cash flow transactions						
SARm	2021G	2022G	2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
Adjustment / transfer to mine properties and PPE from capital work-in-progress	214.0	111.8	118.8	(47.8%)	6.3%	(25.5%)
Terminated / expired leases	-	(1.7)	-	N/A	(100.0%)	N/A
Adjustment / transfer to intangible assets from capital work-in-progress	-	10.5	0.2	N/A	(98.1%)	N/A
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	7.9	5.3	3.7	(32.9%)	(30.2%)	(31.6%)
Adjustment to the decommissioning, site rehabilitation and dismantling obligations	52.2	(140.2)	205.4	(368.6%)	(246.5%)	98.4%
Reversal of PPE and the corresponding accruals	6.1	-	-	(100.0%)	N/A	(100.0%)
Additions of right-of-use asset and the corresponding lease liability	4.2	-	-	(100.0%)	N/A	(100.0%)

Source: MBAC Financial Statements

The unrestricted cash and cash equivalents balance at the end of the year decreased by 56.8% from SAR 1,117.3 million in 2021G to SAR 482.8 million in 2022G as cash generated from operations in 2022G of SAR 323.6 million along with opening cash balance of SAR 1,117.3 million were utilized for (i) the repayment of long-term borrowings (SAR 852.0 million), (ii) investment in CWIP (SAR 82.7 million) and (ii) the repayment of the principal portion of lease liabilities (SAR 21.4 million).

The unrestricted cash and cash equivalents balance at the end of the year decreased further by 52.1% from SAR 482.8 million in 2022G to SAR 231.3 million in 2023G primarily due to cash outflows which resulted from (i) increased finance costs paid (SAR 489.3 million), (ii) additions to capital work-in-progress (SAR 126.4 million), (iii) repayment of long-term borrowings (SAR 319.1 million).

This decrease in 2023G as compared to 2022G was partially offset by working capital movements amounting to SAR 403.3 million during 2023G.

Net cash from operating activities

The Company reported positive operating cash flows in 2021G, 2022G and negative operating cash flows in 2023G.

Net cash generated from operating activities decreased by 54.0% from SAR 703.5 million in 2021G to SAR 323.6 million in 2022G largely driven by a decrease in profit before Zakat and income tax by 989.7% from SAR 71.7 million in 2021G to net loss incurred amounting to SAR 638.3 million in 2022G.

This was partially offset by an increase in working capital movements by 202.4% from SAR 123.4 million in 2021G to SAR 373.1 million in 2022G.

Net cash flows from operations subsequently decreased by 159.5% from inflows of SAR 323.6 million in 2022G to outflows of SAR 192.7 million mainly due to the decrease in working capital movements by 110.6% from a positive net movement of SAR 373.1 million in 2022G to a negative net movement of SAR 39.6 million in 2023G.

Net cash from investing activities

Net cash flows from investing activities declined from an inflow of SAR 208.3 million in 2021G to an outflow of SAR 84.8 million in 2022G primarily driven by an investment of SAR 300.0 million in time deposits to generate returns from the excess cash held by the Company in 2021G.

Net cash outflows from investing activities increased from SAR 84.8 million in 2022G to SAR 125.5 million in 2023G primarily due to the increase in additions to CWIP by SAR 43.6 million during 2023G.

Net cash flows from financing activities

Net cash outflows from financing activities increased from SAR 416.4 million in 2021G to SAR 873.3 million in 2022G driven by repayments of long-term borrowings (SAR 398.5 million in 2021G and SAR 852.0 million in 2022G).

Net cash flows from financing activities increased from an outflow of SAR 873.3 million in 2022G to an inflow of SAR 66.7 million primarily due to drawdowns from Riyal Murabaha Bank which amounted to SAR 403.3 million, along with decrease in repayment of long-term borrowings by 62.5% (from SAR 852.0 million during 2022G to SAR 319.1 million during 2023G).

4-3-6 Results of the Operations for the Financial Years ended 31 December 2023G and 2024G for MBAC

4-3-6-1 Statement of profit or loss and other comprehensive income

The following table presents the statement of profit or loss and other comprehensive income of MBAC for the financial years ended 31 December 2023G and 2024G.

Table (4-204): Statement of profit or loss and other comprehensive income of MBAC for the financial years ended 31 December 2023G and 2024G:

Statement of profit or loss and other comprehensive income			
SARm	2023G	2024G	Var. 23G-24G
Sales	2,429.3	3,331.1	37.1%
Cost of sales	(2,567.0)	(2,397.2)	(6.6%)
Gross profit / (loss)	**(137.7)**	**933.9**	**(778.2%)**
General and administrative expenses	(89.5)	(80.9)	(9.6%)
Other operating income, net	-	1.5	n/a
Operating profit / (loss)	**(227.2)**	**854.5**	**(476.1%)**
Finance cost	(468.3)	(526.3)	12.4%
Finance income	16.3	10.0	(38.7%)
Finance cost, net	(452.1)	(516.3)	14.2%
Other (expense)/ income, net	(0.3)	-	(100.0%)
Profit / (loss) before Zakat and income tax	**(679.5)**	**338.3**	**(149.8%)**
Zakat expense	(8.7)	(8.9)	2.3%
Income tax expense	9.8	(23.5)	(339.8%)
Severance fee, net	312.8	185.8	(40.6%)
Profit / (loss) for the year	**(365.6)**	**491.6**	**(234.5%)**
Gain / (loss) on cash flow hedge	(30.3)	(20.4)	(32.7%)
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation	0.6	(4.2)	(800.0%)
Other comprehensive (loss) / gain for the year	**(29.7)**	**(24.6)**	**(17.2%)**
Total comprehensive income for the year	**(395.3)**	**467.0**	**(218.1%)**

Source: MBAC Financial Statements

The following table presents the key performance indicators of MBAC for the financial years ended 31 December 2023G and 2024G.

Table (4-205): Key performance indicators of MBAC for the financial years ended 31 December 2023G and 2024G:

Key performance indicators (KPIs)			
	2023G	2024G	Var. 23G-24G
Volumes sold (kMT)	1,856.0	1,871.0	0.8%
Average selling price (SAR/kMT)	1,308.9	1,780.4	36.0%
Volume produced (kMT)	1,825.0	1,876.0	2.8%
Utilization of production facility	102.5%	97.0%	(5.5 ppts)
Raw material and utilities cost as a % of sales	33.8%	22.7%	(11.1 ppts)
Gross margin	(5.7%)	28.0%	33.7 ppts
Operating margin	(9.4%)	25.7%	35.1 ppts
Net profit margin	(15.0%)	14.8%	29.8 ppts

Source: MBAC Financial Statements, Company Information

Sales by customer

The following tables present the breakdown of sales by customer as well as the key performance indicators ("**KPIs**") tracked by MBAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-206): Sales by customer and key performance indicators of MBAC for the financial years ended 31 December 2023G and 2024G:

Sales			
SARm	2023G	2024G	Var. 23G-24G
Domestic sales to Ma'aden Aluminium Company	1,718.1	2,656.7	54.6%
International sales to third parties	711.2	674.4	(5.2%)
Total sales	**2,429.3**	**3,331.1**	**37.1%**

Source: MBAC Financial Statement

As % of total sales			
%	2023G	2024G	Var. 23G-24G
Domestic sales to Ma'aden Aluminium Company	70.7%	79.8%	9.1 ppts
International sales to third parties	29.3%	20.2%	(9.1 ppts)
Total	**100.0%**	**100.0%**	**-**

Source: MBAC Financial Statement

Quantity sold and average price per kMT	2023G	2024G	Var. 23G-24G
Domestic sales to Ma'aden Aluminium Company analysis			
Quantity sold (kMT)	1,313.0	1,546.0	17.7%
Average price per tonne (SAR / kMT)	1,308.5	1,718.4	31.3%
International sales to third parties analysis			
Quantity sold (kMT)	543.0	325.0	(40.1%)
Average price per tonne (SAR / kMT)	1,309.8	2,075.1	58.4%
Total sales volume	**1,856.0**	**1,871.0**	**0.8%**

Source: Company Information

Actual Production			
kMT	2023G	2024G	Var. 23G-24G
Total production volume	**1,825.0**	**1,876.0**	**2.8%**

Source: Company Information

Utilization / Efficiency			
%	2023G	2024G	Var. 23G-24G
Total utilization/ efficiency	**102.50%**	**97.00%**	**(5.5 ppts)**

Source: Company Information

Sales increased by 37.1% from SAR 2,429.3 million in 2023G to SAR 3,331.1 million in 2024G, mainly due to the increase in domestic sales to Ma'aden Aluminium Company ("**MAC**") by 54.6% from SAR 1,718.1 million in 2023G to SAR 2,656.7 million in 2024G primarily due to the increase in average price per tonne (SAR / kMT) from 1,308.5 kMT in 2023G to 1,718.4 kMT in 2024G, and also driven by the increase in demand, which resulted in higher volumes sold.

Cost of sales

The following table displays the cost of sales for MBAC for the financial years ended 31 December 2023G and 2024G.

Table (4-207): Cost of sales breakdown of MBAC for the financial years ended 31 December 2023G and 2024G:

Cost of sales			
SARm	2023G	2024G	Var. 23G-24G
Raw materials and utilities consumed	821.4	756.9	(7.9%)
Overheads	312.2	391.8	25.5%
Salaries and staff related benefits	324.9	337.5	3.9%
Contracted services	280.1	254.5	(9.1%)
Consumables	213.0	218.6	2.6%
Allowance for slow moving spare parts and consumable materials	-	1.8	n/a
Repair and maintenance	3.2	1.6	(50.0%)
Severance fee	-	0.6	n/a
Total cash operating costs	**1,954.7**	**1,963.3**	**0.4%**
Depreciation property, plant and equipment	423.6	372.3	(12.1%)
Depreciation mine properties	52.6	53.5	1.7%

Cost of sales			
SARm	2023G	2024G	Var. 23G-24G
Depreciation – right-of-use assets	23.1	22.5	(2.6%)
Amortization	4.7	3.6	(23.4%)
Total operating costs	**2,458.8**	**2,415.2**	**(1.8%)**
Change in inventory	108.2	(18.0)	(116.6%)
Total	**2,567.0**	**2,397.2**	**(6.6%)**
As % of sales			
Raw materials and utilities consumed	33.8%	22.7%	(11.1 ppts)
Overheads	12.9%	11.8%	(1.1 ppts)
Salaries and staff related benefits	13.4%	10.1%	(3.3 ppts)
Contracted services	11.5%	7.6%	(3.9 ppts)
Consumables	8.8%	6.6%	(2.2 ppts)
Allowance for slow moving spare parts and consumable materials	-	0.1%	n/a
Repair and maintenance	0.1%	0.0%	(0.1 ppts)
Severance fee	-	0.0%	n/a

Source: MBAC Financial Statements

Cost of sales decreased by 6.6% from SAR 2,567.0 million in 2023G to SAR 2,397.2 million in 2024G as a result of the decrease in: (i) raw material prices by 7.9% from SAR 821.4 million in 2023G to SAR 756.9 million in 2024G due to the decrease in in caustic prices in 2024G, and (ii) contracted services by 9.1% from SAR 280.1 million in 2023G to SAR 254.5 million in 2024G primarily driven by sustainable operations and production efficiency measures.

This was offset by the increase in: (i) overhead expenses by 25.5%, from SAR 312.2 million in 2023G to SAR 391.8 million in 2024G, primarily due to the escalation in rail rates and higher overheads as the overall production increased; and (ii) salaries and staff related benefits expenses by 3.9%, from SAR 324.9 million in 2023G to SAR 337.5 million in 2024G, primarily due to improved benefits for employees.

The following table displays the severance fees of MBAC for the financial years ended 31 December 2023G and 2024G.

Table (4-208): Severance fees breakdown of MBAC for the financial years ended 31 December 2023G and 2024G:

Severance fees			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
01 January	-	-	n/a
Provision for severance fee made during the year	-	0.6	n/a
Current charge for year	-	0.6	n/a
Provision for the prior year	-	-	n/a
Paid during the year	-	(0.6)	n/a
31 December	**-**	**-**	**n/a**

Source: MBAC Financial Statements

The calculation of the provision is included in the following table:

Table (4-209): Calculation of provision for severance fees of MBAC for the financial years ended 31 December 2023G and 2024G:

Provision for severance fees payable			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Severance fees based on the value of extracted Alumina			
Net value of minerals upon extraction	2,348.3	3,307.6	40.9%
Less: Operational expenses for the year (excluding cost of Bauxite)	(1,983.4)	2,426.3	(222.3%)
Estimated return on capital:			
Total book value of assets at the start of year	9,239.5	8,936.9	(3.3%)
Price of long-term bond for the period	3.1%	4.6%	1.5 ppts
Mining Law Allowance	5.0%	5.0%	-
Number of days for the period	365.0	365.0	-
Total estimated return on capital	**(743.8)**	**857.9**	**(215.3%)**
Net value of minerals upon extraction	**(378.8)**	**23.3**	**(106.2%)**
Percentage of the fees for the extracted Alumina	2.5%	2.5%	-
Net severance fee provision for the year	**-**	**0.6**	**n/a**

Source: Company Information

General and administrative expenses

The following table presents the general and administrative ("**G&A**") expenses of MBAC for the financial years ending in 31 December 2023G and 2024G.

Table (4-210): General and administrative expenses breakdown of MBAC for the financial years ended 31 December 2023G and 2024G:

General and administrative expenses			
SARm	2023G	2024G	Var. 23G-24G
Contracted services	44.4	46.6	5.0%
Salaries and staff related benefits	10.4	17.6	69.2%
Overheads	34.1	16.7	(51.0%)
Consumables	0.6	0.1	(83.3%)
Total	**89.5**	**80.9**	**(9.6%)**
As % of sales			
Contracted services	1.8%	1.4%	(0.4 ppts)
Salaries and staff related benefits	0.4%	0.5%	0.1 ppts
Overheads	1.4%	0.5%	(0.9 ppts)
Consumables	-	-	(0.0 ppts)

Source: MBAC Financial Statements

General and administrative expenses decreased by 9.6%, from SAR 89.5 million in 2023 to SAR 80.9 million in 2024G. This decrease was primarily due to a 51.0% drop in overhead costs, which fell from SAR 34.1 million in 2023G to SAR 16.7 million in 2024G. The reduction in overheads was largely driven by the reclassification of internal costs from the "**overheads**" line to the lines for (i) "**contracted services**" and (ii) "**salaries and employee-related benefits**" as part of the general and administrative expenses. Additionally, the overall decrease was influenced by lower management consulting fees in 2024G compared to 2023G.

4-3-6-1-1 Finance costs

The following table presents the finance costs of MBAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-211): Finance costs breakdown of MBAC for the financial years ended 31 December 2023G and 2024G:

Finance costs			
SARm	2023G	2024G	Var. 23G-24G
Public Investment Fund	180.8	182.7	1.1%
Murabaha Riyal Tranche A	129.2	118.2	(8.5%)
Murabaha Riyal Tranche B	107.8	110.1	2.1%
Riyal Murabaha	29.5	60.1	103.7%
Riyal Wakala	14.4	14.6	1.4%
Others	14.7	18.2	23.8%
Sub-total	**476.5**	**503.9**	**5.8%**
Accretion of provision for mine closure and reclamation	3.1	18.8	506.5%
Amortization of transaction cost	13.7	13.0	(5.1%)
Accretion of lease liabilities	10.5	9.8	(6.7%)
Plant dismantling	4.7	5.9	25.5%
Accretion of provision for employees' termination benefits obligation	3.4	3.4	-
Accrual of derivative interest	(39.8)	(22.3)	(44.0%)
Sub-total	**472.1**	**532.6**	**12.8%**
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress	(3.7)	(6.3)	70.3%
Total	**468.3**	**526.3**	**12.4%**

Source: MBAC Financial Statements

Finance costs primarily comprised interest on bank borrowings from Public Investment Fund, Islamic and Commercial Bank and Riyal Murabaha. The majority of the Company's loans are based on the SAIBOR rate plus a margin.

Finance costs increased by 12.4% from SAR 468.3 million in 2023G to SAR 526.3 million in 2024G, as a result an increase in Riyal Murabaha loan which increased from SAR 29.5 million in 2023G to SAR 60.1 million in 2024G.

Finance income

Finance income primarily comprised investment income on time deposits and interest on bank accounts.

Finance income decreased by 38.7%, from SAR 16.3 million in 2023G to SAR 10.0 million in 2024G, primarily due to the Company's cash allocation and current obligations affecting the amount and duration of investments.

4-3-6-1-2 Other (expense) / income, net

The following table presents the other (expense)/ income of MBAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-212): Other (expense) / income breakdown of MBAC for the financial years ended 31 December 2023G and 2024G:

Other (expense) / income, net			
SARm	2023G	2024G	Var. 23G-24G
Foreign exchange gains, net	1.2	-	(100.0%)
Others, net	(1.4)	-	(100.0%)
Total	**(0.3)**	**-**	**(100.0%)**
As % of sales			
Foreign exchange gains, net	0.0%	-	(0.0 ppts)
Others, net	(0.1%)	-	0.1 ppts

Source: MBAC Financial Statements

Table (4-213): Other operating income breakdown of MBAC for the financial years ended 31 December 2023G and 2024G:

Other operating income, net			
SARm	2023G	2024G	Var. 23G-24G
Foreign exchange gains, net	-	1.5	n/a
Total	**-**	**1.5**	**n/a**
As % of sales			
Foreign exchange gains, net	-	0.0%	n/a

Source: MBAC Financial Statements

Other (expense) / income mainly related to net foreign exchange gains and purchase price variance gains.

Other (expense) / income increased from SAR (0.3) million in 2023G to SAR 1.5 million in 2024G due to foreign exchange gains.

4-3-6-1-3 Zakat

The following table presents the adjusted income / (loss) calculation for Zakat and tax provision of MBAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-214): Adjusted income calculation for Zakat and tax provision of MBAC for the financial years ended 31 December 2023G and 2024G:

Adjusted income calculation for Zakat and tax provision			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Accounting (loss) income for the year	(679.5)	335.1	(149.3%)
Add/less: Disallowable expenses			n/a
Depreciation – right-of-use assets	23.1	451.9	1,856.3%
Provision for employees' end of service termination benefits	11.8	14.3	21.2%

Adjusted income calculation for Zakat and tax provision			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Allowance for slow moving spare parts and consumable materials	-	1.8	n/a
Accretion of provision for mine closure and reclamation	-	-	n/a
Accretion of plant dismantling cost	7.8	24.7	216.7%
Accretion of lease liabilities	10.5	-	(100.0%)
Other	-	151.6	n/a
Sub-total	**(626.3)**	**979.4**	**(256.4%)**
Add/less adjustment for tax calculation:			
Net accrual for settlement of derivative interest	4.0	-	(100.0%)
Depreciation as per ZATCA rates	-	(569.0)	n/a
Repayment of lease liabilities during the year	(28.1)	(25.0)	(11.0%)
Adjusted (loss) income for Zakat calculations	**(650.3)**	**385.4**	**(159.3%)**
Add/less adjustment for tax calculation:			
Depreciation differential	(102.0)	-	(100.0%)
Payments of employees' end of service termination benefits	(6.9)	(1.6)	(76.8%)
Interest charges in excess of the allowable limit	486.4	-	(100.0%)
Adjusted (loss) income for Tax calculations	**(272.8)**	**383.8**	**(240.7%)**
Allocation of adjusted loss:			
Saudi Arabian shareholder (74.9%)	(487.1)	288.6	(159.2%)
Foreign shareholder (25.1%)	(68.5)	96.3	(240.6%)

Source: MBAC Financial Statements

The following table presents the components of Zakat expense of MBAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-215): Components of Zakat base of MBAC for the financial years ended 31 December 2023G and 2024G:

Components of Zakat base			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Shareholders' equity at the beginning of the year	3,164.5	-	(100.0%)
Shareholders' equity ending balance	-	3,244.7	n/a
Liabilities and equivalents	-	5,641.9	n/a
Provisions at the beginning of the year	111.0	-	(100.0%)
Long-term borrowings	4,811.7	-	(100.0%)

Components of Zakat base			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Project payables and accruals	11.0	-	(100.0%)
Lease liabilities and right-of-use assets, net	24.2	-	(100.0%)
Provision for decommissioning, site rehabilitation and dismantling obligations	344.0	-	(100.0%)
Other	19.5	-	(100.0%)
Sub-total	**8,485.9**	**8,886.6**	**4.7%**
Mine properties, property, plant and equipment and Intangible assets	(7,862.3)	-	(100.0%)
Net fixed assets and equivalents	-	(8,435.0)	n/a
Capital work-in-progress	(172.4)	-	(100.0%)
Spare parts and consumables	(215.6)	-	(100.0%)
Employees' home owners program receivable, non-current portion	(15.2)	-	(100.0%)
Others	(4.2)	(215.8)	5,038.1%
Net Zakat base for the year	**216.3**	**235.8**	**9.0%**
Zakat due at 2.578% on Zakat base for 2023G (2022G: Zakat due at 2.578%)	5.6	6.1	8.9%
Zakat calculation based on adjusted net loss:			
Adjusted net (loss) for the year	(487.1)	460.8	(194.6%)
Zakat rate applicable to the Company	2.5%	2.6%	4.0%
Zakat due at 2.5% on adjusted net loss for the year	**(12.2)**	**8.8**	**(172.1%)**
Net Zakat due on Zakat base and on adjusted net loss	**(6.6)**	**8.8**	**(233.3%)**

Source: MBAC Financial Statements

The Company is subject to Zakat for its Saudi shareholders and income tax for its foreign shareholders in accordance with the regulations of the ZATCA. A provision for Zakat and income tax for the Company is charged to the statement of profit or loss and 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.

The significant components of the Zakat base for the Company attributable to the Saudi Arabian shareholders in proportion with their direct shareholding of 74.9%, under the Zakat and the income tax regulations and Zakat is only payable by the Saudi Arabian shareholders at a rate of 2.58% on all components of Zakat base except for adjusted net income for the year which is subject to Zakat at the rate of 2.5%.

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

4-3-6-1-4 Income tax

The following table presents the income tax provision for MBAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-216): Income tax provision of MBAC for the financial years ended 31 December 2023G and 2024G:

Income tax provision			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Accounting (loss) profit for the year	(679.5)	338.3	(149.8%)
Income tax rate applicable to the Company	20.0%	20.0%	-
Foreign shareholders' 25.1% proportionate share of the year accounting (loss)/ profit	**(170.6)**	**84.9**	**(149.8%)**
Income tax on foreign shareholder	(34.1)	16.9	(149.6%)
Tax effect of disallowed expenses	-	6.5	
Tax effect of expenses disallowed (includes temporary differences, depreciation differential)	(17.7)	-	(100.0%)
Tax effect of permanent differences	61.7	-	(100.0%)
Total income tax credit/ (charge) for the year	**(9.8)**	**23.5**	**(339.8%)**

Source: MBAC Financial Statements

Income tax is payable at the rate of 20.0% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. During the years ended 31 December 2023G, 31 December 2022G and 31 December 2021G, no provision for income tax has been recorded by the Company due to adjusted net loss for such years.

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

Severance fees

The following table presents the severance fee expense for MBAC for the financial years ended at 31 December 2023G and 2024G.

Table (4-217): Severance fees breakdown of MBAC for the financial years ended 31 December 2023G and 2024G:

Severance fees			
SARm	2023G	2024G	Var. 23G-24G
Deferred severance asset credited to income statement	375.1	188.7	(49.7%)
Deferred severance liabilities debited to income statement	(62.4)	(3.0)	95.2%
Total severance fee credit	**312.8**	**185.8**	**(40.6%)**

Source: MBAC Financial Statements

In accordance with the Mining Law, the Company is required to pay to the Government of Saudi Arabia severance fees representing equivalent of 20.0% 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 statement of profit or loss up to 31 December 2023G.

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

Statement of Financial Position

The following table presents the financial position statement of MBAC for the financial year ended at 31 December 2023G and 2024G.

Table (4-218): Statement of financial position of MBAC at 31 December 2023G and 31 December 2024G:

Statement of financial position			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Non-current assets			
Mine properties	1,327.8	1,193.6	(10.1%)
Property, plant and equipment	9,160.7	8,853.9	(3.3%)
Right-of-use assets	221.4	204.7	(7.5%)
Capital work-in-progress	227.3	263.9	16.1%
Intangible assets	11.4	8.3	(27.2%)
Deferred tax and severance assets	573.8	757.7	32.0%
Employees' home owners program receivable	20.2	15.8	(21.8%)
Non-current portion of advances and prepayments	-	9.4	n/a
Total non-current assets	**11,542.6**	**11,307.3**	**(2.0%)**
Current portion of employees' home owners program receivable	2.8	2.7	(3.6%)
Due from a shareholder	16.5	33.6	103.6%
Due from fellow subsidiaries	13.0	13.9	6.9%
Derivative financial instruments	20.4	-	(100.0%)
Advances and prepayments	9.3	20.3	118.3%
Inventories	473.0	482.5	2.0%
Trade and other receivables	248.8	511.6	105.6%
Time deposits	2.1	-	(100.0%)
Cash and cash equivalents	241.3	45.8	(81.0%)
Total current assets	**1,027.2**	**1,110.4**	**8.1%**
Total assets	**12,569.8**	**12,417.7**	**(1.2%)**
Share capital	4,828.5	4,828.5	-
Payments to increase share capital	271.5	271.5	-
Statutory reserve (transfer of net income)	3.2	-	(100.0%)
General reserve	-	3.2	n/a
Cash flow hedge reserve	20.4	-	(100.0%)
Accumulated losses	(1,260.9)	(773.5)	(38.7%)
Net shareholders' equity	**3,862.7**	**4,329.7**	**12.1%**

Statement of financial position			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Long-term borrowings	5,735.2	5,883.0	2.6%
Provision for decommissioning, site rehabilitation and dismantling obligations	527.7	419.4	(20.5%)
Lease liabilities	234.7	214.6	(8.6%)
Employees' benefits	82.4	98.7	19.8%
Deferred tax and severance liabilities	296.4	303.6	2.4%
Total non-current liabilities	**6,876.4**	**6,919.3**	**0.6%**
Trade and other payables	506.3	190.8	(62.3%)
Accrued expenses	328.1	341.8	4.2%
Current portion of long-term borrowings	688.9	413.1	(40.0%)
Current portion of lease liabilities	18.9	23.5	24.3%
Zakat, income tax and severance fee	16.8	36.0	114.3%
Due to a shareholder	35.7	36.2	1.4%
Due to fellow subsidiaries	236.0	127.3	(46.1%)
Total current liabilities	**1,830.7**	**1,168.7**	**(36.2%)**
Total liabilities	**8,707.1**	**8,088.0**	**(7.1%)**
Total shareholders' equity and liabilities	**12,569.8**	**12,417.7**	**(1.2%)**

Source: MBAC Financial Statements

Table (4-219): Statement of financial position metrics of MBAC at 31 December 2023G and 31 December 2024G:

Statement of financial position metrics			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Debt to equity ratio (1)	2.3	1.9	(17.1%)
Return on assets (2)	(2.9%)	4.0%	6.9 ppts
Return on equity (3)	(9.5%)	11.4%	20.9 ppts
Current ratio (4)	0.6	1.0	66.7%
Net cash from operating activities over rev. (5)	(7.9%)	3.1%	11.0 ppts

Source: MBAC Financial statements and Company Information

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

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

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

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

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

The following table presents the MBAC's Non-current assets for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-220): Non-current assets of MBAC at 31 December 2023G and 31 December 2024G:

Non-current assets			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Mine properties	1,327.8	1,193.6	(10.1%)
Property, plant and equipment	9,160.7	8,853.9	(3.3%)
Right-of-use assets	221.4	204.7	(7.5%)
Capital work-in-progress	227.3	263.9	16.1%
Intangible assets	11.4	8.3	(27.2%)
Deferred tax and severance assets	573.8	757.7	32.0%
Employees' home owners program receivable	20.2	15.8	(21.8%)
Non-current portion of advances and prepayments	-	9.4	n/a
Total non-current assets	**11,542.6**	**11,307.3**	**(2.0%)**

Source: MBAC Financial Statements

Non-current assets decreased by 2.0%, from SAR 11,542.6 million at 31 December 2023G to SAR 11,307.3 million at 31 December 2024G.

This decline was primarily due to: (i) a 3.3% reduction in property, plant, and equipment, which decreased to SAR 8,853.9 million at 31 December 2024G from 9,160.7 at 31 December 2024G, and (ii) a 10.1%, decline in Mine properties from 1,327.8 at 31 December 2023G to 1,193.6 at 31 December 2024G.

Mine properties

The following table presents the MBAC's net book value of mine properties for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-221): Mine properties of MBAC at 31 December 2023G and 31 December 2024G:

Mine properties								
SARm	Mine closure and rehabilitation provision	Plant and equipment*	Land and buildings*	Motor vehicles	Office equipment	Stripping activity asset	Mining capital work-in-progress	Total
Cost								
01 January 2023G	38.4	523.2	959.3	0.8	6.7	3.1	2.9	1,534.4
Transfer from capital work-in-progress	-	0.1	-	-	-	-	(0.1)	(0.1)
Change in the estimate for plant dismantling and mine site rehabilitation	205.4	-	-	-	-	-	-	205.4
Adjustment	27.8	-	-	-	-	-	-	27.8

SARm	Mine properties							
	Mine closure and rehabilitation provision	Plant and equipment*	Land and buildings*	Motor vehicles	Office equipment	Stripping activity asset	Mining capital work-in-progress	Total
31 December 2023G	**271.6**	**523.2**	**959.3**	**0.8**	**6.7**	**3.1**	**2.8**	**1,767.5**
Transfer from capital work-in-progress	-	0.7	0.7	-	-	-	(0.8)	0.7
Change in the estimate for plant dismantling and mine site rehabilitation	(81.3)	-	-	-	-	-	-	(81.3)
Transfer	-	50.3	(50.3)	-	-	-	-	-
31 December 2024G	**190.4**	**574.2**	**909.7**	**0.8**	**6.7**	**3.1**	**2.0**	**1,686.9**
Accumulated depreciation								
01 January 2023G	(14.4)	(179.7)	(184.6)	(0.8)	(4.5)	(3.1)	-	(387.2)
Charge for the period	(1.4)	(31.5)	(19.2)	-	(0.4)	-	-	(52.6)
31 December 2023G	**(15.8)**	**(211.2)**	**(203.9)**	**(0.8)**	**(4.9)**	**(3.1)**	**-**	**(439.8)**
Charge for the period	(6.1)	(20.8)	(24.9)	-	(1.7)	-	-	(53.5)
Transfer	-	(0.3)	0.3	-	-	-	-	-
31 December 2024G	**(22.0)**	**(232.3)**	**(228.5)**	**(0.8)**	**(6.6)**	**(3.1)**	**-**	**(493.3)**
Net book value								
31 December 2023G	**255.8**	**312.0**	**755.4**	**-**	**1.8**	**-**	**2.8**	**1,327.8**
31 December 2024G	**168.4**	**341.9**	**681.3**	**-**	**0.1**	**-**	**2.0**	**1,193.6**

Source: MBAC Financial Statements

The changes in adjustments in the provision for decommissioning, site rehabilitation and dismantling obligations is created under the guidelines of IAS 16 and assessed and adjusted every quarter, mainly based on change in the interest rates.

The net book value decreased by 10.1% from SAR 1,327.8 million at 31 December 2023G to SAR 1,193.6 million at 31 December 2024G. This was primarily due to: (i) the change of estimates for the plant dismantling and mine closure site rehabilitation amounting SAR 81.3 million, and (ii) annual depreciation charges of SAR 53.5 million at 31 December 2024G.

4-3-6-1-4-1 Property, plant and equipment

The following table presents the MBAC's total net book value of property, plant and equipment for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-222): Property, plant and equipment of MBAC at 31 December 2023G and 31 December 2024G:

	Property, plant and equipment						
SARm	Plant dis-mantling obligation	Land & Buildings	Plant & Equipment	Office equipment	Furniture & fittings	Motor vehicles	Total
Cost							
01 January 2023G	-	5,860.3	6,050.8	10.3	0.2	6.0	11,927.6
Transfer from capital work-in-progress	-	1.0	117.5	0.2	-	-	118.7
Plant dismantling obligation*	226.1	-	-	-	-	-	226.1
31 December 2023G	**226.1**	**5,861.3**	**6,168.4**	**10.4**	**0.2**	**6.0**	**12,272.5**
Transfer from capital work-in-progress	-	-	117.3	-	-	-	117.3
Plant dismantling obligation*	(51.8)	-	-	-	-	-	(51.8)
Transfer	-	(145.2)	145.9	(0.7)	-	-	-
31 December 2024G	**174.4**	**5,716.1**	**6,431.6**	**9.7**	**0.2**	**6.0**	**12,338.0**
Accumulated depreciation							
01 January 2023G	-	(1,061.8)	(1,614.7)	(5.5)	(0.1)	(6.0)	(2,688.1)
Charge for the period	(2.3)	(174.2)	(246.4)	(0.7)	-	-	(423.6)
31 December 2023G	**(2.3)**	**(1,236.1)**	**(1,861.1)**	**(6.2)**	**(0.1)**	**(6.0)**	**(3,111.7)**
Charge for the period	(6.5)	(123.9)	(237.9)	(3.9)	(0.1)	-	(372.3)
Transfer	-	9.7	(10.2)	0.5	-	-	-
31 December 2024G	**(8.8)**	**(1,350.3)**	**(2,109.2)**	**(9.6)**	**(0.2)**	**(6.0)**	**(3,484.1)**
Net book value							
31 December 2023G	**223.8**	**4,625.3**	**4,307.3**	**4.3**	**0.1**	**-**	**9,160.7**
31 December 2024G	**165.6**	**4,365.8**	**4,322.3**	**0.2**	**-**	**-**	**8,853.9**

Source: MBAC Financial Statements

The net book value of PPE decreased by 3.3% from SAR 9,160.7 million at 31 December 2023G to SAR 8,853.9 million at 31 December 2024G mainly due to the annual depreciation charge for the year of SAR 372.3 million, offset by the transfer of assets from capital work-in-progress amounting to SAR 117.3 million at 31 December 2024G primarily related to improvements for certain assets.

4-3-6-1-4-2 Capital work-in-progress

The following table displays the MBAC's total net book value of capital work in progress for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-223): Capital work in progress of MBAC at 31 December 2023G and 31 December 2024G:

Capital work in progress	
SARm	**Refinery**
Cost	
01 January 2023G	216.2
Additions/Reversal, net	130.1
Transfer to mine properties and property, plant and equipment	(118.8)
Transfer to intangible Assets	(0.2)
31 December 2023G	**227.3**
Additions/Reversal, net	155.0
Transfer to mine properties and property, plant and equipment	(117.9)
Transfer to intangible Assets	(0.5)
31 December 2024G	**263.9**

Source: MBAC Financial Statements

Assets in the course of construction or development are capitalized in the capital work-in-progress account and is transferred to the appropriate category in property, plant and equipment or intangible assets, once the asset is in a location and in the necessary condition for it to be capable of operating in the manner intended.

Capital work-in-progress subsequently increased by 16.1% from SAR 227.3 million at 31 December 2023G to SAR 263.9 million at 31 December 2024G primarily driven by additions of SAR 155.0 million primarily related to plant and equipment and mining properties, partially offset by the transfer to mine properties, property, plant and equipment and intangible assets total of SAR 117.9 million.

Borrowing costs attributable to qualifying assets

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

Table (4-224): Borrowing costs attributed to qualifying assets of MBAC at 31 December 2023G and 31 December 2024G:

Borrowing costs attributable to qualifying assets			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Borrowing cost attributable to qualifying assets	6.3	3.7	(41.3%)
Capitalization rate	6.9%	6.6%	(0.2 ppts)

Source: MBAC Financial Statements

During 2024G, the capitalization rate of 6.9% (2023G: 6.6%) has been used for the calculation of borrowing cost attributable to qualifying assets.

4-3-6-1-4-3 Deferred taxes and severance assets

The following table presents the MBAC's total net book value of deferred tax and severance assets for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-225): Deferred taxes and severance assets of MBAC at 31 December 2023G and 31 December 2024G:

Deferred taxes and severance assets			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Deferred tax assets	198.6	193.8	(2.4%)
Severance assets	375.1	563.9	50.3%
Total	**573.8**	**757.7**	**32.0%**

Source: MBAC Financial Statements

The following table presents the MBAC's total net book value of movements in deferred tax assets for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-226): Movements in deferred tax assets of MBAC at 31 December 2023G and 31 December 2024G:

Movements in deferred tax assets					
SARm	Tax losses carried forward	Allowance for slow moving spare parts and Consumable materials	Right of use assets	Employees benefits	Total
01 January 2023G	**179.1**	**0.9**	**1.3**	**4.4**	**185.6**
Credited to profit or loss for the period	13.0	-	0.3	(0.3)	13.0
31 December 2023G	**192.0**	**0.9**	**1.6**	**4.1**	**198.6**
Credited to profit or loss for the period	(5.6)	(0.4)	0.4	0.8	(4.8)
31 December 2024G	**186.4**	**0.5**	**1.9**	**5.0**	**193.8**

Source: MBAC Financial Statements

The following table presents the MBAC's total net book value of movements in deferred severance assets for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-227): Movements in deferred severance assets of MBAC at 31 December 2023G and 31 December 2024G:

Movements in deferred severance assets				
SARm	Tax losses carried forward	Mine decommissioning assets	Employees benefits	Total
01 January 2023G	-	-	-	-
Credited to profit or loss for the year	326.8	37.5	10.8	375.1
31 December 2023G	**326.8**	**37.5**	**10.8**	**375.1**
Credited to profit or loss for the period	172.9	14.1	1.6	188.7
31 December 2024G	**499.8**	**51.7**	**12.4**	**563.9**

Source: MBAC Financial Statements

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 assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

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

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

4-3-6-1-5 Current assets

Table (4-228): Current assets of MBAC at 31 December 2023G and 31 December 2024G:

Current assets			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Current portion of employees' home owners program receivable	2.8	2.7	(3.6%)
Due from a shareholder	16.5	33.6	103.6%
Due from fellow subsidiaries	13.0	13.9	6.9%
Derivative financial instruments	20.4	-	(100.0%)
Advances and prepayments	9.3	20.3	118.3%
Inventories	473.0	482.5	2.0%
Trade and other receivables	248.8	511.6	105.6%
Time deposits	2.1	-	(100.0%)
Cash and cash equivalents	241.3	45.8	(81.0%)
Total current assets	**1,027.2**	**1,110.4**	**8.1%**

Source: MBAC Financial Statements

Current assets increased by 8.1% from SAR 1,027.2 million at 31 December 2023G to SAR 1,110.4 million at 31 December 2024G, primarily due to an increase in trade and other receivables of 105.6%, from SAR 248.8 million at 31 December 2023G to SAR 511.6 million at 31 December 2024G.

This increase was driven by a significant year-over-year increase in sales particularly higher sales to MAC in December 2024G.

However, this was partially offset by a decrease in cash and cash equivalents of 81.0%, from SAR 241.3 million at 31 December 2023G to SAR 45.8 million at 31 December 2024G.

4-3-6-1-5-1 Derivative financial instruments

Derivative instruments were reported as current assets as of 2023G and matured in 2024G. During the year ended 31 December 2024G, the derivative financial instruments were fully settled, and the outstanding amounts were completely received by MBAC.

4-3-6-1-5-2 Inventories

The following table presents the MBAC's year-end balances in inventories for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-229): Inventories of MBAC at 31 December 2023G and 31 December 2024G:

Inventories			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Stockpiles	46.4	48.7	5.0%
Work-in-process	125.1	143.1	14.4%
Cost of work-in-process	129.2	143.1	10.8%
Less: work-in-process written off to net realizable value	(4.1)	-	(100.0%)
Sub-total	**171.5**	**191.8**	**11.8%**
Raw materials	22.1	16.0	(27.6%)
Spare parts and consumables	287.8	285.0	(1.0%)
Allowance for slow moving spare parts and consumable materials	(8.4)	(10.3)	22.6%
Sub-total	**301.5**	**290.7**	**(3.6%)**
Total	**473.0**	**482.5**	**2.0%**
Days inventories outstanding ("DIO")(1)	**86**	**100**	**16.3%**

Source: MBAC Financial Statements, and Company Information

(1) Note to table: DIO has been calculated by dividing total inventories (excluding spare parts and consumables, and allowance for slow moving spare parts and consumable materials) by raw material and utilities consumed, multiplied by 365 days.

Table (4-230): Allowance for slow moving spare parts and consumable materials at 31 December 2023G and 31 December 2024G:

SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
As on 1 January	17.2	8.4	(51.2%)
Allowance for slow moving spare parts and consumables	(8.8)	1.9	(121.6%)
As on 31 December	**8.4**	**10.3**	**22.6%**

Inventories increased by 2.0%, from SAR 473.0 million at 31 December 2023 to SAR 482.5 million at 31 December 2024, primarily due to a 14.4% increase in work in process, which grew from SAR 125.1 million at 31 December 2023 to SAR 143.1 million at 31 December 2024, this increase was attributed to the overall increase in production compared to the prior year.

This increase was partially offset by the decrease in raw materials by 27.6% from SAR 22.1 million at 31 December 2023G to SAR 16.0 million at 31 December 2024G due to lower caustic soda prices compared to prior year.

Stockpiles

Stockpiles increased by 5.0% from SAR 46.4 million at 31 December 2023G to SAR 48.7 million at 31 December 2024G, primarily due to the production ramp up.

Work-in-process

Work-in-process increased by 14.4% from SAR 125.1 million at 31 December 2023G to SAR 143.1 million, primarily driven by the production ramp up during 2024G.

Raw materials

Raw materials mainly comprised of Caustic Soda and Bauxite.

Raw materials decreased by 27.6% from SAR 22.1 million at 31 December 2023G to SAR16.0 million in 2024G, primarily due to a decline in prices of key raw materials, such as Caustic Soda.

Spare parts and consumables

Spare parts and consumables mainly comprised tools and spare parts used in MBAC's plant related to maintenance activities. Spare parts and consumables remained constant between 31 December 2023G and 2024G.

Allowance for slow moving spare parts and consumable materials

The allowance for slow moving spare parts and consumables provisioning policy requires the Company to recognize a provision for spare parts and consumables. Movements in the provision balance at each year end occur based on the actual position at the end of each respective year. As per the provision policy the provision balance should be 10% of the spare parts inventory at each year end.

4-3-6-1-5-3 Trade and other receivables

The following table presents the MBAC's year-end balances trade and other receivables for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-231): Trade and other receivables of MBAC at 31 December 2023G and 31 December 2024G:

Trade and other receivables			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
MAC	151.0	317.1	110.0%
Third parties	87.1	185.2	112.6%
Sub-total trade receivable	**238.1**	**502.3**	**111.0%**
Value added tax receivable	10.5	9.2	(12.4%)
Others	0.2	0.1	(50.0%)
Sub-total other receivable	**10.7**	**9.4**	**(12.1%)**
Total	**248.8**	**511.6**	**105.6%**
Days sales outstanding ("DSO")[(1)]	**37**	**56**	**51.4%**

Source: MBAC Financial Statements, and Company Information

(1) Note to table: DSO has been calculated by dividing trade receivables by total revenue, multiplied by 365 days.

Trade and other receivables increased by 105.6% from SAR 248.8 million at 31 December 2023G to SAR 511.6 million at 31 December 2024G. This increase was driven by a significant year-over-year increase in sales, particularly higher sales to MAC in December 2024G.

4-3-6-1-6 Non-current liabilities

The following table presents the MBAC's year-end balances for non-current liabilities for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-232): Non-current liabilities of MBAC at 31 December 2023G and 31 December 2024G:

Non-current liabilities			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Long-term borrowings	5,735.2	5,883.0	2.6%
Provision for decommissioning, site rehabilitation and dismantling obligations	527.7	419.4	(20.5%)
Lease liabilities	234.7	214.6	(8.6%)
Employees' benefits	82.4	98.7	19.8%
Deferred tax and severance liabilities	296.4	303.6	2.4%
Total non-current liabilities	**6,876.4**	**6,919.4**	**0.6%**

Source: MBAC Financial Statements and Company Information

Non-current liabilities increased by 0.6%, rising from SAR 6,876.4 million at 31 December 2023 to SAR 6,919.4 million at 31 December 2024, primarily due to a 2.6% increase in long-term borrowings, which grew from SAR 5,735.2 million at 31 December 2023 to SAR 5,883.0 million at 31 December 2024.

This increase was partially offset by a 20.5% decrease in the provision for decommissioning, site rehabilitation, and dismantling obligations, which fell from SAR 527.7 million at 31 December 2023 to SAR 419.4 million at 31 December 2024, due to a revision in the estimate of mine closure obligations.

4-3-6-1-6-1 Long-term borrowings

On 27 November 2011G, the "**Company**" entered into the Common Terms Agreement ("**CTA**") and other agreements (collectively referred to as "**Financing Agreements**") with a group of financial institutions.

On 16 July 2018G the facility with PIF of SAR 3,605.3 million was restructured resulting in a revised repayment schedule and covenants. Effective on the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Riyal Murabaha for 2 tranches (Tranch A amounting to SAR 2,370.0 million and Tranche B amounting to SAR 1,655.0 million and Riyal Wakala facilities (amounting to SAR 220.0 million) to replace the balance of the facilities.

On 9 January 2019G the working capital facility restructured for five years amounted to SAR 750.0 million. However as at 31 January 2024G, the terms changed and it was agreed upon to increase the facility to SAR 1,8750.0 million.

The new financing facilities comprised the following:

Table (4-233): Approved facilities of MBAC at 31 December 2023G and 31 December 2024G:

Facilities approved			
SARm	Date of approval	Facilities granted	Commission rates
PIF – Amendment to the existing Agreement	16-Jul-18	3,506.3	SOFR +1.5%
Riyal Murabaha Tranche A		2,370.0	SAIBOR+ 1.45%
Riyal Murabaha Tranche B		1,655.0	SAIBOR+ 1.55%
Riyal Wakala		220.0	SAIBOR+ 1.55%
Islamic and commercial banks	16-Jul-18	4,245.0	
Murabaha Riyal, Working Capital Facility (WCF}	4-Jan-24	1,875.0	SAIBOR+ 0.70%
Total		**9,626.3**	

Source: MBAC Financial Statements

The following table presents the MBAC's year-end balances for long-term borrowings for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-234): Long-term borrowings of MBAC at 31 December 2023G and 31 December 2024G:

Long-term borrowings			
SARm	31 Dec 2023G	31 Dec 2024G	Commission rates
PIF	2,583.2	2,525.2	SOFR +1.5%
Riyal Murabaha Tranche A	1,943.7	1,722.4	SAIBOR + 1.45%
Riyal Murabaha Tranche B	1,378.4	1,343.4	SAIBOR + 1.55%
Riyal Wakala	174.3	169.7	SAIBOR + 1.55%
Islamic and commercial banks	**3,496.5**	**3,235.4**	
Riyal Murabaha	346.7	750.0	SAIBOR + 0.70%
Loan from banks	**6,426.4**	**6,510.6**	
PIF	(128.7)	(123.4)	
Islamic and commercial banks	(276.9)	(292.3)	
Riyal Murabaha	403.2	200.0	
Accrued finance cost	0.1	1.2	
Repayments and transaction costs	**(2.3)**	**(214.5)**	
Less: Current portion of long-term borrowings	(688.8)	(411.9)	
Less: Accrued finance cost	(0.1)	(1.2)	
Long term portion	**5,735.2**	**5,883.0**	

Source: MBAC Financial Statements

Table (4-235): Facilities utilized under the different CTAs of MBAC at 31 December 2023G and 31 December 2024G:

Facilities utilized under the different CTAs		
SARm	31 Dec 2023G	31 Dec 2024G
PIF	2,583.2	2,525.2
Less: Repaid during the year	(58.0)	(62.0)
Sub-total	**2,525.2**	**2,463.2**
Less: Unamortized transaction costs	(70.7)	(61.4)
Sub-total	**2,454.5**	**2,401.8**
Islamic and commercial banks		
Riyal Murabaha Tranche A	1,943.7	1,722.4
Riyal Murabaha Tranche B	1,378.4	1,343.4
Riyal Wakala	174.3	169.7
Sub-total	**3,496.5**	**3,235.4**
Less: Repaid during the year	(261.1)	(280.0)
Sub-total	**3,235.4**	**2,955.4**

Facilities utilized under the different CTAs		
SARm	**31 Dec 2023G**	**31 Dec 2024G**
Less: Unamortized transaction costs	(15.8)	(12.2)
Sub-total	3,219.6	2,943.1
Riyal Murabaha	346.7	750.0
Drawn during the year	403.3	200.0
Sub-total	**750.0**	**950.0**
Less: Unamortized transaction costs	(0.1)	-
Sub-total	**749.9**	**950.0**
Total borrowing	**6,424.0**	**6,294.9**
Accrued finance cost	0.1	1.2
Sub-total carried forward	**6,424.1**	**6,296.1**
Less: Current portion of long-term borrowings	(688.8)	(411.9)
Less: Accrued finance cost	(0.1)	(1.2)
Sub-total - Current portion of borrowings shown under current liabilities	**(688.9)**	**(413.1)**
Long term portion	**5,735.2**	**5,883.0**

Source: MBAC Financial Statements

PIF

The rate of commission on the principal amount of the loan drawn for each commission period is Secured Overnight Financing Rate ("**SOFR**") plus a 1.5% margin.

The repayment of the loan started on 30 June 2019G, on a bi-annual basis, starting from SAR 36.0 million and increasing over the term of the loan with the final repayment of SAR 328.0 million due on 30 June 2032G. In addition, MBAC is required to make certain prepayments as described above.

The upfront transaction cost incurred is amortized over the term of the loan.

The transaction cost amortized over the term of the loan during the period ended 31 December 2024G amounted to SAR 9.3 million (31 December 2023G: SAR 9.2 million).

Islamic and commercial banks

The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is SAIBOR plus a margin (mark-up in case of Wakala facilities) 1.45% for Riyal Murabaha Tranche A, and 1.55% for Riyal Murabaha Tranche B and Riyal Wakala.

Repayment of the principal amounts of total approved facilities commenced from 30 September 2019G. The repayments started from SAR 34.0 million and are increasing over the term of the loan with the final repayment of SAR 274.0 million for Riyal Murabaha Tranche A due on 30 June 2028G and the final repayment of SAR 223.0 million for Wakala Riyal and Riyal Murabaha Tranche B due on 31 December 2030G.

The upfront transaction cost incurred is amortized over the term of the loan.

The transaction cost amortized over the term of the loan during the period ended 31 December 2024G amounted to SAR 3.5 million (31 December 2023G: SAR 3.9 million).

Riyal Murabaha

The rate of profit on the purchase price (i.e., principal amount of the loan drawn for each commission period) is SAIBOR plus 0.70%.

The Working Capital Murabaha Riyal facility amounting to SAR 340.0 million was repaid on 9 January 2019G and a new Murabaha Riyal facility agreement was signed for a total of SAR 750.0 million. On the same date a drawdown amounting to SAR 347.0 million was made. Subsequently, on 12 October 2023G, the remaining headroom of the loan amounting to SAR 403.0 million was utilized.

The Working Capital Murabaha Riyal facility amounting to SAR 340.0 was repaid on 9 January 2019G and a new Murabaha Riyal facility agreement was signed for a total commitment of SAR 750.0 million. On the same date a drawn down amounting to SAR 347.0 million was made. On 12 October 2023G the balance commitment of the loan amounting to SAR 403.0 million was withdrawn. During the period, the Company has entered into a revised arrangement for its Murabaha working capital facility. The revised terms resulted in increased approved financing from SAR 750.0 million to SAR 1,875.0 million. In addition, the maturity date of such facility was extended from 2024G to 2029G.

The transaction cost amortized over the term of the loan during the year ended 31 December 2024 amounted to SAR 0.1 million (31 December 2023: SAR 0.5 million).

Facilities' currency denomination

Essentially 43.0% of the Company's facilities have been contracted in SAR and 57.0% in USD and the drawdown balances denominated in USD are shown below:

Table (4-236): Facilities' currency denomination of MBAC at 31 December 2023G and 31 December 2024G:

Facilities' currency denomination			
USDm	**31 Dec 2023G**	**31 Dec 2023G**	**Var. 23G-24G**
PIF	673.4	656.8	(2.5%)
Unamortized transaction cost	(18.9)	(16.1)	(14.8%)
Sub-total	**654.5**	**640.7**	**(2.1%)**
Islamic and commercial banks			
Riyal Murabaha Tranche A	518.3	459.3	(11.4%)
Riyal Murabaha Tranche B	367.6	358.2	(2.6%)
Riyal Wakala	46.5	45.2	(2.8%)
Sub-total	**932.4**	**862.8**	**(7.5%)**
Less: Repaid during the year	(69.6)	(74.7)	7.3%
Sub-total	**862.8**	**788.1**	**(8.7%)**
Unamortized transaction cost	(4.2)	(3.5)	(16.7%)
Sub-total	858.6	784.6	(8.6%)
Riyal Murabaha	92.5	200.0	116.2%
Drawn during the year	107.5	53.3	(50.4%)
Sub-total	**200.0**	**253.3**	**26.7%**
Unamortized transaction cost	-	-	n/a

Facilities' currency denomination			
USDm	**31 Dec 2023G**	**31 Dec 2023G**	**Var. 23G-24G**
Sub-total	**200.0**	**253.3**	**26.7%**
Add: accrued finance cost	-	0.3	n/a
Total borrowings	**1,713.1**	**1,679.0**	**(2.0%)**
Less: Current portion of long-term borrowings	(183.7)	(109.8)	(40.2%)
Less: accrued finance cost	-	(0.3)	n/a
Sub-total - Current portion of borrowings shown under current liabilities	**(183.7)**	**(110.2)**	**(40.0%)**
Total	**1,529.4**	**1,568.8**	**2.6%**

Source: MBAC Financial Statements and Company Information

4-3-6-1-6-2 Provision for decommissioning, site rehabilitation and dismantling obligations

The following table presents the MBAC's year-end balances in provision for decommissioning, site rehabilitation and dismantling obligations for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-237): Provision for decommissioning, site rehabilitation and dismantling obligations of MBAC at 31 December 2023G and 31 December 2024G:

Provision for decommissioning, site rehabilitation and dismantling obligations			
SARm	**31 Dec 2023G**	**31 Dec 2024G**	**Var. 23G-24G**
Mine site rehabilitation	269.0	206.6	(23.2%)
Plant dismantling and site rehabilitation	258.6	212.8	(17.7%)
Total	**527.7**	**419.4**	**(20.5%)**

Source: MBAC Financial Statements

Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mine, 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.

Management estimates the provision based on the current legal requirements in the Kingdom of Saudi Arabia, the Company'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 Company's environmental policies and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized when determined.

The following table presents the MBAC's year-end balances in movement in provision for mine decommissioning obligations for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-238): Movement in provision for mine decommissioning obligations of MBAC at 31 December 2023G and 31 December 2024G:

Movement in provision for mine decommissioning obligations	
SARm	Al-Baitha Mine
01 January 2023G	**60.5**
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations during the period	205.4
Accretion of provision during the period	3.1
31 December 2023G	**269.0**
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations during the period	(81.3)
Accretion of provision during the period	18.8
31 December 2024G	**206.6**

Source: MBAC Financial Statements

The provision for mine decommissioning obligations decreased from SAR 269.0 million at 31 December 2023G to SAR 206.6 million at 31 December 2024G mainly due to during the year, the estimate of mine closure obligation was revised. The net effect of this change in the current period was a decrease in provision for mine closure costs and corresponding mine closure assets under the mine properties of SAR 81.3 million.

The following table presents the Company's year-end balances in movement in plant dismantling and Site rehabilitation for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-239): Movement in plant dismantling and site rehabilitation obligations of MBAC at 31 December 2023G and 31 December 2024G:

Movement in plant dismantling and site rehabilitation	
SARm	Movement
01 January 2023G	-
Addition of dismantling obligation for property, plant and equipment	254.0
Accretion of provision during the year	4.7
31 December 2023G	**258.6**
Addition of dismantling obligation for property, plant and equipment	(51.8)
Accretion of provision during the year	5.9
31 December 2024G	**212.8**

Source: MBAC Financial Statements

The provision for plant dismantling and site rehabilitation decreased from SAR 258.6 million at December 31, 2023G, to SAR 212.8 million at December 31, 2024G, primarily due to revisions made during the year to the estimates and related assumptions regarding plant dismantling and site rehabilitation. The net effect of this change was a decrease in provision for plant dismantling and site rehabilitation by SAR 51.8 million with a corresponding decrease in mine closure assets under the property, plant and equipment.

4-3-6-1-6-3 Lease liabilities

MBAC has entered into lease agreements which entitled the Company to right of use asset and obligations relating to certain vehicles and heavy equipment.

The following table presents MBAC's lease liabilities for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-240): Lease liabilities of MBAC at 31 December 2023G and 31 December 2024G:

Lease liabilities			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Future minimum lease payment	310.8	285.8	(8.0%)
Less: Future finance cost not yet due	(57.2)	(47.7)	(16.6%)
Net present value of minimum lease payment	**253.6**	**238.1**	**(6.1%)**
Less: Current portion of lease liabilities shown under current liabilities	(18.9)	(23.5)	24.3%
Long term portion of lease liabilities	**234.7**	**214.6**	**(8.6%)**

Source: MBAC Financial Statements

The following table presents the Company's additions of new lease liabilities and the payments made for existing liabilities for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-241): maturity profile of lease liabilities of MBAC at 31 December 2023G and 31 December 2024G:

Maturity profile of lease liabilities						
SARm	31 Dec 2021G	31 Dec 2022G	31 Dec 2023G	Var. 21G-22G	Var. 22G-23G	CAGR 21G-23G
2022G	32.6	-	-	(100.0%)	N.A.	(100.0%)
2023G	29.6	28.4	-	(4.1%)	(100.0%)	(100.0%)
2024G	30.8	30.3	30.4	(1.6%)	0.3%	(0.7%)
2025G	29.5	29.5	29.6	-	0.3%	0.2%
2026G	29.5	29.5	29.6	-	0.3%	0.2%
2027G	29.5	29.5	29.6	-	0.3%	0.2%
2028G thereafter	191.7	29.5	29.5	(84.6%)	-	(60.8%)
2029G thereafter	-	162.2	162.2	N/A	-	N/A
Total	**373.2**	**338.9**	**310.8**	**(9.2%)**	**(8.3%)**	**(8.7%)**

Source: MBAC Financial Statements

The following table presents the MBAC's additions for lease liabilities and payments settled for the fiscal years ended 31 December 2023G and 31 December 2024G.

Table (4-242): Movement in future minimum lease payments of MBAC at 31 December 2023G and 31 December 2024G:

Movement in future minimum lease payments:			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
01 January	338.9	310.8	(8.3%)
Additions during the year	-	6.1	n/a
Sub-total	**338.9**	**316.9**	**(6.5%)**
Payments during the year	(28.1)	(31.1)	10.7%
31 December	**310.8**	**285.8**	**(8.0%)**

Source: MBAC Financial Statements

The following table presents the MBAC's finance costs related to lease liability and its movements following the lease liability additions and payments for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-243): Movement in future finance costs of MBAC at 31 December 2023G and 31 December 2024G:

Movement in future finance costs:			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
01 January	(67.7)	(57.2)	(15.5%)
Additions during the year	-	(0.3)	n/a
Adjustment	-	-	(100.0%)
Sub-total	**(67.7)**	**(57.5)**	**(15.1%)**
Accretion of future finance cost during the year	10.5	9.8	(6.7%)
31 December	**(57.2)**	**(47.7)**	**(16.6%)**

Source: MBAC Financial Statements

4-3-6-1-6-4 Lease liabilities

Total lease liabilities balance decreased by 8.6% to SAR 214.6 million at 31 December 2024G primarily driven by decrease in future minimum lease payment by 8.0% from SAR 310.8 million at 31 December 2023G to SAR 285.8 million at 31 December 2024G, in line with payment of SAR 31.1 million made during the period ended 31 December 2024G.

4-3-6-1-7 Current liabilities

The following table presents the MBAC's current liabilities for the two years ended 31 December 2023G and 2024G.

Table (4-244): Current liabilities of MBAC at 31 December 2023G and 31 December 2024G:

Current liabilities			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Trade and other payables	506.3	190.8	(62.3%)
Accrued expenses	328.1	341.8	4.2%
Current portion of long-term borrowings	688.9	413.1	(40.0%)
Current portion of lease liabilities	18.9	23.5	24.3%
Zakat, income tax and severance fee	16.8	36.0	114.3%
Due to a shareholder	35.7	36.2	1.4%
Due to fellow subsidiaries	236.0	127.3	(46.1%)
Total current liabilities	**1,830.7**	**1,168.6**	**(36.2%)**

Source: MBAC Financial Statements

Current liabilities decreased by 36.2%, from SAR 1,830.7 million at 31 December 2023G to SAR 1,168.6 million at 31 December 2024G.

This decrease was primarily due to: (i) a reduction in trade and other payables by 62.3%, amounting to SAR 190.8 million at 31 December 2024G, mainly attributable to the payment of due invoices related to the caustic soda supplier; (ii) a decrease in the current portion of long-term borrowings by 40.0%, amounting to SAR 413.1 million at 31 December 2024G; and (iii) a reduction in amounts due to fellow subsidiaries by 46.1%, amounting to SAR 127.3 million at 31 December 2024G.

This decrease was partially offset by an increase in zakat, income tax, and severance fees by 114.3%, amounting to SAR 36.0 million at 31 December 2024G, as well as an increase in accrued expenses by 4.2%, amounting to SAR 341.8 million at 31 December 2024G, due to outstanding dues to project-related consultants and suppliers.

4-3-6-1-7-1 Trade and other payable

The following table presents the MBAC's year-end balances in projects, trade and other payables for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-245): Trade and other payables of MBAC at 31 December 2023G and 31 December 2024G:

Trade and other payables			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Trade payables	173.3	129.2	(25.4%)
Payable to Ma'aden	331.3	56.3	(83.0%)
Others	1.6	5.3	231.3%
Total	**506.3**	**190.8**	**(62.3%)**
Days payable outstanding ("DPO")[(1)]	**72**	**29**	**(59.7%)**

Source: MBAC Financial Statements, and Company Information

(1) Note to table: DPO has been calculated by dividing total trade and other payables by total cost of sales, multiplied by 365 days.

Trade and other payables decreased by 62.3%, falling from SAR 506.3 million at 31 December 2023G to SAR 190.8 million at 31 December 2024G. This decline was primarily due to an 83.0% decrease in payables to Ma'aden, which fell from SAR 331.3 million at 31 December 2023G to SAR 56.3 million at 31 December 2024G, and a 25.4% decrease in trade payables, which dropped from SAR 173.3 million at 31 December 2023G to SAR 129.2 million at 31 December 2024G.

This decrease was mainly attributable to the payment of outstanding invoices related to the caustic soda supplier in December 2023G.

Trade payables

The Company's payment terms with suppliers ranged between 60 days and 90 days.

Trade payables decreased by 25.4% from SAR 173.3 million at 31 December 2023G to SAR 129.2 million at 31 December 2024G, primarily due to timing differences in payments to suppliers.

Payable to Ma'aden

Payables to Ma'aden primarily comprised payables for the procurement of Caustic Soda.

Payable to Ma'aden decreased by 83.0% from SAR 331.3 million at 31 December 2023G to SAR 56.3 million at 31 December 2024G, due to settlement of most of the outstanding invoices.

Others

Others largely comprised payables relating to GOSI and withholding tax.

Others increased by 231.3% from SAR 1.6 million at 31 December 2023G to SAR 5.3 million at 31 December 2024G mainly due to the timing difference for invoices received.

4-3-6-1-7-2 Accrued expenses

The following table presents the MBAC's year-end balances in accrued expenses for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-246): Accrued expenses of MBAC at 31 December 2023G and 31 December 2024G:

Accrued expenses			
SARm	31 Dec 2023G	31 Dec 2024G	Var. 23G-24G
Trade and project	253.3	304.2	20.1%
Due to Alcoa Corporation	4.5	0.4	(91.1%)
Trade accruals Ma'aden	35.0	1.5	(95.7%)
Employee related	35.3	35.7	1.1%
Total	**328.1**	**341.8**	**4.2%**

Source: MBAC Financial Statements

Accrued expenses increased by 4.2%, rising from SAR 328.1 million at 31 December 2023G to SAR 341.8 million at 31 December 2024G, primarily due to a 20.1% increase in trade and project-related accrued expenses, which grew from SAR 253.3 million at 31 December 2023G to SAR 304.2 million at 31 December 2024G.

This increase was attributed to outstanding dues to project-related consultants and suppliers.

Equity

The following table presents the MBAC's equity for the two years ended 31 December 2023G and 2024G.

Table (4-247): Equity of MBAC at 31 December 2023G and 31 December 2024G:

Equity		
SARm	31 Dec 2023G	31 Dec 2024G
Share capital	4,828.5	4,828.5
Payments to increase share capital	271.5	271.5
Statutory reserve (transfer of net income)	3.2	-
General reserve	-	3.2
Cash flow hedge reserve	20.4	-
Retained earnings / accumulated losses	(1,260.9)	(773.5)
Net shareholders' equity	**3,862.7**	**4,329.7**

Source: MBAC Financial Statements

Total shareholder's equity is mainly composed of the share capital of the Company, statutory reserve, cash flow hedge reserve and accumulated losses / retained earnings.

Share capital amounted to SAR 4,828.5 million at 31 December 2023G and remained unchanged in 2024G.

Payments to increase share capital amounted to SAR 271.5 million remained constant during 2023G and 2024G which comprised contributions by Ma'aden of SAR 203.4 million and contributions by ASSI by SAR 68.2 million.

The statutory reserve consists of transfer of income at 31 December 2023G and 2024G corresponding to 4% of the net income after adjusting accumulated losses for the year.

Cash flow statement

The following table displays the statement of cash flows of MBAC for the fiscal years ended at 31 December 2023G and 2024G.

Table (4-248): Cash flow statements of MBAC at 31 December 2023G and 31 December 2024G:

Cash flow statement			
SARm	2023G	2024G	Var. 23G-24G
(Loss) profit before Zakat and income tax	**(679.5)**	**338.3**	**(149.8%)**
Adjustments for non-cash flow items:			
Finance cost	468.3	526.3	12.4%
Finance income	-	(10.0)	n/a
Depreciation- mine properties	52.6	53.5	1.7%
Depreciation- Property, plant and equipment	423.6	372.3	(12.1%)
Depreciation- right-of-use assets	23.1	22.5	(2.6%)
Amortization of intangible assets	4.7	3.6	(23.4%)
Allowance for slow moving spare parts and consumable materials	(8.8)	1.8	(120.5%)
Write down of inventories to net realizable value	(4.1)	-	(100.0%)
Provision for employees' termination benefits obligation	8.4	9.0	7.1%
Employees' saving plan	(3.0)	1.9	(163.3%)
Changes in working capital:			
Due from a shareholder	55.7	(17.1)	(130.7%)
Due to a shareholder	(11.1)	0.4	(103.6%)
Due from fellow subsidiaries	13.1	(0.8)	(106.1%)
Due to fellow subsidiaries	(10.2)	(108.7)	965.7%
Employees' home owners program receivable	13.9	4.5	(67.6%)
Advances and prepayments	12.7	(20.3)	(259.8%)
Inventories	74.0	(11.3)	(115.3%)
Trade and other receivables	(97.5)	(262.8)	169.5%
Trade and other payables	286.6	(316.0)	(210.3%)
Accrued expenses	(362.9)	13.7	(103.8%)
Net cash generated from operations	**259.7**	**600.6**	**131.3%**
Finance cost paid	(489.3)	(512.6)	4.8%
Zakat paid	-	(4.1)	n/a
Employees' termination benefits paid	(6.9)	(1.6)	(76.8%)
Payment for net settlement of interest rate swap	43.8	22.3	(49.1%)
Net cash (utilized in) generated from operating activities	**(192.7)**	**104.5**	**(154.2%)**
Additions to mine properties	(0.1)	-	(100.0%)
Additions to capital work-in-progress	(126.4)	(148.7)	17.6%
Finance income received	-	10.0	n/a
Time deposits	(2.1)	2.1	(200.0%)

Cash flow statement			
SARm	**2023G**	**2024G**	**Var. 23G-24G**
Movement in restricted cash	3.0	10.0	233.3%
Net cash generated from (utilized in) investing activities	**(125.5)**	**(126.5)**	**0.8%**
Repayment of long-term borrowings	(319.1)	(342.1)	7.2%
Working capital withdrawn	403.3	200.0	(50.4%)
Repayment of principal portion of lease liabilities	(17.5)	(21.3)	21.7%
Net cash generated from/ (utilized in) financing activity	**66.7**	**(163.4)**	**(345.0%)**
Net change in cash and cash equivalents	(251.5)	(185.4)	(26.3%)
Unrestricted cash and cash equivalents at the beginning of the year	482.8	231.3	(52.1%)
Unrestricted cash and cash equivalents at the end of the year	**231.3**	**45.8**	**(80.2%)**

Source: MBAC Financial Statements

Table (4-249): Non-cash flow transactions of MBAC at 31 December 2023G and 31 December 2024G:

Non-cash flow transactions			
SARm	**2023G**	**2024G**	**Var. 23G-24G**
Adjustment / transfer to mine properties and PPE from capital work-in-progress	118.8	117.9	(0.8%)
Adjustment / transfer to intangible assets from capital work-in-progress	0.2	0.5	150.0%
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	3.7	6.3	70.3%
Adjustment to the decommissioning, site rehabilitation and dismantling obligations	205.4	(81.3)	(139.6%)
Additions of right-of-use asset and the corresponding lease liability	0.3	5.8	1,833.3%

Source: MBAC Financial Statements

Net cash from operating activities

Net cash flows from operations increased by 154.2%, from SAR (192.7) million in 2023G to SAR 104.5 million in 2024G, mainly due to an increase in profit before zakat and income tax to SAR 338.3 million in 2024G compared to SAR (679.5) million during 2023G.

This increase was partially offset by: (i) an increase in trade and other receivables by SAR 262.8 million due to higher sales during the year, (ii) a decrease in trade and other payables by SAR 316.0 million due to payment of an outstanding invoices related to caustic soda supplier in December 2024G, and (iii) decrease in due to fellow subsidiaries balances by SAR 108.7 due to settling the balances.

Net cash from investing activities

Net cash outflows from investing activities increased from SAR 125.5 million in 2023G to SAR 126.5 million in 2024G, primarily due to an increase in additions to capital work-in-progress by SAR 22.3 million during 2024G.

This increase was partially offset by the increase in finance income received by SAR 10.0 million and restricted cash by SAR 10.0 million.

Net cash flows from financing activities

Net cash flows from financing activities decreased from an inflow of SAR 66.7 million in 2023G to an outflow of SAR 163.4 million in 2024G, primarily due to higher repayments of long-term borrowings c


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5- Legal Information

5-1 Declarations of Ma'aden's Directors

Ma'aden's Directors do hereby declare as follows:

1- The Transaction does not violate the relevant laws and regulations in the KSA.

2- The issuance of the Consideration Shares does not violate any of the contracts or agreements to which Ma'aden is a party.

3- This Section includes all the material legal information related to the Transaction documents which Ma'aden's shareholders must take into account in order to vote in an informed manner.

4- There is no other material legal information in this Section, the omission of which would cause the other statements to become misleading.

5-2 Legal Information of the Transaction

5-2-1 Summary of the legal structure of the Transaction

The Transaction will be completed by the acquisition by Ma'aden of 100% of the shares owned by Alcoa Saudi in MAC, which are one hundred sixty five million one thousand and one hundred and twenty five (165,001,125) ordinary share with a nominal value of SAR 10 per share and the acquisition of 100% of the shares owned by AWA Saudi in MBAC, which are one hundred twenty eight million and ten thousand (128,010,000) ordinary share with a nominal value of SAR 10 per share, by increasing the share capital of Ma'aden in accordance with Article (60) of the OSCOs and issuing eighty five million nine hundred seventy seven thousand and five hundred and forty seven (85,977,547) new ordinary shares, with nominal value of SAR 10 per share, in Ma'aden to the Sellers, whereby Alcoa Saudi will be allocated a total of sixty seven million six hundred twelve thousand and one hundred and sixty two (67,612,162) ordinary shares from the Consideration Shares, representing 1.74% of Ma'aden's share capital after the Transaction Completion, and AWA Saudi will be allocated a total of eighteen million three hundred sixty five thousand and three hundred and eighty five (18,365,385) ordinary shares from the Consideration Shares representing 0.47% of Ma'aden's share capital after the Transaction Completion, through the Capital Increase, in addition to a cash payment by Ma'aden to AWA Saudi in the amount of five hundred sixty two million five hundred thousand Saudi Riyals (SAR 562,500,000).

These shares will be issued by way of increasing the share capital of Ma'aden by 2.26% from SAR thirty eight billion twenty seven million eight hundred fifty eight thousand and seven hundred and ten Saudi Riyals (SAR 38,027,858,710) to thirty eight billion eight hundred eighty seven million six hundred thirty four thousand and one hundred and eighty Saudi Riyals (SAR 38,887,634,180) and increasing the number of Ma'aden's shares from three billion eight hundred two million seven hundred eighty five thousand and eight hundred and seventy one (3,802,785,871) ordinary shares to three billion eight hundred eighty eight million seven hundred sixty three thousand and four hundred and eighteen (3,888,763,418) ordinary shares.

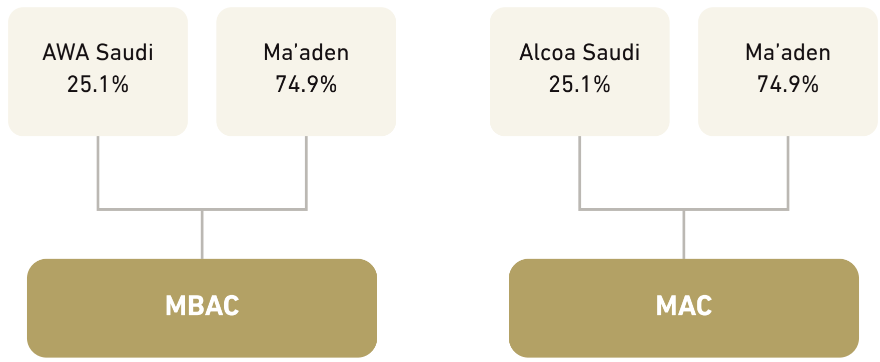
Upon the Transaction Completion, the current Ma'aden's Shareholders will own 97.79% of Ma'aden's share capital after the Capital Increase and the Sellers will own 2.21% of Ma'aden's share capital.

The 25.1% stakes in the Target Companies has a valuation of four billion and one hundred and twenty five million Saudi Riyals (SAR 4,125,000,000). Based on this valuation, the Transaction consideration will consist in issuing the Consideration Shares in Ma'aden with a total value of eight hundred fifty nine million seven hundred seventy five thousand and four hundred and seventy Saudi Riyals (SAR 859,775,470) in addition to the Cash Consideration to be paid by Ma'aden to AWA Saudi amounting to five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 562,500,000). The total market value of the Consideration Shares is three billion five hundred sixty two million and five hundred thousand Saudi Riyals (SAR 3,562,500,000) based on the agreed 30-calendar-day VWAP of Ma'aden's shares from 09/02/1446H (corresponding to 13/08/2024G) to 09/03/1446H (corresponding to 12/09/2024G) of SAR 41.44 per share which represents approximately 2.21% of the share capital of Ma'aden after the Transaction Completion. The total market value of Consideration Shares is three billion three hundred sixty one million seven hundred twenty two thousand and eighty eight Saudi Riyals (SAR 3,361,722,088) based on the closing price of Ma'aden's shares as of 09/03/1446H (corresponding to 12/09/2024G) – which is the last trading day prior to signing the SPSA – of SAR 39.1 per share. The total value of the Consideration Shares (as will be recorded in the consolidated financial statements of Ma'aden) will be determined based on the closing price of Ma'aden's share at the last trading day prior to the date of the Transaction Completion.

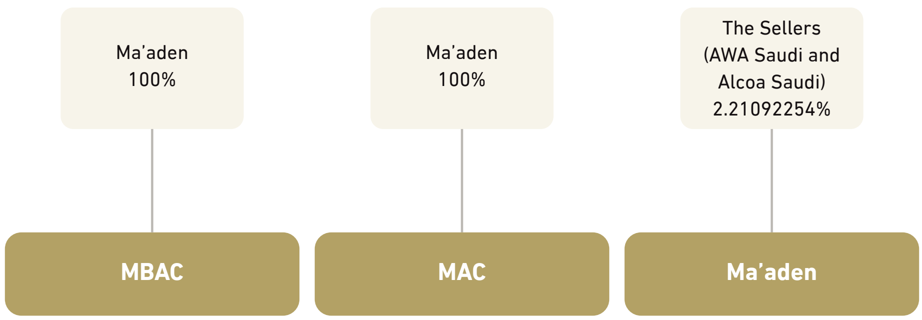
Based on the final valuation and number of Consideration Shares to be issued, the Sellers will have no fractions of shares.

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

Shareholding before the completion of the Transaction:



Shareholding after the completion of the Transaction:



5-2-2 Approvals Required for Transaction Completion

5-2-2-1 Government Approvals

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

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

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

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

d- Cancellation by MISA of the foreign investment license of MAC and the issuance by MISA of the national company certification/resolution with effect from the Transaction Completion.

e- Cancellation by MISA of the foreign investment license of MBAC and the issuance by MISA of the national company certification/resolution with effect from the Transaction Completion.

f- Approval of MOC on the proposed amendments to Ma'aden's bylaws and Ma'aden's commercial registration certificate as well as the Target Companies' articles of association to reflect the Transaction.

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

Except the approval of MOC on the proposed amendments to Ma'aden's bylaws and Ma'aden's commercial registration certificate, as well as the Target Companies' articles of association to reflect the Transaction, and the cancellation by MISA of the foreign investment licenses of the Target Companies and the issuance by MISA of the national company certifications/resolutions with effect from the Transaction Completion, all other governmental approvals listed above have been obtained.

5-2-3 EGM Approval

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

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

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

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

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

5-2-4 The Transaction Completion

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

5-2-5 Summary of the SPSA

On 12/03/1446H (corresponding to 15/09/2024G), Ma'aden has entered into the SPSA with AWA Saudi, Alcoa Saudi and the Guarantor for the purpose of Ma'aden's acquisition of 100% of the shares owned by the Sellers in each respective Target Company against Ma'aden's issuance of the Consideration Shares to the Sellers in addition to the Cash Consideration to be paid by Ma'aden to AWA Saudi, whereby the parties agreed to the terms and conditions of the Transaction and obligations of both companies in relation to the Transaction Completion. The SPSA contains representations and warranties given by each company to the other.

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

5-2-5-1 SPSA Terms and Conditions

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

1- Obtaining the approval of the CMA regarding the Capital Increase, the issuance of the Consideration Shares to the Sellers, the proposed agenda of the extraordinary general meeting and this Circular.

2- Obtaining the approval of the Saudi Stock Exchange (Tadawul) to list and allocate the Consideration Shares resulting from the Capital Increase to the Sellers.

3- Waiver by the Saudi Stock Exchange (Tadawul) of Article 22(c) of the Listing Rules with respect to the listing of new securities within six (6) months of a capital increase.

4- Obtaining the approval of the extraordinary general assembly of Ma'aden, in accordance with Ma'aden's bylaws and the provisions of the Companies Law and the Rules on the Offer of Securities and Continuing Obligations.

5- No governmental or regulatory authority in Saudi Arabia having enacted any law, order, injunction, judgment or decree to prohibit the Transaction or make it illegal.

6- Obtaining a non-objection letter from the GAC with respect to any economic concentration arising from the Transaction.

7- Obtaining a non-objection letter from the Egyptian Competition Authority with respect to any economic concentration arising from the Transaction.

8- Receipt of all necessary approvals or clearances from relevant competition regulators which are required pursuant to any applicable antirust regulations.

9- Obtaining the approval of the Ministry of Commerce on the proposed amendments to Ma'aden's bylaws and Ma'aden's commercial registration certificate to reflect the Transaction.

10- Obtaining the approval of the Ministry of Commerce on the proposed amendments to the Target Companies' articles of associations.

11- Cancellation by MISA of the foreign investment license of the Target Companies and the issuance by MISA of the national company certification/resolution with effect from the Transaction Completion.

12- Ma'aden receiving written evidence of the resignation of each Sellers' nominated directors from the Target Companies' board of directors.

5-2-5-2 Warranties

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

In addition to these warranties, Ma'aden has provided warranties that the Consideration Shares shall be duly authorised and validly issued and allocated in accordance with the applicable laws and Ma'aden's constitutional documents.

Each Seller has provided additional warranties with respect to its shares in the respective Target Company being validly transferred at Completion, that each Seller is the sole legal owner of its shares in the respective Target Company and has the right to exercise all voting rights of its shares in such respective Target Company, that there are no encumbrances on its shares in the respective Target Company, and certain tax warranties with respect to each Seller's shares in the respective Target Company.

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

5-2-5-3 Indemnities

The Sellers shall indemnify Ma'aden for all taxes incurred by Ma'aden or the Target Companies with respect to each Seller's ownership of its shares in each respective Target Company from the date of incorporation of each such respective Target Company to the Transaction Completion. The Sellers shall also indemnify Ma'aden for all taxes incurred by Ma'aden or the Target Companies for failure of the Sellers to pay the real estate transaction tax and/or capital gains tax in connection with the Transaction as wells as any out of pocket costs and expenses (including the fees and expenses of professional advisors) incurred by Ma'aden or the Target Companies in connection with the foregoing.

5-2-5-4 Lock-Up Periods

Pursuant to the SPSA, the Sellers will be subject to a lock-up period of no less than three (3) years and up to five (5) years commencing from the Transaction Completion, during which the Sellers may not, directly or indirectly, transfer or dispose of any of the Consideration Shares other than to its affiliates in certain circumstances without the prior written consent of Ma'aden, except as follows:

- the Sellers may not, directly or indirectly, transfer or dispose of any of the Consideration Shares during the three (3) following the Transaction Completion;
- following the third anniversary of the Transaction Completion, the Sellers may transfer or dispose of an amount of the Consideration Shares equal to up to one-third of the aggregate amount of the Consideration Shares (the "**1st Lock-Up Period**");
- following the fourth anniversary of the Transaction Completion, the Sellers may transfer or dispose of an amount of the Consideration Shares equal to up to two-thirds of the aggregate amount of the Consideration Shares (the "**2nd Lock-Up Period**"); and
- following the fifth anniversary of the Transaction Completion, the Sellers may transfer or dispose of an amount of the Consideration Shares equal to up to 100% of the Consideration Shares ("**3rd Lock-Up Period**").

Notwithstanding the foregoing restrictions, the Sellers shall be permitted to, among other things:

- enter into derivate transactions and contracts including collars and options to hedge or manage their economic exposure with respect to Transaction;
- utilize their shares in the respective Target Companies as collateral for securing loans, derivates or other forms of financing;
- enter into any other hedging arrangements, provided that any actual exchange or transfer of legal title to the shares in the respective Target Company pursuant to any the hedging arrangements shall only occur after the expiry of the relevant lock-up restrictions and subject to the Sellers not taking any action that could be reasonably expected to have a materially negative impact on the market price of Ma'aden's new shares in the respective Target Company.

In each case subject to the Sellers remaining in compliance with any Applicable Law (as defined in the SPSA) and not taking any action that would result in any actual exchange or transfer of legal title to Ma'aden's new shares in the respective Target Company before the expiry of the relevant lock-up restrictions.

5-2-5-5 Termination of the SPSA

Ma'aden has the right to terminate the SPSA if any of the specified representations and warranties provided by the Sellers or the Guarantor are untrue or inaccurate or if any Seller or the Guarantor are in material breach of their covenants under the SPSA, and that such warranties breach or covenants breach are not cured within 30 days of Ma'aden providing notice to the respective Sellers and/or the Guarantor.

Additionally, Ma'aden has the right to terminate the SPSA if any Authority (as defined in the SPSA) has prohibited Completion or made it illegal.

The Guarantor has the right to terminate the SPSA on behalf of itself or the Sellers if Ma'aden's warranties are untrue or inaccurate or if Ma'aden is in material breach of its covenants under the SPSA, and that such warranties breach or covenants breach is not cured within 30 days of any of the Sellers providing notice to Ma'aden.

Additionally, the Guarantor has the right to terminate the SPSA on behalf of itself or the Sellers if any Authority (as defined in the SPSA) has prohibited Completion or made it illegal.

5-2-6 Other Agreements

Except for the SPSA, no other material agreement has been entered into in respect of the Transaction.

5-3 Lawsuits and claims against Ma'aden

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

5-4 Lawsuits and claims against the Target Companies

5-4-1 Lawsuits and claims against MAC

There are no lawsuits or claims (including pending or threatened lawsuits), that could have a material effect on MAC's business and subsidiaries or its financial position.

For more information on risks related to legal disputes, please see Section (1-2-3) ("**Risks related to legal disputes**").

5-4-2 Lawsuits and claims against MBAC

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

For information on risks related to legal disputes, please see Section (1-2-3) ("**Risks related to legal disputes**").

5-5 Bankruptcy

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

5-6 Insolvency

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

The advisors and independent auditor mentioned in the Section ("**Corporate Directory**") have given and, as at the date of this Circular, have not withdrawn their written consent to the publication of their names, addresses, logos and the statements attributed to each of them in this Circular (as applicable). The Market Data Provider does not have any shares or interest of any kind in Ma'aden or its subsidiaries. Furthermore, this circular does not include any statement prepared by experts in relation to the Transaction.

7- Expenses

Ma'aden's costs related to the Transaction Completion are estimated at about eleven million eight hundred sixty one and four hundred and four Saudi Riyals (SAR 11,861,404). These expenses include the fees of the Financial Advisor, the legal advisor, the Market Data Provider, the external auditor, and other advisors, in addition to the charges due to government entities, marketing expenses, printing and distribution costs and other costs related to the Transaction. It should be noted that the amount of the above costs and expenses does not include any other costs related to the business after the Transaction Completion.

8- Waivers

A waiver has been obtained from the CMA from the requirements of Article (60)(2) of the OSCOs in relation to Ma'aden's submission to the CMA of a financial due diligence report and a legal due diligence report issued by its relevant advisors – each within their field of competence – on the Target Companies. A waiver has also been obtained from the Saudi Stock Exchange (Tadawul), pursuant to Article 22(c) of the Listing Rules, with respect to the listing of new securities within six (6) months of a capital increase.

9- Documentation available for inspection.

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

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

2- A copy of MBAC's articles of association and any amendments thereto.

3- A copy of the SPSA.

4- A copy of MAC's Financial Statements for years ended 31 December 2021G, 31 December 2022G, 31 December 2023G and 31 December 2024G.

5- A copy of MBAC's Financial Statements for years ended 31 December 2021G, 31 December 2022G, 31 December 2023G and 31 December 2024G.

6- Ma'aden's unaudited pro forma consolidated financial information for the year ended 31 December 2024G.

7- Valuation Report issued by the financial advisor.

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


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Appendix (1)

MAC's 2021G Financial Statements, 2022G Financial Statements, 2023G Financial Statements and 2024G Financial Statements

MA’ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)

Financial statements for the year ended 31 December 2021

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Financial statements for the year ended 31 December 2021

Contents	**Page**

Commercial registration number	:	2055012511	
Board of Managers	:	Riyadh S. Al-Nassar	Chairman
		Hamad Al-Rashidi	
		Yaser A. Barri	
		Vidar Bruland	
		William F. Oplinger	
Registered address	:	Ma'aden Aluminium Company Ras Al-Khair Industrial City Kingdom of Saudi Arabia	
Postal address	:	P.O. Box 11342 Al-Jubail Industrial City 31961 Kingdom of Saudi Arabia	
Bankers	:	The Saudi British Bank (SABB)	
Auditors	:	PricewaterhouseCoopers 19th floor, Al-Hugayet Tower, P.O. Box 467 Dhahran 31932 Kingdom of Saudi Arabia	

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

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

The management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2021, its financial performance, changes in shareholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (" SOCPA").

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

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

The management is also responsible for:

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

The financial statements for the year ended 31 December 2021 set out on pages 6 to 53, were approved and authorized for issue by the Board of Managers and signed on its behalf by:

Riyadh S. Al-Nassar Chairman of the Board	Ali Saeed Al-Qahtani President	Aamir Altaf Hussain Director Budgeting and Costing and Vice President (A)

7 February 2022
Ras Al-Khair Industrial City
Kingdom of Saudi Arabia

pwc

Independent auditor's report to the shareholders of Ma'aden Aluminium Company

Report on the audit of the financial statements

Our opinion

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

What we have audited

The Company's financial statements comprise:

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

Basis for opinion

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

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

Independence

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

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

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

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

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

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Independent auditor's report to the shareholders of Ma'aden Aluminium Company (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

24 February 2022

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

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Sales	5	**9,362,901,708**	6,666,504,595
Cost of sales	6	**(7,072,724,714)**	(6,148,094,304)
Gross profit		**2,290,176,994**	518,410,291
Operating expenses			
Logistic expenses		**(37,688,773)**	(34,052,422)
General and administrative expenses	7	**(76,453,642)**	(75,919,461)
Operating profit		**2,176,034,579**	408,438,408
Other (expenses) / income			
Finance cost	8	**(394,371,892)**	(461,657,341)
Finance income		**4,377,292**	2,555,063
Finance cost, net		**(389,994,600)**	(459,102,278)
Other income / (expense), net	9	**4,017,296**	(10,398,773)
Profit / (loss) before zakat and income tax		**1,790,057,275**	(61,062,643)
Zakat	14.2	**(51,186,589)**	(17,096,968)
Income tax	14.4	**(80,132,003)**	(22,429,381)
Profit / (loss) for the year		**1,658,738,683**	(100,588,992)
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss in subsequent periods			
Cash flow hedge – changes in fair value and transfer to profit / (loss), net	28	**136,590,251**	(107,111,854)
Items that will not to be reclassified to profit or loss in subsequent periods			
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	27.1	**(5,856,924)**	(2,950,789)
Other comprehensive income / (loss) for the year		**130,733,327**	(110,062,643)
Total comprehensive income / (loss) for the year		**1,789,472,010**	(210,651,635)

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

	Notes	**31 December 2021**	**31 December 2020**
Assets			
Non-current assets			
Property, plant and equipment	10	**14,084,279,536**	14,848,301,008
Right-of-use assets	11	**1,078,932,145**	1,105,319,592
Capital work-in-progress	12	**203,315,617**	153,488,113
Intangible assets	13	**13,655,363**	18,776,124
Deferred tax assets	14.5	**213,811,579**	231,341,643
Employees' home owners program receivable	15	**272,918,598**	301,607,436
Non-current portion of advances and prepayments	18	**29,514,540**	36,893,175
Total non-current assets		**15,896,427,378**	16,695,727,091
Current assets			
Current portion of employees' home owners program receivable	15	**21,035,088**	20,739,924
Due from shareholder	16.1	**66,252,924**	17,851,841
Due from fellow subsidiaries	17.1	**127,024,181**	41,777,208
Advances and prepayments	18	**47,239,948**	40,119,963
Inventories	19	**1,156,215,056**	958,446,150
Trade and other receivables	20	**1,860,082,356**	905,983,686
Cash and cash equivalents	21	**1,470,510,054**	634,472,693
Total current assets		**4,748,359,607**	2,619,391,465
Total assets		**20,644,786,985**	19,315,118,556
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	22	**6,573,750,000**	6,573,750,000
Statutory reserve			
Transfer of net income	23	**30,537,424**	12,640,279
Cash flow hedge reserve	28	**(168,956,022)**	(305,546,273)
Retained earnings / accumulated losses		**423,674,550**	(1,211,310,064)
Net shareholders' equity		**6,859,005,952**	5,069,533,942
Liabilities			
Non-current liabilities			
Deferred tax liabilities	14.6	**348,234,675**	349,012,253
Long-term borrowings	24.2	**9,342,354,558**	10,103,880,612
Other non-current liability	25	**24,875,000**	24,875,000
Lease liabilities	26	**1,098,830,230**	1,115,219,498
Employees' benefits	27	**209,195,134**	189,916,893
Derivative financial instruments	28	**195,259,424**	331,337,757
Total non-current liabilities		**11,218,749,021**	12,114,242,013
Current liabilities			
Trade and other payables	29	**567,486,523**	634,423,023
Accrued expenses	30	**869,019,956**	507,381,043
Zakat and income tax payable	14	**106,852,414**	27,064,700
Current portion of long-term borrowings	24.2	**833,536,731**	836,159,345
Current portion of lease liabilities	26	**50,705,565**	45,715,299
Due to a shareholder	16.2	**97,222,902**	55,549,515
Due to fellow subsidiaries	17.2	**42,207,921**	25,049,676
Total current liabilities		**2,567,032,012**	2,131,342,601
Total liabilities		**13,785,781,033**	14,245,584,614
Total shareholders' equity and liabilities		**20,644,786,985**	19,315,118,556
Commitments and contingent liabilities	32		

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of changes in shareholders' equity as at 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Saudi Arabian shareholder Saudi Arabian Mining Company					Foreign shareholder Alcoa Saudi Smelting Inversiones S.L. Company					
	Share capital (Note 22)	**Statutory reserve - Transfer of net profit (Note 23)**	**Cash flow hedge reserve (Note 28)**	**(Accumulated losses) / retained earnings**	**Sub-total**	**Share capital (Note 22)**	**Statutory reserve - Transfer of net profit (Note 23)**	**Cash flow hedge reserve (Note 28)**	**Accumulated losses**	**Sub-total**	**Total equity**
1 January 2020	4,923,738,750	11,739,194	(148,627,379)	(766,067,919)	4,020,782,646	1,650,011,250	901,085	(49,807,040)	(341,702,364)	1,259,402,931	5,280,185,577
Loss for the year before zakat and income tax	-	-	-	(45,735,920)	(45,735,920)	-	-	-	(15,326,723)	(15,326,723)	(61,062,643)
Zakat and Income tax	-	-	-	(17,096,968)	(17,096,968)	-	-	-	(22,429,381)	(22,429,381)	(39,526,349)
Cash flow hedge – changes in fair value and transfer to profit / (loss), net (Note 28)	-	-	(80,226,779)	-	(80,226,779)	-	-	(26,885,075)	-	(26,885,075)	(107,111,854)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation (Note 27.1)	-	-	-	(2,210,141)	(2,210,141)	-	-	-	(740,648)	(740,648)	(2,950,789)
Total comprehensive loss for the year	-	-	(80,226,779)	(65,043,029)	(145,269,808)	-	-	(26,885,075)	(38,496,752)	(65,381,827)	(210,651,635)
31 December 2020	4,923,738,750	11,739,194	(228,854,158)	(831,110,948)	3,875,512,838	1,650,011,250	901,085	(76,692,115)	(380,199,116)	1,194,021,104	5,069,533,942
Profit for the year before zakat and income tax	-	-	-	1,340,752,899	1,340,752,899	-	-	-	449,304,376	449,304,376	1,790,057,275
Zakat and income tax	-	-	-	(51,186,589)	(51,186,589)	-	-	-	(80,132,003)	(80,132,003)	(131,318,592)
Cash flow hedge – changes in fair value and transfer to profit / (loss), net (Note 28)	-	-	102,306,098	-	102,306,098	-	-	34,284,153	-	34,284,153	136,590,251
Loss attributable to the re-measurements of employees' end of service termination benefits obligation (Note 27.1)	-	-	-	(4,386,836)	(4,386,836)	-	-	-	(1,470,088)	(1,470,088)	(5,856,924)
Total comprehensive income for the year	-	-	102,306,098	1,285,179,474	1,387,485,572	-	-	34,284,153	367,702,285	401,986,438	1,789,472,010
Net profit transferred to statutory reserve during the year	-	13,404,962	-	(13,404,962)	-	-	4,492,183	-	(4,492,183)	-	-
31 December 2021	**4,923,738,750**	**25,144,156**	**(126,548,060)**	**440,663,564**	**5,262,998,410**	**1,650,011,250**	**5,393,268**	**(42,407,962)**	**(16,989,014)**	**1,596,007,542**	**6,859,005,952**

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of cashflows for the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2021	31 December 2020
Operating activities			
Profit (Loss) before zakat and income tax		**1,790,057,275**	(61,062,643)
Adjustments for non-cash flow items:			
Finance cost	8	**394,371,892**	461,657,341
Depreciation – property, plant and equipment	10.1	**901,803,041**	922,746,764
Depreciation – right-of-use assets	11	**53,875,948**	53,037,383
Amortization of intangible assets	13	**5,120,761**	5,120,761
Employees' home owners program receivable	15	**28,393,674**	18,927,926
Provision for employees' termination benefits	27.1	**20,105,450**	19,211,990
Employees' saving plan contribution	27.2	**4,540,330**	12,156,095
Changes in working capital:			
Due from a shareholder	16.1	**(48,401,083)**	5,700,338
Due to a shareholder	16.2	**41,673,387**	(4,477,803)
Due from fellow subsidiaries	17.1	**(85,246,973)**	98,044,116
Due to fellow subsidiaries	17.2	**17,158,245**	(4,847,244)
Advances and prepayments	18	**258,650**	9,247,834
Inventories	19	**(197,768,906)**	30,983,368
Trade and other receivables	20	**(954,098,670)**	(54,567,683)
Trade and other payables	29	**(66,936,500)**	(387,263,663)
Accrued expenses	30	**361,638,913**	118,224,949
Net cash generated from operations		**2,266,545,434**	1,242,839,829
Employees' termination benefits paid	27.1	**(15,199,182)**	(1,222,232)
Payment for periodic net settlement of interest rate swap	28	**(104,497,303)**	(64,608,856)
Zakat paid	14.2	**(32,454,471)**	(24,696,382)
Tax paid	14.3	**(2,323,921)**	-
Finance cost paid		**(280,332,634)**	(409,979,424)
Net cash generated from operating activities		**1,831,737,923**	742,332,935
Investing activities			
Additions to capital work-in-progress	12	**(183,766,585)**	(294,479,817)
Movement in restricted cash	21	**(4,540,330)**	(12,156,095)
Net cash utilized in investing activities		**(188,306,915)**	(306,635,912)
Financing activities			
Repayment of long-term borrowings	24.2	**(775,617,750)**	-
Payment of principal portion of lease liabilities		**(36,316,227)**	(33,569,635)
Net cash utilized in financing activities		**(811,933,977)**	(33,569,635)
Net change in cash and cash equivalents		**831,497,031**	402,127,388
Unrestricted cash and cash equivalents at the beginning of the year	21	**598,090,918**	195,963,530
Unrestricted cash and cash equivalents at the end of the year	21	**1,429,587,949**	598,090,918

Non-cash flow transactions

Transfer to property, plant and equipment from capital work-in-progress	10,12	**137,781,569**	494,681,479
Additions / adjustments of right-of-use asset and the corresponding lease liability	11,26	**27,488,501**	3,862,147
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	8,12	**3,842,488**	1,319,080

1 General information

Ma'aden Aluminium Company (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2055012511 dated 2nd of Thul-Quada 1431H (corresponding to 10 October 2010), with an authorized share capital of Saudi Riyals ("SAR") 6,573,750,000 comprising 657,375,000 ordinary shares at a nominal value of SAR 10 per share (Note 22).

The Company is owned by:

- Saudi shareholder
  74.9% by Saudi Arabian Mining Company ("Ma'aden") the parent Company and a
- Foreign shareholder
  25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a company wholly-owned by Alcoa Corporation.

The objectives of the Company are the production and sale of primary aluminium products comprising of:

- ingots
- T-shaped ingots
- slabs and
- billets

The Company declared commercial production on 1 September 2014.

The Company had refinanced its borrowing facilities as described in Note 24, which had been drawn down in full.

In response to the spread of the Covid-19 pandemic in the GCC and other territories where the Company operates and its consequential disruption to the social and economic activities in those markets, Company's management proactively continues to assess its impacts on its operations and has taken a series of proactive and preventative measures, including activation of the crisis management committee and associated processes to:

- ensure the health and safety of its employees and contractors as well as the wider community where it is operating
- minimize the impact of the pandemic on its operations and product supply to the market

Notwithstanding these challenges, and aside from the global commodity price deterioration particularly during the year ended 31 December 2020, the Company was successful in maintaining stable operations via successfully maintaining the production levels. The Company's management believes that the Covid-19 pandemic, by itself, has had limited direct material effects on Company's reported results for the year ended 31 December 2021. Company's management continues to monitor the situation closely.

2 Basis of preparation

Statement of compliance

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

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

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

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

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB") that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(All amounts in Saudi Riyals unless otherwise stated)

2 Basis of preparation (continued)

New and amended IFRS standards adopted by the Company

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

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

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

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

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

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

The Company is currently analyzing the exposure to IBOR benchmarks and evaluating the potential impact of the transition. As per the initial transition plan, all contracts and agreements that are based on USD LIBOR and are expiring at the cessation dates, will be renegotiated with counterparties to reflect the alternative benchmarks (Also see Note 3.15).

The following table contains details of all financial instruments of the Company which are based on USD LIBOR as at 31 December 2021 and are currently in process of transitioning to an alternative benchmark:

Financial instruments:	
Non-derivative financial liabilities	5,510,517,981
Derivative financial liabilities	95,657,484

Amendment to IFRS 16, 'Leases', Covid 19 - Related rent concessions

The amendment provides the lessees with option to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; and
- there is no substantive change to other terms and conditions of the lease.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, the IASB extended the period of application of the practical expedient to 30 June 2022. However, the Company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

(All amounts in Saudi Riyals unless otherwise stated)

3 Summary of significant accounting policies

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

3.1 Foreign currency translation

Foreign currency transactions are translated into SAR at the spot rates of exchange prevailing at the date the transactions first qualify for recognition.

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

3.2 Revenue recognition

Revenue comprises of sales of primary aluminium goods and is recognized based on the considerations specified in contracts with the customers and excludes amounts, if any, collected on behalf of third parties. Revenue is recognized at a point in time when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

The Company is responsible to deliver the promised goods to a location within the Kingdom of Saudi Arabia resulting in the transfer of control over such goods to the customer and recognizing the related revenue at a point in time basis.

3.3 Contract liabilities

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

3.4 Logistic expenses

Logistic expenses comprise of all costs for transporting the finished goods to the customers.

3.5 General and administrative expenses

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

3.6 Property, plant and equipment

Property, plant and equipment are carried at the historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition, construction or development of plant, property and equipment including the initial estimate of any rehabilitation and decommissioning and dismantling obligation.

Depreciation is charged to the statement of profit or loss using the straight-line method to allocate the depreciable amount over the following estimated economic useful lives:

Categories of assets	Number of years
Civil works	4 – 50
Buildings	9 – 40
Mobile and workshop equipment	5 – 40
Plant and heavy equipment	3 – 40
Other equipment	4 – 20
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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the statement of profit or loss as and when incurred.

3 Summary of significant accounting policies (continued)

3.6 Property, plant and equipment (continued)

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.

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

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

3.7 Right-of-use assets and lease liabilities

The company assesses whether a contract is or contains a lease, at inception of a contract. The company recognizes 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 company recognizes 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.

Lease liabilities

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

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

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

The lease liabilities are presented as a separate line in the statement of financial position.

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

The company remeasures the lease liabilities (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 liabilities 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 liabilities 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 liabilities is remeasured by discounting the revised lease payments using a revised discount rate.

3 Summary of significant accounting policies (continued)

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

Right-of-use assets (RoU)

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

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is 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 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 company expects to exercise a purchase option, the related right-of-use asset is depreciated over the 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 statement of financial position.

The company 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 3.10.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liabilities 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 "cost of sales" in the statement of profit or loss.

3.8 Capital work-in-progress

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in 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 costs directly attributable to the construction or acquisition of an item of capital work-in-progress intended by management. Costs associated with commissioning the items of capital work-in-progress (prior to its being available for use) are capitalized net of proceeds from the sale of any production during the commissioning period.

Borrowing costs related to qualifying assets that take a substantial period of time to get ready for their intended use are capitalized to capital work-in-progress as part of the cost of the qualifying assets until substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

Capital work-in-progress is measured at cost less any recognized impairment losses. Capital work-in-progress is not depreciated or amortized. Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

3.9 Intangible assets

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 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.

3 Summary of significant accounting policies (continued)

3.9 Intangible assets (continued)

Amortization methods, residual values and estimated economic useful lives are reviewed at least annually. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortizes intangible assets with a limited economic useful life using the straight-line method over ten years.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually, or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from 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 statement of profit or loss when the asset is derecognized.

3.10 Asset impairment

At each reporting date, the Company reviews the carrying amounts of its plant and equipment 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 Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the 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 to determine the asset or CGU's recoverable amount since the last impairment loss was recognized.

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

3.11 Employees' home owners program receivable

The Company has established an employees' home ownership program (HOP) that offer 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 upon completion of the full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners 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.

3 Summary of significant accounting policies (continued)

3.12 Inventories

Finished goods

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

Production costs include:

- raw material costs,
- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery) and contractor expenses which are directly attributable to the production of finished goods,
- direct and allocated production overheads,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- the depreciation of and leases of plant and equipment used in the production activities

Work-in-process

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

- raw material costs,
- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery) and contractor expenses which are directly attributable to the production of finished goods,
- direct and allocated production overheads and
- the depreciation of and leases of property, plant and equipment used in the production activities

Spare parts and consumable materials

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

Raw materials

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

Net realizable value

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

3.13 Trade and other receivables

Trade receivables are carried at the transaction price related to a performance obligation less an allowance for doubtful debt.

The Company assesses on a forward-looking basis the allowance for doubtful debts using an expected credit losses ("ECL") approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the statement of profit or loss and reported under "General and administrative expenses".

When a trade receivable is uncollectible, it is written-off against the allowance for doubtful debts. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

3 Summary of significant accounting policies (continued)

3.14 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash and cash equivalents are related to employees' savings plan obligation

3.15 Financial instruments, financial assets and liabilities

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

Derivative instruments

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

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

Interest rate swaps and cash flow hedges

The Company uses interest rate swap contracts to manage its exposure to interest rate movements on its long term borrowings.

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

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

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 exchange rates. The Saudi Riyal is pegged at SAR 3.75:USD 1, therefore the Company is not exposed to any risks from USD denominated financial instruments.

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

The Company does not use forward exchange contracts.

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces. The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Financial assets

The Company's principal financial assets include:
- due from a shareholder
- due from fellow subsidiaries
- trade and other receivable excluding pre-payments and zakat / tax receivable (Accounting policy 3.13)
- cash and cash equivalents (Accounting policy 3.14)

Initial recognition of financial assets

Financial assets are initially recognized at fair value on trade date, including directly attributable transaction costs.

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

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

Subsequently, financial assets are carried at amortized cost less impairment

Classification of financial assets

Financial assets are measured at:
- amortized cost ("AC")
- fair value through profit of loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The financial assets are derived directly from the Company's operations.

Impairment and uncollectibility of financial assets

At each reporting date, the Company measures the loss allowance for a financial asset carried at amortized cost "AC" at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on that financial instrument has increased significantly since initial recognition. However, if at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve-month ECL.

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 ECL.

Such impairment losses are recognized in the statement of profit or loss.

De-recognition of financial assets

The company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of profit or loss.

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial Liabilities

The Company's principal financial liabilities comprise of:

- due to a shareholder
- due to fellow subsidiaries
- long-term borrowings (accounting policy 3.15)
- lease liabilities (accounting policy 3.6)
- trade and other payables and accrued expenses- excluding zakat/ tax liabilities and employees' end of service termination benefit obligations (Accounting policy 3.18 and 3.19)
- derivative financial instruments

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

Initial recognition of financial liabilities

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

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 business combination.

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 statement of profit or loss over the period of long-term borrowings using effective interest rate method.

Classification of financial liabilities

Financial liabilities are classified as 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.

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

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

Offsetting a financial asset and a financial liability

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

3 Summary of significant accounting policies (continued)

3.16 Long-term borrowings

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

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

3.17 Provisions

Provisions are recognized when the Company has:

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

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

3.18 Employees' benefits

Employees' savings plan program

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

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

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

3 Summary of significant accounting policies (continued)

3.18 Employees' benefits (continued)

Employees' end-of-service termination benefits obligation

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 statement of financial position.

Furniture loan

The Company 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.

The liability recognized in the statement of financial position, in respect of the defined employees' end-of-service-termination benefits plan, is the present value of the employees' end of service termination benefits obligation at the end of the reporting period. The defined 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 defined 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 unfunded defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

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

3.19 Trade and other payables and accrued expenses

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

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

3.20 Zakat, income tax, withholding tax and deferred tax

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

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

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

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

3 Summary of significant accounting policies (continued)

3.20 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 deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

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

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

Further, the amounts for zakat and income tax expense for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

4 Critical accounting, judgments, estimates and assumptions

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

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

However, as explained in Note 1, Management, through the crisis management committee, continues to proactively assess the potential of the Covid-19 pandemic for any further regulatory and government restrictions both locally and in the market in which the Company operates that could adversely affect our supply chain and our production capabilities, demand of our products, that could cause a negative impact on our financial performance. Management has concluded that the critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances.

4.1 Critical accounting judgements in applying accounting standards

The following critical judgement has the most significant effect on the amounts realized in the financial statements:

- right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company'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 Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

4.2 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:

- economic useful lives of property, plant and equipment;
- impairment and the reversal of impairment of tangible assets;
- zakat and income tax
- allowances for obsolete and slow moving spare parts,
- contingencies.

Economic useful lives of property, plant and equipment

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

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

Impairment and the reversal of impairment

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

Zakat and income taxes

The Company is subject to zakat for its Saudi shareholder and income tax for its foreign shareholder 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 finalization of final assessments are accounted for when such amounts are determined.

Allowances for obsolete and slow moving spare parts and consumable materials

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date (Note 19.1).

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 judgement and estimates of the outcome of future events.

(All amounts in Saudi Riyals unless otherwise stated)

5 Sales

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Domestic sale of primary aluminium goods			
Ingots		**4,282,907,764**	3,116,504,370
Billets		**1,079,627,559**	625,369,077
Slabs		**4,000,366,385**	2,924,631,148
Total	31.1	**9,362,901,708**	6,666,504,595

6 Cost of sales

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Salaries and staff related benefits		**391,005,276**	392,804,618
Contracted services		**155,097,840**	177,764,573
Raw materials and utilities consumed		**5,477,102,405**	4,322,091,476
Consumables		**177,629,882**	174,218,790
Overheads		**68,135,460**	72,700,199
Total cash operating costs		**6,268,970,863**	5,139,579,656
Depreciation – property, plant and equipment	10.1	**901,593,836**	922,534,943
Depreciation – right-of-use assets	11	**53,875,948**	53,037,383
Amortization – intangible assets	13	**5,120,761**	5,120,761
Total operating costs		**7,229,561,408**	6,120,272,743
Change in inventory	19	**(156,836,694)**	27,821,561
Total		**7,072,724,714**	6,148,094,304

7 General and administrative expenses

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Salaries and employee related benefits		**7,110,167**	8,769,115
Contracted services		**33,001,187**	34,072,419
Consumables		**123,070**	556,376
Overheads		**36,010,013**	32,309,730
Depreciation	10.1	**209,205**	211,821
Total		**76,453,642**	75,919,461

(All amounts in Saudi Riyals unless otherwise stated)

8 Finance cost

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Public Investment Fund		**74,033,403**	113,749,390
Riyal Murabaha facility		**128,028,856**	160,104,700
Dollar conventional		**26,207,482**	40,772,744
Others		**1,280,382**	3,107,076
Sub-total		**229,550,123**	317,733,910
Amortization of transaction cost	24.2	**14,091,695**	14,072,497
Accretion of lease liabilities	26.2	**45,588,622**	46,558,871
Accretion of employees' end of service termination benefits obligation	27.1	**3,974,719**	5,099,791
Accrual of derivative interest	28	**105,009,221**	79,511,352
Sub-total		**398,214,380**	462,976,421
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress		**(3,842,488)**	(1,319,080)
Total		**394,371,892**	461,657,341

9 Other income / (expense), net

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Foreign exchange gains, net	33.1.1	**374,158**	719,001
Others, net		**3,643,138**	(11,117,774)
Total		**4,017,296**	(10,398,773)

(All amounts in Saudi Riyals unless otherwise stated)

10 Property, plant and equipment

	Notes	Civil works	Buildings	Mobile and workshop equipment	Plant and heavy equipment	Other equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
Cost										
1 January 2020		2,924,655,678	5,580,782,461	454,355,716	9,168,909,962	1,288,853,707	45,549,241	12,213,640	12,222,466	19,487,542,871
Transfer from capital work-in-progress during the year	12	5,319,264	22,408,727	1,799,061	264,491,011	190,338,391	10,325,025	-	-	494,681,479
Write-offs during the Year		-	-	-	-	(194,122,316)	-	-	-	(194,122,316)
31 December 2020		2,929,974,942	5,603,191,188	456,154,777	9,433,400,973	1,285,069,782	55,874,266	12,213,640	12,222,466	19,788,102,034
Transfer from capital work-in-progress during the year	12	393,960	5,964,562	2,219,035	45,138,627	83,731,885	333,500	-	-	137,781,569
Adjustments / write-offs for the year		-	-	-	-	(57,295,815)	-	-	-	(57,295,815)
31 December 2021		**2,930,368,902**	**5,609,155,750**	**458,373,812**	**9,478,539,600**	**1,311,505,852**	**56,207,766**	**12,213,640**	**12,222,466**	**19,868,587,788**
Accumulated depreciation										
1 January 2020		(456,476,072)	(759,928,564)	(256,389,590)	(2,222,441,124)	(466,411,612)	(30,674,448)	(6,632,702)	(12,222,466)	(4,211,176,578)
Charge for the year	10.1	(86,238,665)	(143,609,754)	(48,997,669)	(432,317,331)	(202,818,999)	(7,668,784)	(1,095,562)	-	(922,746,764)
Adjustments / write-offs for the year		-	-	-	-	194,122,316	-	-	-	194,122,316
31 December 2020		(542,714,737)	(903,538,318)	(305,387,259)	(2,654,758,455)	(475,108,295)	(38,343,232)	(7,728,264)	(12,222,466)	(4,939,801,026)
Charge during the year	10.1	(86,293,120)	(144,167,994)	(49,145,031)	(444,646,613)	(170,367,853)	(6,086,867)	(1,095,563)	-	(901,803,041)
Adjustments / write-offs for the year		-	-	-	-	57,295,815	-	-	-	57,295,815
31 December 2021		**(629,007,857)**	**(1,047,706,312)**	**(354,532,290)**	**(3,099,405,068)**	**(588,180,333)**	**(44,430,099)**	**(8,823,827)**	**(12,222,466)**	**(5,784,308,252)**
Net book value										
31 December 2020		2,387,260,205	4,699,652,870	150,767,518	6,778,642,518	809,961,487	17,531,034	4,485,376	-	14,848,301,008
31 December 2021		**2,301,361,045**	**4,561,449,438**	**103,841,522**	**6,379,134,532**	**723,325,519**	**11,777,667**	**3,389,813**	**-**	**14,084,279,536**

Certain items of plant and equipment had been written-off as no future economic benefit is expected to be derived from them.

(All amounts in Saudi Riyals unless otherwise stated)

10 Property, plant and equipment (continued)

10.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Cost of sales	6	**901,593,836**	922,534,943
General and administrative expenses	7	**209,205**	211,821
Total		**901,803,041**	922,746,764

11 Right-of-use assets

	Notes	Heavy equipment	Motor vehicles	Use of Industrial Land	Total
Cost					
1 January 2020		927,985,658	25,324,284	255,984,867	1,209,294,809
Additions during the year		-	3,862,147	-	3,862,147
Write offs		-	(3,833,220)	-	(3,833,220)
31 December 2020		927,985,658	25,353,211	255,984,867	1,209,323,736
Additions during the year		-	27,488,501	-	27,488,501
31 December 2021		**927,985,658**	**52,841,712**	**255,984,867**	**1,236,812,237**
Accumulated depreciation					
1 January 2020		(28,310,573)	(7,336,322)	(16,182,067)	(51,828,962)
Charge for the year	6	(28,310,573)	(8,544,743)	(16,182,067)	(53,037,383)
Write offs		-	862,201	-	862,201
31 December 2020		(56,621,146)	(15,018,864)	(32,364,134)	(104,004,144)
Charge for the year	6	(26,404,985)	(12,186,782)	(15,284,181)	(53,875,948)
31 December 2021		**(83,026,131)**	**(27,205,646)**	**(47,648,315)**	**(157,880,092)**
Net book value					
31 December 2020		871,364,512	10,334,347	223,620,733	1,105,319,592
31 December 2021		**844,959,527**	**25,636,066**	**208,336,552**	**1,078,932,145**

For short-term leases (a lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within cost of sales in the statement of profit or loss and other comprehensive income.

12 Capital work-in-progress

	Notes	Total
1 January 2020		352,370,695
Additions during the year		295,798,897
Transfer to property, plant and equipment during the year	10	(494,681,479)
31 December 2020		153,488,113
Additions during the year		187,609,073
Transfer to property, plant and equipment during the year	10	(137,781,569)
31 December 2021		**203,315,617**

The Company has capitalized as part of capital work-in-progress the following:

	Note	31 December 2021	31 December 2020
Borrowing cost attributable to qualifying assets	8	**3,842,488**	1,319,080
Capitalization rate	8	**3.10%**	3.10%

The capitalization rate used is the weighted average interest rate applicable for the Company's general borrowings as of year end.

(All amounts in Saudi Riyals unless otherwise stated)

13 Intangible assets

	Note	Software
Cost		
1 January 2020		51,207,609
31 December 2020		51,207,609
31 December 2021		**51,207,609**
Accumulated amortization		
1 January 2020		(27,310,724)
Charge for the year	6	(5,120,761)
31 December 2020		(32,431,485)
Charge for the year	6	(5,120,761)
31 December 2021		**(37,552,246)**
Net book value		
31 December 2020		18,776,124
31 December 2021		**13,655,363**

Intangible assets are amortized over ten years.

14 Zakat and income taxes

	Notes	31 December 2021	31 December 2020
Zakat payable	14.2	**37,704,599**	18,972,481
Income tax payable	14.3	**69,147,815**	8,092,219
Total		**106,852,414**	27,064,700

14.1 Components of zakat base

The significant components of the zakat base for the Company attributable to the Saudi Arabian shareholders in proportion with their direct shareholding of 75% (Notes 1 and 22), under the zakat and the income tax regulations, are:

	Notes	31 December 2021	31 December 2020
Shareholders' equity at the beginning of the year		**4,104,366,996**	4,169,410,025
Provisions at the beginning of the year		**150,791,510**	138,275,010
Long-term borrowings	24.2	**7,578,361,258**	8,148,744,273
Lease liabilities and right-of-use assets, net	11,26	**52,882,134**	41,655,789
Other non-current liability		**18,631,375**	18,631,375
Other		**78,752**	1,404,759
Sub-total		**11,905,112,025**	12,518,121,231
Property, plant and equipment and Intangible assets	10,13	**(10,559,353,239)**	(11,135,440,772)
Capital work-in-progress	12	**(152,283,397)**	(114,962,597)
Spare parts and consumables	19	**(290,249,051)**	(313,322,684)
Employees' home owners program receivable, non-current portion	15	**(204,416,030)**	(225,903,970)
Net Zakat base for the year		**698,810,308**	728,491,208
Zakat due at 2.578% on Zakat base for 2021 (2020: Zakat due at 2.585%)		**16,926,028**	17,059,869
Zakat Calculation based on adjusted net income / (loss):			
Adjusted net income / (loss) for the year	14.2	**1,370,422,441**	1,483,965
Zakat rate applicable to the Company		**2.5%**	2.5%
Zakat due at 2.5% on adjusted income / (loss) for the year		**34,260,561**	37,692
Net Zakat due on zakat base and on adjusted net income / (loss)	14.3	**51,186,589**	17,096,968

Zakat is only payable by the Saudi Arabian shareholders at 2.578% (2020: 2.585%) on all components of zakat base except for adjusted net income for the year which is subject to zakat at the rate of 2.5% (2020: 2.5%).

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

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

	Notes	31 December 2021	31 December 2020
Accounting income / (loss) for the year		**1,790,057,275**	(61,062,643)
Add/less: Disallowable expenses			
Depreciation – right-of-use assets	11	**53,875,948**	53,037,383
Provision for employees' end of service termination benefits	27.1	**24,080,169**	24,311,781
Accretion of lease liabilities	26.2	**45,588,622**	46,558,871
Net accrual for settlement of derivative interest	28	**511,918**	14,902,496
Employees' savings plan – Company's contribution		**-**	4,647,560
Other		**31,674**	31,674
Sub-total		**1,914,145,606**	82,427,122
Less:			
Repayment of lease liabilities during the year	26.1	**(84,476,125)**	(80,414,186)
Adjusted income / (loss) for zakat calculations		**1,829,669,481**	2,012,936
Add/less adjustment for tax calculation:			
Depreciation differential		**(85,713,124)**	(205,274,328)
Payments of employees' end of service termination benefits	27.1	**(15,199,182)**	(1,222,232)
Interest charges in excess of the allowable limit			266,207,944
Adjusted income / (loss) for Tax calculations		**1,728,757,175**	61,724,320
Allocation of adjusted income / (loss):			
Saudi Arabian shareholder (74.9%)	14.1	**1,370,422,441**	1,507,689
Foreign shareholder (25.1%)	14.2	**433,918,051**	15,492,804

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

14.3 Zakat payable attributable to Saudi Arabian shareholders

	Note	31 December 2021	31 December 2020
1 January		**18,972,481**	26,571,895
Provision for zakat for the year	14.1	**51,186,589**	17,096,968
Paid during the year		**(32,454,471)**	(24,696,382)
31 December	14	**37,704,599**	18,972,481

14.4 Income tax payable attributable to foreign shareholder

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

		31 December 2021	31 December 2020
Adjusted income / (loss) for tax calculations	14.2	**1,728,757,175**	61,724,320
Foreign shareholders' 25.1% proportionate share		**25.1%**	25.1%
Foreign shareholders' 25.1% proportionate share of the year income tax	14.2	**433,918,051**	15,492,804
Less: Brought forward losses – claimed to the extent of 25% of the adjusted income		**(108,479,513)**	(3,873,201)
Taxable income / (loss) on foreign shareholder		**325,438,538**	11,619,603
Income tax rate applicable to the Company		**20%**	20%
Income tax provision for the year	14	**65,087,708**	2,323,921

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

Income tax payable attributable to foreign shareholders

	Notes	31 December 2021	31 December 2020
1 January		**8,092,219**	1,548,530
Provision for income tax for the year		**63,379,517**	6,543,689
Foreign shareholders' 25.1% proportionate share of the year income tax provision	14.4	**65,087,708**	2,323,921
(Over) under payment for the prior years		**(1,708,191)**	4,219,768
Paid during the year		**(2,323,921)**	-
31 December	14	**69,147,815**	8,092,219

Income tax (credit) / expense

	31 December 2021	31 December 2020
Profit / (loss) before zakat and income tax	**1,790,057,275**	(61,062,643)
Income tax rate applicable to the Company	**20%**	20%
Foreign shareholders' 25.1% proportionate share of the year accounting loss	**25.1%**	25.1%
Income tax on foreign shareholder	**89,860,875**	3,065,345
Tax effect of expenses disallowed	**(10,954,255)**	39,057,948
Tax effect of permanent differences	**1,225,383**	(19,693,912)
Income tax expense for the year	**80,132,003**	22,429,381

Reconciliation of deferred tax and income tax:

	Notes	31 December 2021	31 December 2020
Current tax expense	14.4	**63,379,517**	6,543,689
Deferred income tax expense – net		**16,752,486**	15,885,692
Charged to profit or loss arising from deferred tax asset	14.5	**17,530,064**	478,904
Credited / (charged) to profit or loss arising from deferred tax liabilities	14.6	**(777,578)**	15,406,788
Total income tax expense		**80,132,003**	22,429,381
Deferred income tax expense – net		**16,752,486**	15,885,692
Charged to profit or loss arising from deferred tax asset	14.5	**17,530,064**	478,904
Credited / (charged) to profit or loss arising from deferred tax liabilities	14.6	**(777,578)**	15,406,788
Total income tax expense	14	**80,132,003**	22,429,381

14.5 Deferred tax assets

The balance comprises temporary differences attributable to:

	31 December 2021	31 December 2020
Tax losses carried forward	**202,202,283**	220,662,683
Allowance for slow moving spare parts and consumable materials	**2,510,000**	2,510,000
Employees' benefits	**9,099,296**	8,168,960
Total deferred tax assets	**213,811,579**	231,341,643

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

14.5 Deferred tax liabilities (continued)

Movements	**Notes**	**Tax losses carried forward**	**Allowance for slow moving spare parts and consumable materials**	**Employees' Benefits**	**Total**
1 January 2020		222,491,627	2,510,000	6,818,920	231,820,547
(Charged) / Credited to profit or loss during the year	14.4	(1,828,944)	-	1,350,040	(478,904)
31 December 2020		220,662,683	2,510,000	8,168,960	231,341,643
(Charged) / credited to profit or loss during the year	14.4	(18,460,400)	-	930,336	(17,530,064)
31 December 2021		**202,202,283**	**2,510,000**	**9,099,296**	**213,811,579**

14.6 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 December 2021	**31 December 2020**
Property, plant and equipment and intangible assets	**348,234,675**	349,012,253

14.6 Deferred tax liabilities (continued)

	Notes	**Property, plant and equipment and intangible assets**
1 January 2020		333,605,465
Charged to profit or loss during the year	14.4	15,406,788
31 December 2020		349,012,253
Credited to profit or loss during the year	14.4	(777,578)
31 December 2021		**348,234,675**

14.7 Status of final certificate and assessments

During the year ended 31 December 2021, ZATCA issued zakat assessments for the years 2015 through 2018 amounting to Saudi Riyals 122.5 million. The Company objected against such assessments and ZATCA issued revised assessments with an amount of Saudi Riyals 35.7 million. The Company has accepted an assessment of Saudi Riyals 13.6 million and accordingly recognized additional zakat provision amounting to Saudi Riyals 13.6 million during the year ended 31 December 2021. The Company filed an appeal with ZATCA against the remaining assessments and ZATCA issued revised assessments with an amount of Saudi Riyals 18.7 million. The Company has filed an appeal against the revised assessments to the General Secretariat of Tax Committees which is still pending review. Management believes that such remaining assessments are not adequately supported, and that no material liability will arise upon its ultimate resolution of the above appeal. Also, no material uncertain tax provisions are required to be made for the years 2011 through 2014 and the years 2019 through 2021 based on the zakat and income tax assessments received for the years 2015 through 2018.

Assessments for the years 2011 through 2014, 2019 and 2020 are currently under review by the ZATCA.

15 Employees' home owners program receivable

	31 December 2021	**31 December 2020**
1 January	**322,347,360**	341,275,286
Less: Employee repayments during the year	**(28,393,674)**	(18,927,926)
Sub-total	**293,953,686**	322,347,360
Less: Current portion of employees' home owners program receivable	**(21,035,088)**	(20,739,924)
31 December	**272,918,598**	301,607,436

(All amounts in Saudi Riyals unless otherwise stated)

16 Due from / (to) a shareholder

	Notes	31 December 2021	31 December 2020
16.1 Due from a shareholder			
Ma'aden	31.2, 35	**66,252,924**	17,851,841
16.2 Due to a shareholder			
Ma'aden	31.2, 35	**97,222,902**	55,549,515

17 Due from / (to) fellow subsidiaries

	Notes	31 December 2021	31 December 2020
17.1 Due from fellow subsidiaries			
Ma'aden Rolling Company ('MRC')	31.2	**31,960,861**	10,663,534
Ma'aden Bauxite and Alumina Company ("MBAC")	31.2	**80,627,180**	22,505,878
Ma'aden Phosphate Company ('MPC')	31.2	**6,421,875**	3,716,979
Ma'aden Infrastructure Company ("MIC")	31.2	**5,296,322**	3,079,156
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")	31.2	**2,126,245**	1,811,661
Ma'aden Fertilizer Company ('MFC')	31.2	**591,698**	-
Total	31.2,35	**127,024,181**	41,777,208
17.2 Due to fellow subsidiaries			
MIC	31.2	**38,666,829**	22,066,477
Ma'aden Gold and Base Metal Company ("MGBM")	31.2	**-**	1,238,715
MBAC	31.2	**2,812,672**	1,057,551
MPC	31.2	**-**	311,852
MWSPC	31.2	**-**	222,459
MRC	31.2	**728,420**	152,622
Total	31.2,35	**42,207,921**	25,049,676

18 Advances and prepayments

	31 December 2021	31 December 2020
Advances to employees	**6,075,723**	8,925,664
Advances to vendors	**6,472,072**	6,500,000
Prepaid to suppliers	**36,893,176**	44,271,810
Prepaid housing	**9,587,879**	1,926,808
Prepaid insurance and other	**17,725,638**	15,388,856
Sub-total	**76,754,488**	77,013,138
Less: Non-current portion of amounts prepaid to suppliers	**(29,514,540)**	(36,893,175)
Current portion of amounts prepaid to suppliers	**47,239,948**	40,119,963

19 Inventories

	Notes	31 December 2021	31 December 2020
Finished goods – ready for sale		**59,084,012**	7,643,533
Work-in-process		**327,417,478**	222,021,263
Sub-total	6	**386,501,490**	229,664,796
Raw materials		**432,198,144**	360,460,014
Spare parts and consumables		**387,515,422**	418,321,340
Allowance for slow moving spare parts and consumable materials	19.1	**(50,000,000)**	(50,000,000)
Sub-total		**769,713,566**	728,781,354
Total		**1,156,215,056**	958,446,150

(All amounts in Saudi Riyals unless otherwise stated)

19 Inventories (continued)

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

	Note	31 December 2021	31 December 2020
1 January		**50,000,000**	50,000,000
31 December	19	**50,000,000**	50,000,000

20 Trade and other receivables

	Notes	31 December 2021	31 December 2020
Trade receivables			
MRC	31.2	**711,911,238**	517,449,048
Ma'aden	31.2	**873,796,177**	283,077,446
Alcoa Inespal, S.A.	31.2	**267,299,620**	94,601,698
Sub-total		**1,853,007,035**	895,128,192
Other receivables			
Receivable for sale of scrap, Value Added Tax (VAT) and others		**7,075,321**	10,855,494
Total		**1,860,082,356**	905,983,686

21 Cash and cash equivalents

	Notes	31 December 2021	31 December 2020
Time deposits with original maturities equal to or less than three months at the date of acquisition			
- unrestricted		**500,000,000**	-
Investment income receivable			
- unrestricted		**775,833**	-
Cash and bank balances			
- unrestricted		**928,812,116**	598,090,918
- restricted	27.2	**40,922,105**	36,381,775
Sub-total		**969,734,221**	634,472,693
Total unrestricted cash and cash equivalents		**1,429,587,949**	598,090,918
Total restricted cash and cash equivalents		**40,922,105**	36,381,775
Total	35	**1,470,510,054**	634,472,693

The restricted cash relates to employees' savings plan obligation (Notes 27.2).

22 Share capital

	Note	31 December 2021	31 December 2020
Authorized, issued and paid up share capital			
657,375,000 ordinary shares, with a nominal value of SAR 10 per hare	1	**6,573,750,000**	6,573,750,000

Shareholders	Number of shares	% Holding		
Saudi Arabian				
Ma'aden	492,373,875	74.9%	**4,923,738,750**	4,923,738,750
Foreign				
ASSI	165,001,125	25.1%	**1,650,011,250**	1,650,011,250
Total	**657,375,000**	**100.0%**	**6,573,750,000**	6,573,750,000

The Company is ultimately owned by Public Investment Fund ("PIF") (a sovereign wealth fund of the Kingdom of Saudi Arabia).

(All amounts in Saudi Riyals unless otherwise stated)

23 Transfer of net income

	31 December 2021	31 December 2020
1 January	12,640,279	12,640,279
Transferred during the year	17,897,145	-
31 December	**30,537,424**	12,640,279

Shareholders	Participation %	31 December 2021	31 December 2020
Saudi Arabian			
Ma'aden	74.9%	**25,144,156**	11,739,194
Foreign			
ASSI	25.1%	**5,393,268**	901,085
Total	**100.0%**	**30,537,424**	12,640,279

In accordance with the Company's Articles of Association, the Company is required to establish a statutory reserve by apportioning 4% of its annual net income to the statutory reserve after adjusting accumulated losses, until the statutory reserve equals or exceed 50% of the Company's paid up share capital. Such transfer is to be made on an annual basis and the statutory reserve so created is not available for distribution as dividends.

24 Long-term borrowings

24.1 Facilities approved

On 30 November 2010, the Company had entered into a Common Term Agreement ("CTA") with PIF, Saudi Industrial Development Fund ("SIDF") a consortium of financial institutions. On 14 December 2017 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Dollar conventional and Riyal Murabaha facilities to replace the balance of the facilities. Consequently, MAC's financing facilities comprised of:

Financial institutions	Date of approval	Facilities approved
PIF – Amendment to the existing Agreement	14 December 2017	4,275,375,000
Islamic and commercial banks	14 December 2017	
Riyal Murabaha		5,178,750,000
Dollar conventional		1,503,750,000
Sub-total		6,682,500,000
Total		**10,957,875,000**

The new financing agreements imposed some financial covenants including:

- maintenance of financial ratios as per financial covenants clause;
  - debt will not, at any time, exceed 4 times of total tangible net worth and
  - financing cost will not exceed 50 % of Earnings before Interest, Tax, Depreciation and Amortization ('EBITDA")
- restriction on dividend distribution to shareholders

In addition to scheduled repayments, the restructured PIF facility and the Dollar conventional and Riyal Murabaha facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Dollar conventional and the Riyal Murabaha facilities.

Compliance with loan covenants

The Company complied with these covenants throughout the reporting year. As at 31 December 2021, the net debt was 1.63 times of total tangible net worth and the financing cost was 12.57% of EBITDA.

Facility agents:

- The Saudi National Bank formerly "National Commercial Bank" acts as Intercreditor Agent and as Riyal Murabaha Facility Agent,
- The First Abu Dhabi Bank acts as Dollar Conventional Facility Agent.

(All amounts in Saudi Riyals unless otherwise stated)

24 Long-term borrowings (continued)

24.2 Facilities utilized

	31 December 2021	31 December 2020
PIF	**4,275,375,000**	4,275,375,000
Less: Unamortized transaction costs	**(30,616,380)**	(34,725,524)
Sub-total	**4,244,758,620**	4,240,649,476

The repayment of the loan will start on 31 March 2023, on a six-monthly basis, starting at SAR 100 million and increasing over the term of the loan with the final repayment of SAR 1,219 million on 30 September 2031. In addition, the Company is required to make certain prepayments as described above.

The transaction cost amortization during the year ended 31 December 2021 amounted to SAR 4.1 million. (31 December 2020: SAR 4.1 million).

Islamic and commercial banks

Riyal Murabaha	**5,178,750,000**	5,178,750,000
Dollar conventional	**1,503,750,000**	1,503,750,000
Sub-total	**6,682,500,000**	6,682,500,000
Less: Repaid during the year	**(775,617,750)**	-
Sub-total	**5,906,882,250**	6,682,500,000
Less: Unamortized transaction costs	**(33,668,563)**	(43,651,114)
Sub-total	**5,873,213,687**	6,638,848,886

The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate ("SIBOR") plus a margin of 1.65%. whereas, the rate of commission on the principal amount of the loan drawn on Dollar Conventional facility is LIBOR plus a margin of 1.55%.

The repayment of the loan drawn on Islamic Murabaha Riyal has been started from March 2021, on a six-monthly basis started at SAR 259 million and increasing over the term of the loan with the final repayment of SAR 1,812 million on 30 September 2027. In addition, the Company is required to make certain prepayments as described above.

The repayment of the loan drawn on Dollar Conventional facility has been started from March 2021, on six monthly basis started at SAR 129 million and increasing over the term of the loan with the final repayment of SAR 601 million on 30 September 2024.

The transaction cost amortized during the year ended 31 December 2021 amounted to SAR 9.98 million (31 December 2020: SAR 9.97 million).

Sub-total	**10,117,972,307**	10,879,498,362
Accrued finance cost	**57,918,982**	60,541,595
Total borrowings (Note 35)	**10,175,891,289**	10,940,039,957
Less: Current portion of long-term borrowings	**(775,617,749)**	(775,617,750)
Less: Accrued finance cost	**(57,918,982)**	(60,541,595)
Sub-total - current portion of borrowings shown under current liabilities	**(833,536,731)**	(836,159,345)
Long-term portion	**9,342,354,558**	10,103,880,612

24 Long-term borrowings (continued)

24.3 Maturity profile of long-term borrowings

	31 December 2021	31 December 2020
2021	-	836,159,345
2022	**833,536,731**	775,617,750
2023	**975,492,750**	975,492,750
2024	**1,477,521,750**	1,477,521,750
2025	**825,000,000**	825,000,000
2026	**873,750,000**	873,750,000
2027 through 2031	**5,254,875,000**	5,254,875,000
Total	**10,240,176,231**	11,018,416,595

The above maturities are subject to prepayment provisions as defined in the CTA (Note 24.1).

24.4 Facilities' currency denomination

Essentially 47% of the Company's facilities have been contracted in SAR and 53% in United States dollars (US$) and the drawdown balances in US$ are shown below:

	31 December 2021 (US$)	31 December 2020 (US$)
PIF (US$)	**1,140,100,000**	1,140,100,000
Less: Unamortized transaction costs	**(8,164,368)**	(9,260,140)
Sub-total	**1,131,935,632**	1,130,839,860
Islamic and commercial banks		
Riyal Murabaha (SAR)	**1,381,000,000**	1,381,000,000
Dollar conventional (US$)	**401,000,000**	401,000,000
Sub-total	**1,782,000,000**	1,782,000,000
Less: Repaid during the year	**(206,831,400)**	-
Sub-total	**1,575,168,600**	1,782,000,000
Less: Unamortized transaction costs	**(8,978,283)**	(11,640,297)
Sub-total	**1,566,190,317**	1,770,359,703
Add: Accrued finance cost	**15,445,062**	16,144,425
Total borrowings	**2,713,571,011**	2,917,343,988
Less: Current portion of long-term borrowings	**(222,276,462)**	(222,975,825)
Long term portion	**2,491,294,549**	2,694,368,163

24.5 Security

Borrowings from Islamic and commercial banks are also secured through promissory notes.

25 Other non-current liability

	31 December 2021	31 December 2020
Non-refundable contribution	**24,875,000**	24,875,000

The Company plans to establish a social responsibility fund for the development of projects in community support in the areas in which it operates. One of the Company's contractors contributed a non-refundable amount to support the Company's objective. The amount received from the contractor will be used by the Company for community development projects. This amount is not expected to be utilized within twelve months from the date of the statement of financial position, and, accordingly, it is reported as a non-current liability.

(All amounts in Saudi Riyals unless otherwise stated)

26 Lease liabilities

	Notes	31 December 2021	31 December 2020
Future minimum lease payment	26.1	**1,900,675,767**	1,956,703,123
Less: Future finance cost not yet due	26.2	**(751,139,972)**	(795,768,326)
Net present value of minimum lease payment		**1,149,535,795**	1,160,934,797
Less: Current portion of lease liabilities shown under current liabilities		**(50,705,565)**	(45,715,299)
Long term portion of lease liabilities		**1,098,830,230**	1,115,219,498

The future minimum lease payments have been discounted, using the Company's incremental borrowing rate as at the date of the transition which approximates 4% per annum, to its present value

Maturity profile

Future minimum lease payments are falling due during the following years:

	31 December 2021	31 December 2020
2021	**-**	90,994,527
2022	**95,205,287**	71,851,416
2023	**79,853,709**	71,687,709
2024	**76,473,292**	73,070,793
2025	**72,362,206**	72,362,205
2026	**71,945,122**	71,945,122
2027 through 2031	**1,504,836,151**	1,504,791,351
Total	**1,900,675,767**	1,956,703,123

26.1 Movement in future minimum lease payments

	Note	Year ended 31 December 2021	Year ended 31 December 2020
1 January		**1,956,703,123**	2,036,069,601
Additions during the year		**28,448,769**	4,267,640
Adjustments during the year		**-**	(3,219,932)
Sub-total		**1,985,151,892**	2,037,117,309
Payments during the year		**(84,476,125)**	(80,414,186)
31 December	26	**1,900,675,767**	1,956,703,123

26.2 Movement in future finance cost

	Note	Year ended 31 December 2021	Year ended 31 December 2020
1 January		**(795,768,326)**	(842,170,618)
Additions during the year		**(960,268)**	(405,492)
Adjustments during the year		**-**	248,913
Sub-total		**(796,728,594)**	(842,327,197)
Accretion of future finance cost during year	8	**45,588,622**	46,558,871
31 December		**(751,139,972)**	(795,768,326)

(All amounts in Saudi Riyals unless otherwise stated)

27 Employees' benefits

	Notes	31 December 2021	31 December 2020
Employees' end of service benefits – Defined benefit plan	27.1	**168,273,029**	153,535,118
Employees' savings plan	27.2	**40,922,105**	36,381,775
Total		**209,195,134**	189,916,893

27.1 Employees' end of service termination benefits obligation

	Notes	31 December 2021	31 December 2020
1 January		**153,535,118**	127,494,780
Total amount recognized in profit or loss		**24,080,169**	24,311,781
Current service cost		**20,105,450**	19,211,990
Interest expense	8	**3,974,719**	5,099,791
Loss attributable to re-measurements recognized in other comprehensive income		**5,856,924**	2,950,789
Loss arising from changes in financial assumptions		**-**	3,183,246
Loss / (gain) due to experience adjustment		**5,856,924**	(232,457)
Settlements / transfers		**(15,199,182)**	(1,222,232)
31 December	27	**168,273,029**	153,535,118

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

Employees' end of service benefit plans are unfunded plans and the benefit payment obligation are met when they due.

Significant actuarial assumptions

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

	31 December 2021	31 December 2020
Withdrawal rate	**5.00%**	5.00%
Mortality rate	**AM (80) table**	AM (80) table
Salary growth rate – short term	**2.70%**	2.60%
Salary growth rate – long term	**2.70%**	2.60%
Discount rate	**2.70%**	2.60%

(All amounts in Saudi Riyals unless otherwise stated)

27 Employees' benefits (continued)

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

Sensitivity analysis

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

	Sensitivity level %		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
31 December 2021				
Withdrawal rate	**10%**	**10%**	**(33,472)**	**33,573**
Mortality rate	**10%**	**10%**	**(464,849)**	**481,076**
Salary growth rate	**1%**	**1%**	**(21,267,240)**	**25,932,932**
Discount rate	**1%**	**1%**	**25,656,902**	**(21,456,582)**
31 December 2020				
Withdrawal rate	10%	10%	(488,030)	506,323
Mortality rate	10%	10%	(32,498)	32,594
Salary growth rate	1%	1%	23,531,740	(19,634,830)
Discount rate	1%	1%	(19,461,579)	23,785,461

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 defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the defined benefit liability recognized in the statement of financial position.

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

Effect of defined benefit plan on the Company's future cash flows

The Company expects to contribute SAR 24,909,106 to the defined benefit plan during 2022. The weighted average duration of the defined benefit obligation is 14.02 years (31 December 2020: 14.14 years). The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	31 December 2021	31 December 2020
2021	**-**	8,099,665
2022	**8,150,397**	5,430,049
2023	**5,755,886**	4,974,011
2024	**5,797,308**	5,010,893
2025	**5,312,471**	5,251,652
2026	**5,837,384**	5,120,982
2027 and thereafter	**221,851,087**	193,547,221
Total	**252,704,533**	227,434,473

27.2 Employees' savings plan

	Notes	31 December 2021	31 December 2020
1 January		**36,381,775**	24,225,680
Contribution for the year		**4,540,330**	12,156,095
31 December	21,27	**40,922,105**	36,381,775

(All amounts in Saudi Riyals unless otherwise stated)

28 Derivative financial instruments

	Note	31 December 2021	31 December 2020
1 January		**331,337,757**	209,323,407
Net accrual for settlement of derivative interest		**511,918**	14,902,496
Accrual during the year	8	**105,009,221**	79,511,352
Paid during the year		**(104,497,303)**	(64,608,856)
(Gain) / loss in fair value of hedge instrument charged to other comprehensive income		**(136,590,251)**	107,111,854
31 December		**195,259,424**	331,337,757

The company has 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 LIBOR and SIBOR ("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 on 31 December 2021, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the year. The various agreements entered into, by the company were as follows:

			Weighted average hedge rate for the year	
Effective date	Notional amount	Maturity date	SIBOR	LIBOR
1 October 2018	SAR 1,820 million	29 September 2023	-	3.02%
1 April 2019	SAR 1,800 million	1 April 2024	3.78%	-
	SAR 3,620 million			

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

	Note	31 December 2021	31 December 2020
Carrying amount (liability)		**195,259,424**	331,337,757
Notional amount	33.1.2	**3,620,250,000**	3,620,250,000
Hedge ratio		**1:1**	1:1
(Gain)/loss in fair value of outstanding hedging instruments since 1 January		**(136,590,251)**	107,111,854
Loss / (gain) in value of hedge item used to determine hedge effectiveness		**136,590,251**	(107,111,854)

Accumulated loss in fair value of outstanding hedging instruments

	31 December 2021	31 December 2020
1 January	**305,546,273**	198,434,419
Change in fair value of hedging instrument recognized in OCI	**(31,581,030)**	186,623,206
Transferred from OCI to profit / (loss)	**(105,009,221)**	(79,511,352)
Changes in fair value and transfer to profit / (loss), net	**(136,590,251)**	107,111,854
31 December	**168,956,022**	305,546,273

Cash flow hedge reserve split between shareholders as below:

Shareholders	Number of shares	% Holding	31 December 2021	31 December 2020
Saudi Arabian				
Ma'aden	492,373,875	74.90%	**126,548,060**	228,854,158
Foreign				
ASSI	165,001,125	25.10%	**42,407,962**	76,692,115
Total	**657,375,000**	**100.00%**	**168,956,022**	305,546,273

(All amounts in Saudi Riyals unless otherwise stated)

29 Trade and other payables

	Notes	31 December 2021	31 December 2020
Trade payables		**96,983,238**	201,155,607
Trade payables - MRC	31.2	**270,222,037**	308,985,318
Trade payables - MBAC	31.2	**200,281,248**	124,282,098
Total	35	**567,486,523**	634,423,023

30 Accrued expenses

	Notes	31 December 2021	31 December 2020
Trade		**802,973,669**	431,333,452
Due to Alcoa Corporation	31.2	**-**	8,383
Employee related		**66,046,287**	76,039,208
Total	35	**869,019,956**	507,381,043

Accruals represent goods and services received by the Company for which invoices have not been received. Due to Alcoa Corporation relates to seconded employees' salaries and other costs.

31 Related party transactions and balances

31.1 Related party transactions

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

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Domestic sales to:			
Alcoa Inespal, S.A.			
Ingots		**1,083,368,890**	783,699,801
Billets		**261,054,532**	159,749,855
Slabs		**9,584,419**	-
Sub-total		**1,354,007,841**	943,449,656
Ma'aden			
Ingots		**3,196,111,295**	2,332,804,569
Billets		**818,573,028**	465,619,222
Slabs		**19,255,952**	-
Sub-total		**4,033,940,275**	2,798,423,791
MRC			
Slabs		**3,974,953,592**	2,924,631,148
Total	5	**9,362,901,708**	6,666,504,595

(All amounts in Saudi Riyals unless otherwise stated)

31 Related party transactions and balances (continued)

31.1 Related party transactions (continued)

	Year ended 31 December 2021	Year ended 31 December 2020
Cost of seconded employees and technical support from Alcoa Corporation	**5,950,353**	5,263,485
Costs paid on behalf of the Company and other costs allocations by:		
Ma'aden	**167,951,235**	156,125,275
MBAC	**4,224,775**	5,632,234
MRC	**3,458,346**	3,563,689
MPC	**628,282**	2,418,563
MWSPC	**-**	222,459
MFC	**591,698**	-
Total	**176,854,336**	167,962,220
Support function, development and other costs paid by MAC and charged to:		
MBAC	**290,773,633**	132,699,903
MRC	**134,931,248**	89,089,017
Ma'aden	**60,878,491**	37,605,946
MPC	**9,146,731**	22,345,374
MIC	**4,654,807**	4,824,653
MWSPC	**3,398,641**	1,811,661
Total	**503,783,551**	288,376,554
Raw material feedstock purchased from:		
MRC	**1,814,711,685**	1,473,238,545
MBAC	**1,876,301,352**	1,534,907,892
Total	**3,691,013,037**	3,008,146,437
Finance cost incurred on long term borrowings from PIF	**74,033,403**	117,854,565
Rentals and services charged by MIC to the Company under Land Use and Service Agreement ("LUSA") and the agreement for Provision of Facilities at Ras Al-Khair (RAK)	**311,959,040**	207,401,386

(All amounts in Saudi Riyals unless otherwise stated)

31 Related party transactions and balances (continued)

31.2 Related party balances

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

	Notes	31 December 2021	31 December 2020
Due from a shareholder			
Ma'aden	16.1	**66,252,924**	17,851,841
Due to a shareholder			
Ma'aden	16.2	**97,222,902**	55,549,515
Due from fellow subsidiaries			
MBAC	17.1	**80,627,180**	22,505,878
MRC	17.1	**31,960,861**	10,663,534
MPC	17.1	**6,421,875**	3,716,979
MWSPC	17.1	**2,126,245**	1,811,661
MIC	17.1	**5,296,322**	3,079,156
MFC	17.1	**591,698**	-
Total		**127,024,181**	41,777,208
Due to fellow subsidiaries			
MIC	17.2	**38,666,829**	22,066,477
MGBM	17.2	**-**	1,238,715
MPC	17.2	**-**	311,852
MRC	17.2	**728,420**	152,622
MBAC	17.2	**2,812,672**	1,057,551
MWSPC	17.2	**-**	222,459
Total		**42,207,921**	25,049,676
Trade and other receivables			
MRC	20	**711,911,238**	517,449,048
Ma'aden	20	**873,796,177**	283,077,446
Alcoa Inespal, S.A.	20	**267,299,620**	94,601,698
Total		**1,853,007,035**	895,128,192
Long-term borrowing from a majority shareholder of Ma'aden			
Due to PIF for financing the MAC facility	24.2	**4,275,375,000**	4,275,375,000
Trade payables to fellow subsidiaries			
MRC	29	**270,222,037**	308,985,318
MBAC	29	**200,281,248**	124,282,098
Total		**470,503,285**	433,267,416
Accrued expenses due to a shareholder			
Alcoa Corporation	30	**-**	8,383

(All amounts in Saudi Riyals unless otherwise stated)

32 Commitments and contingent liabilities

32.1 Capital commitments

	31 December 2021	31 December 2020
Capital expenditure contracted for:		
Property, plant and equipment	**50,417,998**	42,129,504

32.2 Guarantees

Guarantee in favor of Saudi Aramco	**58,433,906**	58,433,906
Guarantee in favor of Saudi Ports Authority	**6,671,580**	6,671,580
Letter of Credit in favor of General Electric Global Services	**-**	3,375,000
Total	**65,105,486**	68,480,486

32.3 Contingent liabilities

The Company has other contingent liabilities with respect to certain disputed matters, including claims by and against contractors. These contingent liabilities arise out of the ordinary course of business. It is not anticipated that any material liabilities will be incurred as a result of these contingent liabilities. There are no material environmental obligations or decommissioning liabilities as at the reporting date.

33 Financial risk management

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

- market risk
- credit risk and
- liquidity risk

33.1 Market risk

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

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

Financial instruments affected by market risk includes loans and borrowings, trade and other receivables, trade payables and accrued liabilities.

The sensitivity analysis in the following sections relate to the positions as at 31 December 2021 and 31 December 2020.

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 the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

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

33 Financial risk management (continued)

33.1 Market risk (continued)

33.1.1 Foreign currency risk

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

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

Foreign currency exposure

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

	31 December 2021	31 December 2020
Trade payables – EUR	**2,067,257**	2,331,493
Trade payables – CAD	**92,399**	60,828
Trade payables – CHF	**43,929**	48,298
Trade payables – GBP	**166,195**	15,353
Total	**2,369,780**	2,455,972

Amount recognized in financial statements

During the year, the following foreign-exchange related amounts were recognized in the statement of profit or loss and other comprehensive income:

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Foreign exchange gain included in other income / expense	9	**374,158**	719,001

Foreign currency sensitivity analysis

As shown in the table above, the Company is primarily exposed to changes in SAR/EURO, SAR/CAD, SAR/CHF and SAR/GBP exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from EURO, CAD, CHF and GBP denominated balances.

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

	31 December 2021	31 December 2020
SAR/EURO exchange rate - increase 10%	**(206,726)**	(233,149)
- decrease (10%)	**206,726**	233,149
SAR/CAD exchange rate - increase 10%	**(9,240)**	(6,083)
- decrease (10%)	**9,240**	6,083)
SAR/CHF exchange rate - increase 10%	**(4,393)**	(4,830)
- decrease (10%)	**4,393**	4,830
SAR/GBP exchange rate - increase 10%	**(16,620)**	(1,535)
- decrease (10%)	**16,620**	1,535

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

(All amounts in Saudi Riyals unless otherwise stated)

33 Financial risk management (continued)

33.1 Market risk (continued)

33.1.2 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing which expose the Company to cash flow interest rate risk.

The Company's receivables and fixed rate borrowings carried at 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 Company is not exposed to fair value interest rate risk.

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

Interest rate exposure

	31 December 2021	31 December 2020
Variable rate borrowings	**10,182,257,250**	10,957,875,000

Cash flow hedge

The Company 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:

	Note	31 December 2021	31 December 2020
Notional amount hedged	28	**3,620,250,000**	3,620,250,000

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

	31 December 2021	31 December 2020
Interest rate – increase by 100 basis points	**68,068,800**	108,160,000
Interest rate – decrease by 100 basis points	**(68,068,800)**	(108,160,000)

Interest rate sensitivity analysis

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

	31 December 2021	31 December 2020
Interest rate – increase by 100 basis points	**(105,700,661)**	(109,578,750)
Interest rate – decrease by 100 basis points	**105,700,661**	109,578,750

(All amounts in Saudi Riyals unless otherwise stated)

33 Financial risk management (continued)

33.1 Market risk (continued)

33.1.2 Interest rate risk (continued)

Transition from IBORs to risk free rates

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

33.1.3 Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the aluminium products it produces.

Commodity price sensitivity analysis

The table below shows the impact on profit or loss before tax and zakat for changes in commodity prices. The analysis is based on the assumption aluminium LME prices move 10% on the reporting date with all other variables held constant.

	31 December 2021	31 December 2020
Trade and other receivable (less VAT)	**1,853,007,035**	895,128,192
Increase of 10% in USD per tonne	**185,300,704**	89,512,819
Decrease of 10% in USD per tonne	**(185,300,704)**	(89,512,819)

The Company 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.

33.2 Credit risk

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

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

	Notes	Category	December 31 2021	December 31 2020	Impairment model approach
Financial assets class					
Trade and other receivable (less VAT)	20	Amortised cost	**1,854,175,793**	900,077,123	**Simplified**
Time deposits	21	Amortised cost	**500,775,833**	-	**General**
Cash and cash equivalents	21	Amortised cost	**969,734,221**	631,958,454	**General**
Total			**3,324,685,847**	1,532,035,577	

ECL approaches

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

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

33 Financial risk management (continued)

33.2 Credit risk (continued)

Stage-1 - Performing or low credit risk

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

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

The Company uses "low credit risk" practical expedient for the following financial instruments categories:
- Cash & Cash equivalents;
- Time deposits; and
- Other investments.

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

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

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

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

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

Stage-3 - Credit impaired or definition of default

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

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

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

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

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

33 Financial risk management (continued)

33.2 Credit risk (continued)

In this case, ECL would be applied as follows:

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

General approach for estimating ECL:

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

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

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

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

Simplified approach for estimating ECL:

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

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

Where the receivable is credit impaired, the indicators for which include the receivable being 90 days overdue or the credit rating for the counterparty being downgraded to NIG relative to IG as of initial recognition date, the probability of default for ECL determination is considered as 100%. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment, based on which, the Company does not have any history of write-offs. 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 Company ensures that the cash collection is made on time from its counterparties, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management.

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

(All amounts in Saudi Riyals unless otherwise stated)

33 Financial risk management (continued)

33.2 Credit risk (continued)

Credit risk exposure (continued)

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

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

	Note	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Trade and other receivable (less VAT)	20	1,853,007,035	-	1,853,007,035
Less: Allowance for expected credit losses				
Secured		-	-	-
Unsecured		-	-	-
Carrying amount		**1,853,007,035**	**-**	**1,853,007,035**

	Note	12 month ECL	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Time deposits	21	500,000,000	-	-	500,000,000
Less: Credit loss allowance		-	-	-	-
Carrying amount		**500,000,000**	**-**	**-**	**500,000,000**

Trade and other receivables

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

	Note	31 December 2021	31 December 2020
Neither past due nor impaired		**1,767,597,071**	895,102,652
Past due not impaired			
< 30 days		**85,409,964**	25,540
Total	20	**1,853,007,035**	895,128,192

Based on the above analysis for the trade receivables under ECL method, credit risk was considered minimal and therefore no provision was recorded.

(All amounts in Saudi Riyals unless otherwise stated)

33 Financial risk management (continued)

33.3 Liquidity risk

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

Maturities of financial liabilities

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

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

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

Contractual maturities of non-derivatives	Notes	1st year	2nd year	3 – 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
31 December 2021							
Due to a shareholder	16.2	97,222,902	-	-	-	97,222,902	97,222,902
Due to fellow subsidiaries	17.2	42,207,921	-	-	-	42,207,921	42,207,921
Long-term borrowings	24.3	833,536,731	1,342,741,321	2,972,068,023	6,812,027,489	11,960,373,564	10,175,891,289
Lease liabilities	26	95,205,287	79,853,709	148,835,498	1,576,781,273	1,900,675,767	1,149,535,795
Trade and other payables	29	567,486,523	-	-	-	567,486,523	567,486,523
Accrued expenses	30	869,019,956	-	-	-	869,019,956	869,019,956
Total		**2,504,679,320**	**1,422,595,030**	**3,120,903,521**	**8,388,808,762**	**15,436,986,633**	**12,901,364,386**
Derivatives as at:							
31 December 2021							
Derivative financial instruments (Note 28)		-	**117,145,244**	**118,433,265**	-	**235,578,509**	**195,259,424**
31 December 2020							
Due to a shareholder	16.2	55,549,515	-	-	-	55,549,515	55,549,515
Due to fellow subsidiaries	17.2	25,049,676	-	-	-	25,049,676	25,049,676
Long-term borrowings	24.3	1,200,491,489	1,125,930,490	4,072,642,674	6,679,993,760	13,079,058,413	10,940,039,957
Lease liabilities	26	90,994,527	71,851,416	217,120,708	1,576,736,472	1,956,703,123	1,160,934,797
Trade and other payables	29	634,423,023	-	-	-	634,423,023	634,423,023
Accrued expenses	30	507,381,043	-	-	-	507,381,043	507,381,043
Total		2,513,889,273	1,197,781,906	4,289,763,382	8,256,730,232	16,258,164,793	13,323,378,011
Derivatives as at:							
31 December 2020							
Derivative financial instruments (Note 28)		-	-	**365,544,940**	-	**365,544,940**	331,337,757

(All amounts in Saudi Riyals unless otherwise stated)

34 Capital management

The Company's objectives when managing capital are to

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

In order to maintain or adjust the capital structure, the Company relies on the shareholders' support when necessary.

The net debts of the Company are as follows:

	Notes	31 December 2021	31 December 2020
Cash and cash equivalents (unrestricted)	21	**1,429,587,949**	598,090,918
Long-term borrowings – payable within one year	24.2	**(833,536,731)**	(836,159,345)
Long-term borrowings – payable after one year	24.2	**(9,342,354,558)**	(10,103,880,612)
Lease liabilities – payable within one year	26	**(50,705,565)**	(45,715,299)
Lease liabilities – payable after one year	26	**(1,098,830,230)**	(1,115,219,498)
Net debt		**(9,895,839,135)**	(11,502,883,836)

The movement in net debt is as follows:

	Other assets	Liabilities from financing activities				
	Cash and cash equivalents (Note 21)	Long-term borrowings - payable within one year (Note 24.2)	Long-term borrowings - payable after one year (Note 24.2)	Lease liability – payable within one year (Note 26)	Lease liability - payable after one year (Note 26)	Total
1 January 2020	195,963,530	(105,942,559)	(10,865,425,865)	(49,903,603)	(1,143,995,380)	(11,969,303,877)
Cash flows for the year	402,127,388	363,134,874	-	80,414,186	-	845,676,448
Adjustments / transfers	-	(1,093,351,660)	761,545,253	(76,225,882)	28,775,882	(379,256,407)
31 December 2020	598,090,918	(836,159,345)	(10,103,880,612)	(45,715,299)	(1,115,219,498)	(11,502,883,836)
Cash flows for the year	831,497,031	1,007,790,486	-	84,479,138	-	1,923,766,655
Adjustments / transfers	-	(1,005,167,872)	761,526,054	(89,469,404)	16,389,268	(316,721,954)
31 December 2021	**1,429,587,949**	**(833,536,731)**	**(9,342,354,558)**	**(50,705,565)**	**(1,098,830,230)**	**(9,895,839,135)**

35 Financial assets and financial liabilities

The Company holds the following classes of financial instruments:

	Notes	31 December 2021	31 December 2020
Financial assets measured at amortized cost			
Due from a shareholder	16.1	**66,252,924**	17,851,841
Due from fellow subsidiaries	17.1	**127,024,181**	41,777,208
Trade and other receivables (excluding vat)		**1,854,175,793**	896,951,822
Cash and cash equivalents	21	**1,470,510,054**	634,472,693
Total		**3,517,962,952**	1,591,053,564

(All amounts in Saudi Riyals unless otherwise stated)

35 Financial assets and financial liabilities (Continued)

The Company holds the following classes of financial instruments:

Financial liabilities measured at amortized cost

Due to a shareholder	16.2	**97,222,902**	55,549,515
Due to fellow subsidiaries	17.2	**42,207,921**	25,049,676
Long-term borrowings	24.2	**10,175,891,289**	10,940,039,957
Lease liabilities	26	**1,149,535,795**	1,160,934,797
Trade and other payables	29	**567,486,523**	634,423,023
Accrued expenses	30	**869,019,956**	507,381,043
Total		**12,901,364,386**	13,323,378,011

Financial liability at fair value through OCI

Derivative financial instruments	28	**195,259,424**	331,337,757

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

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 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.

Derivatives:

On the basis of its analysis of the nature, characteristics and risks of the derivatives, the Company has determined that presenting them as a single class is appropriate.

The fair value of the derivatives is determined with reference to an active market index and is classified as level 2 in the fair value hierarchy. The fair values for the derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves for the interest rate swaps. There was no transfer between any levels during the year.

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

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

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

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

36 Events after the reporting date

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

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)

Financial statements for the year ended 31 December 2022

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Commercial registration number	:	2055012511	
Board of Managers	:	Ali Saeed Abdullah Al-Orayj Wesam Yousef Alghamdi Louis Irvine Vidar Bruland Renato Bacchi	Chairman
Registered address	:	Ma'aden Aluminium Company Ras Al-Khair Industrial City Kingdom of Saudi Arabia	
Postal address	:	P.O. Box 11342 Al-Jubail Industrial City 31961 Kingdom of Saudi Arabia	
Bankers	:	The Saudi British Bank (SABB)	
Auditors	:	PricewaterhouseCoopers 19th floor, Al-Hugayet Tower, P.O. Box 467 Dhahran 31932 Kingdom of Saudi Arabia	

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

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on pages 4-5, is made with a view to distinguish the responsibilities of the Board of Managers and those of the independent auditors in relation to the financial statements of Ma'aden Aluminium Company (the "Company").

The management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2022, its financial performance, changes in shareholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (" SOCPA").

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

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

The management is also responsible for:

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

The financial statements for the year 31 December 2022 set out on pages 6 to 55, were approved and authorized for issue by the Board of Managers and signed on its behalf by:

Ali Saeed Abdullah Al-Orayj Chairman of the Board	Abdullah A AlGhamdi Senior Vice President	Aamir Altaf Hussain Senior Director, and Vice President Finance (Acting)

30 January 2023
Ras Al-Khair Industrial City
Kingdom of Saudi Arabia

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Independent auditor's report to the shareholders of Ma'aden Aluminium Company

Report on the audit of the financial statements

Our opinion

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

What we have audited

The Company's financial statements comprise:

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

Basis for opinion

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

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

Independence

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

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

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

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

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

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Independent auditor's report to the shareholders of Ma'aden Aluminium Company (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

12 February 2023

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Sales	5	**10,046,698,348**	9,362,901,708
Cost of sales	6	**(8,681,244,430)**	(7,072,724,714)
Gross profit		**1,365,453,918**	2,290,176,994
Operating expenses			
Logistic expenses		**(48,850,835)**	(37,688,773)
General and administrative expenses	7	**(101,570,920)**	(76,453,642)
Operating profit		**1,215,032,163**	2,176,034,579
Other (expenses) / income			
Finance cost	8	**(460,833,344)**	(394,371,892)
Finance income		**40,252,496**	4,377,292
Finance cost, net		**(420,580,848)**	(389,994,600)
Other (expense) / income, net	9	**(9,687,512)**	4,017,296
Profit before zakat and income tax		**784,763,803**	1,790,057,275
Zakat	14.3	**(91,334,643)**	(51,186,589)
Income tax	14.5	**(27,589,786)**	(80,132,003)
Profit for the year		**665,839,374**	1,658,738,683
Other comprehensive gain / (loss)			
Items that may be reclassified to profit or loss in subsequent periods			
Gain on cash flow hedge	29	**238,493,626**	136,590,251
Items that will not to be reclassified to profit or loss in subsequent periods			
loss attributable to the re-measurements of employees' benefits obligation	28.1	**(6,414,940)**	(5,856,924)
Other comprehensive gain for the year		**232,078,686**	130,733,327
Total comprehensive profit for the year		**897,918,060**	1,789,472,010

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

	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	10	**13,271,951,217**	14,084,279,536
Right-of-use assets	11	**1,022,809,289**	1,078,932,145
Capital work-in-progress	12	**286,624,326**	203,315,617
Intangible assets	13	**27,726,078**	13,655,363
Deferred tax assets	14.6	**208,922,093**	213,811,579
Derivative financial instruments	29	**44,253,195**	-
Employees' home owners program receivable	15	**250,362,413**	272,918,598
Non-current portion of advances and prepayments	18	**22,135,905**	29,514,540
Total non-current assets		**15,134,784,516**	15,896,427,378
Current assets			
Current portion of employees' home owners program receivable	15	**19,532,908**	21,035,088
Due from shareholder	16.1	**209,340,556**	66,252,924
Due from fellow subsidiaries	17.1	**377,824,371**	127,024,181
Derivative financial instruments	29	**34,053,290**	-
Advances and prepayments	18	**40,254,970**	47,239,948
Inventories	19	**1,397,474,285**	1,156,215,056
Trade and other receivables	20	**1,280,496,195**	1,860,082,356
Time deposits	21	**1,205,869,722**	-
Cash and cash equivalents	22	**792,036,570**	1,470,510,054
Total current assets		**5,356,882,867**	4,748,359,607
Total assets		**20,491,667,383**	20,644,786,985
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	23	**6,573,750,000**	6,573,750,000
Statutory reserve			
Transfer of net income	24	**57,170,999**	30,537,424
Cash flow hedge reserve	29	**69,537,604**	(168,956,022)
Retained earnings		**1,056,465,409**	423,674,550
Net total shareholders' equity		**7,756,924,012**	6,859,005,952
Liabilities			
Non-current liabilities			
Deferred tax liabilities	14.7	**343,675,171**	348,234,675
Long-term borrowings	25.2	**7,915,025,620**	9,342,354,558
Other non-current liability	26	**24,875,000**	24,875,000
Lease liabilities	27	**1,061,454,446**	1,098,830,230
Employees' benefits	28	**236,173,273**	209,195,134
Derivative financial instruments	29	**-**	195,259,424
Total non-current liabilities		**9,581,203,510**	11,218,749,021
Current liabilities			
Trade and other payables	30	**730,144,227**	567,486,523
Accrued expenses	31	**1,085,402,341**	869,019,956
Zakat and income tax payable	14	**76,310,541**	106,852,414
Current portion of long-term borrowings	25.2	**1,030,878,438**	833,536,731
Current portion of lease liabilities	27	**35,808,502**	50,705,565
Due to a shareholder	16.2	**109,336,740**	97,222,902
Due to fellow subsidiaries	17.2	**85,659,072**	42,207,921
Total current liabilities		**3,153,539,861**	2,567,032,012
Total liabilities		**12,734,743,371**	13,785,781,033
Total shareholders' equity and liabilities		**20,491,667,383**	20,644,786,985

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

	Saudi Arabian shareholder Saudi Arabian Mining Company					Foreign shareholder Alcoa Saudi Smelting Inversiones S.L. Company					
	Share capital (Note 23)	**Statutory reserve - Transfer of net income (Note 24)**	**Cash flow hedge reserve (Note 29)**	**Retained earnings**	**Sub-total**	**Share capital (Note 23)**	**Statutory reserve - Transfer of net income (Note 24)**	**Cash flow hedge reserve (Note 29)**	**(Accumulated losses) retained earnings**	**Sub-total**	**Total equity**
1 January 2021	4,923,738,750	11,739,194	(228,854,158)	(831,110,948)	3,875,512,838	1,650,011,250	901,085	(76,692,115)	(380,199,116)	1,194,021,104	5,069,533,942
Profit for the year before zakat and income tax	-	-	-	1,340,752,899	1,340,752,899	-	-	-	449,304,376	449,304,376	1,790,057,275
Zakat and income tax	-	-	-	(51,186,589)	(51,186,589)	-	-	-	(80,132,003)	(80,132,003)	(131,318,592)
Cash flow hedge - changes in fair value and transfer to profit / (loss), net (Note28)	-	-	102,306,098	-	102,306,098	-	-	34,284,153	-	34,284,153	136,590,251
Loss attributable to the re-measurements of employees' end of service termination benefits obligation.	-	-	-	(4,386,836)	(4,386,836)	-	-	-	(1,470,088)	(1,470,088)	(5,856,924)
Total comprehensive income for the year	-	-	102,306,098	1,285,179,474	1,387,485,572	-	-	34,284,153	367,702,285	401,986,438	1,789,472,010
Net profit transferred to statutory reserve during the year	-	13,404,962	-	(13,404,962)	-	-	4,492,183	-	(4,492,183)	-	-
31 December 2021	4,923,738,750	25,144,156	(126,548,060)	440,663,564	5,262,998,410	1,650,011,250	5,393,268	(42,407,962)	(16,989,014)	1,596,007,542	6,859,005,952
Profit for the year before zakat and income tax	-	-	-	587,788,088	587,788,088	-	-	-	196,975,715	196,975,715	784,763,803
Zakat and income tax	-	-	-	(91,334,643)	(91,334,643)	-	-	-	(27,589,786)	(27,589,786)	(118,924,429)
Cash flow hedge - changes in fair value and transfer to profit / (loss), net (Note28)	-	-	178,631,726	-	178,631,726	-	-	59,861,900	-	59,861,900	238,493,626
Loss attributable to the re-measurements of employees' end of service termination benefits obligation.	-	-	-	(4,804,790)	(4,804,790)	-	-	-	(1,610,150)	(1,610,150)	(6,414,940)
Total comprehensive income for the year	-	-	178,631,726	491,648,655	670,280,381	-	-	59,861,900	167,775,779	227,637,679	897,918,060
Net profit transferred to statutory reserve during the year	-	19,948,548	-	(19,948,548)	-	-	6,685,027	-	(6,685,027)	-	-
31 December 2022	**4,923,738,750**	**45,092,704**	**52,083,666**	**912,363,671**	**5,933,278,791**	**1,650,011,250**	**12,078,295**	**17,453,938**	**144,101,738**	**1,823,645,221**	**7,756,924,012**

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Operating activities			
Profit before zakat and income tax		**784,763,803**	1,790,057,275
Adjustments for non-cash flow items:			
Finance cost	8	**460,833,344**	394,371,892
Depreciation – property, plant and equipment	10.1	**887,753,803**	901,803,041
Depreciation – right-of-use assets	11	**53,458,636**	53,875,948
Write off of Property, plant and equipment	6	**34,614,988**	
Amortization of intangible assets	13	**7,004,754**	5,120,761
Employees' home owners program receivable	15	**24,058,365**	28,393,674
Reversal of allowance for slow moving spare parts and consumable materials	19.1	**9,141,054**	-
Provision for employees' termination benefits	28.1	**18,098,753**	20,105,450
Employees' saving plan (payment) / contribution	28.2	**8,502,637**	4,540,330
Gain on termination of leases		**(13,258,278)**	-
Changes in working capital:			
Due from a shareholder	16.1	**(143,087,632)**	(48,401,083)
Due to a shareholder	16.2	**12,113,838**	41,673,387
Due from fellow subsidiaries	17.1	**(250,800,190)**	(85,246,973)
Due to fellow subsidiaries	17.2	**43,451,151**	17,158,245
Advances and prepayments	18	**14,363,613**	258,650
Inventories	19	**(250,400,283)**	(197,768,906)
Trade and other receivables	20	**579,586,161**	(954,098,670)
Trade and other payables	30	**162,657,704**	(66,936,500)
Accrued expenses	31	**215,545,149**	361,638,913
Net cash generated from operations		**2,658,401,370**	2,266,545,434
Employees' termination benefits paid	28.1	**(10,518,224)**	(15,199,182)
Payment for periodic net settlement of interest rate swap	29	**(79,593,598)**	(104,497,303)
Zakat paid	14.3	**(52,749,208)**	(32,454,471)
Tax paid	14.3	**(96,387,112)**	(2,323,921)
Finance cost paid		**(323,641,135)**	(280,332,634)
Net cash generated from operating activities		**2,095,512,093**	1,831,737,923
Investing activities			
Additions to capital work-in-progress	12	**(212,095,292)**	(183,766,585)
Income received from time deposits	21	**(5,869,722)**	-
Additions of time deposits	21	**(1,200,000,000)**	-
Movement in restricted cash	22	**(8,502,637)**	(4,540,330)
Net cash utilized in investing activities		**(1,426,467,651)**	(188,306,915)
Financing activity			
Repayment of long-term borrowings	25.2	**(1,319,670,214)**	(775,617,750)
Payment of principal portion of lease liabilities		**(36,350,349)**	(36,316,227)
Net cash utilized in financing activity		**(1,356,020,563)**	(811,933,977)
Net change in cash and cash equivalents		**(686,976,121)**	831,497,031
Unrestricted cash and cash equivalents at the beginning of the year	22	**1,429,587,949**	598,090,918
Unrestricted cash and cash equivalents at the end of the year	22	**742,611,828**	1,429,587,949

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of cash flow for the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Non-cash flow transactions			
Transfer to intangible assets from capital work-in-progress	12,13	**21,075,469**	-
Terminated / expired leases	11	**2,769,993**	-
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	8,12	**1,492,122**	3,842,488
Transfer to property, plant and equipment from capital work-in-progress	10,12	**109,203,236**	137,781,569
Adjustment to PPE against accrual	10	**837,236**	-
(Adjustments) / additions, net of right-of-use asset and the corresponding lease liability	11,26	**15,922,498**	27,488,501

1 General information

Ma'aden Aluminium Company (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2055012511 dated 2nd of Thul-Quada 1431H (corresponding to 10 October 2010), with an authorized share capital of Saudi Riyals ("SAR") 6,573,750,000 comprising 657,375,000 ordinary shares at a nominal value of SAR 10 per share (Note 23).

The Company is owned by:

- Saudi shareholder
  74.9% by Saudi Arabian Mining Company ("Ma'aden") the parent Company and a
- Foreign shareholder
  25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a company wholly-owned by Alcoa Corporation.

The objectives of the Company are the production and sale of primary aluminium products comprising of:

- Ingots
- T-shaped ingots
- Slabs and
- Billets

The Company declared commercial production on 1 September 2014.

The Company had refinanced its borrowing facilities as described in Note 25, which had been drawn down in full.

The Company's management believes that the Covid-19 pandemic and war in Ukraine by itself, has had limited direct material effects on the Company's reported results for the years ended 31 December 2022 and 31 December 2021. The Company's management continues to monitor the situation closely.

2 Basis of preparation

Statement of compliance

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

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

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

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

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB") that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Company. The management is in the process of assessing the impact of the new standards and interpretations on its financial statements.

2 Basis of preparation (continued)

New and amended IFRS standards adopted by the Company

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

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16,
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37,
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

Except for amendments to IAS 16 as explained below, other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity needs to recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss.

As a result of adopting these amendments to IAS 16, no retrospective adjustments were required. Also refer Note 3.6 for amended accounting policies.

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

3 Summary of significant accounting policies

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

3.1 Foreign currency translation

Foreign currency transactions are translated into SAR at the spot rates of exchange prevailing at the date the transactions first qualify for recognition.

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

3.2 Revenue recognition

Revenue comprises of sales of primary aluminium goods and is recognized based on the considerations specified in contracts with the customers and excludes amounts, if any, collected on behalf of third parties. Revenue is recognized at a point in time when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

The Company is responsible to deliver the promised goods to a location within the Kingdom of Saudi Arabia resulting in the transfer of control over such goods to the customer and recognizing the related revenue at a point in time basis.

3.3 Contract liabilities

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

3.4 Logistic expenses

Logistic expenses comprise of all costs for transporting the finished goods to the customers.

3.5 General and administrative expenses

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

3.6 Property, plant and equipment

Property, plant and equipment are carried at the historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition, construction or development of plant, property and equipment including the initial estimate of any rehabilitation and decommissioning and dismantling obligation.

Depreciation is charged to the statement of profit or loss using the straight-line method to allocate the depreciable amount over the following estimated economic useful lives:

Categories of assets	Number of years
Land and buildings	4 – 50
Plant and equipment	3 – 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the 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.

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

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

3.7 Right-of-use assets and lease liabilities

The company assesses whether a contract is or contains a lease, at inception of a contract. The company recognizes 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 company recognizes 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.

Lease liabilities

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

3 Summary of significant accounting policies (continued)

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

Lease liabilities (continued)

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

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

The lease liabilities are presented as a separate line in the statement of financial position.

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

The company remeasures the lease liabilities (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 liabilities 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 liabilities 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 liabilities is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets (RoU)

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

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is 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 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 company expects to exercise a purchase option, the related right-of-use asset is depreciated over the 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 statement of financial position.

The company 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 3.10.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liabilities 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 "cost of sales" in the statement of profit or loss.

3.8 Capital work-in-progress

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in 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.

3 Summary of significant accounting policies (continued)

3.8 Capital work-in-progress (continued)

The cost of an item of capital work-in-progress comprises its purchase price, construction / development cost and any other costs directly attributable to the construction or acquisition of an item of capital work-in-progress 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 year.

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

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

Capital work-in-progress is not depreciated.

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

3.9 Intangible assets

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 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 on intangible assets with finite lives is recognized in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortizes intangible assets with a limited economic useful life using the straight-line method over ten years.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually, or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from 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 statement of profit or loss when the asset is derecognized.

3.10 Asset impairment

At each reporting date, the Company reviews the carrying amounts of its plant and equipment 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 Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

3 Summary of significant accounting policies (continued)

3.10 Asset impairment (continued)

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the 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 to determine the asset or CGU's recoverable amount since the last impairment loss was recognized.

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

3.11 Employees' home owners program receivable

The Company has established an employees' home ownership program (HOP) that offer 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 upon completion of the full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners 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.

3.12 Inventories

Finished goods

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

Production costs include:

- raw material costs,
- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery) and contractor expenses which are directly attributable to the production of finished goods,
- direct and allocated production overheads,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- the depreciation of and leases of plant and equipment used in the production activities

Work-in-process

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

- raw material costs,
- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery) and contractor expenses which are directly attributable to the production of finished goods,
- direct and allocated production overheads and
- the depreciation of and leases of property, plant and equipment used in the production activities

Spare parts and consumable materials

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

3 Summary of significant accounting policies (continued)

3.12 Inventories (continued)

Raw materials

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

Net realizable value

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

3.13 Trade and other receivables

Trade receivables are carried at the transaction price related to a performance obligation less an allowance for doubtful debt.

The Company assesses on a forward-looking basis the allowance for doubtful debts using an expected credit losses ("ECL") approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the statement of profit or loss and reported under "General and administrative expenses".

When a trade receivable is uncollectible, it is written-off against the allowance for doubtful debts. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

3.14 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash and cash equivalents are related to employees' savings plan obligation.

3.15 Financial instruments, financial assets and liabilities

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

Derivative instruments

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

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

Interest rate swaps and cash flow hedges

The Company uses interest rate swap contracts to manage its exposure to interest rate movements on its long term borrowings.

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

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

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Derivative instruments (continued)

Interest rate swaps and cash flow hedges (continued)

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 exchange rates. The Saudi Riyal is pegged at SAR 3.75:USD 1, therefore the Company is not exposed to any risks from USD denominated financial instruments.

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

The Company does not use forward exchange contracts.

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces. The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Financial assets

The Company's principal financial assets include:
- due from a shareholder
- due from fellow subsidiaries
- derivative financial instruments
- trade and other receivable excluding pre-payments and zakat / tax receivable (Accounting policy 3.13)
- cash and cash equivalents (Accounting policy 3.14)

Initial recognition of financial assets

Financial assets are initially recognized at fair value on trade date, including directly attributable transaction costs.

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

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

Subsequently, financial assets are carried at amortized cost less impairment

Classification of financial assets

Financial assets are measured at:
- amortized cost ("AC")
- fair value through profit of loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial assets (continued)

Classification of financial assets (continued)

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The financial assets are derived directly from the Company's operations.

Impairment and uncollectibility of financial assets

At each reporting date, the Company measures the loss allowance for a financial asset carried at amortized cost "AC" at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on that financial instrument has increased significantly since initial recognition. However, if at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve-month ECL.

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 ECL.

Such impairment losses are recognized in the statement of profit or loss.

De-recognition of financial assets

The company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of profit or loss.

Financial Liabilities

The Company's principal financial liabilities comprise of:

- due to a shareholder
- due to fellow subsidiaries
- long-term borrowings (accounting policy 3.16)
- lease liabilities (accounting policy 3.7)
- trade and other payables and accrued expenses- excluding zakat/ tax liabilities and employees' end of service termination benefit obligations (Accounting policy 3.18 and 3.19)
- derivative financial instruments

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

Initial recognition of financial liabilities

Financial liabilities are initially recognized at fair value of 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).

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial liabilities (continued)

Initial recognition of financial liabilities (continued)

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

Classification of financial liabilities

Financial liabilities are classified as 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.

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

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

Offsetting a financial asset and a financial liability

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

3.16 Long-term borrowings

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

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

3 Summary of significant accounting policies (continued)

3.17 Provisions

Provisions are recognized when the Company has:

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

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

3.18 Employees' benefits

Employees' savings plan program

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

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

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

Employees' end-of-service termination benefits obligation

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 statement of financial position.

Furniture loan

The Company 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.

The liability recognized in the statement of financial position, in respect of the defined employees' end-of-service-termination benefits plan, is the present value of the employees' end of service termination benefits obligation at the end of the reporting period. The defined 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 defined 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 unfunded defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

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

3 Summary of significant accounting policies (continued)

3.19 Trade and other payables and accrued expenses

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

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

3.20 Zakat, income tax, withholding tax and deferred tax

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

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

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

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

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

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

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

Further, the amounts for zakat and income tax expense for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

4 Critical accounting, judgments, estimates and assumptions

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

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

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

4.1 Critical accounting judgements in applying accounting standards

The following critical judgement has the most significant effect on the amounts realized in the financial statements:

- right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company'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 Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

4.2 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:

- economic useful lives of property, plant and equipment;
- impairment and the reversal of impairment of tangible assets;
- zakat and income tax
- allowances for obsolete and slow moving spare parts,
- contingencies.

Economic useful lives of property, plant and equipment

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

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

Impairment and the reversal of impairment

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

Zakat and income taxes

The Company is subject to zakat for its Saudi shareholder and income tax for its foreign shareholder 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 finalization of final assessments are accounted for when such amounts are determined.

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

4.2 Key sources of estimation uncertainty (continued)

Allowances for obsolete and slow moving spare parts and consumable materials

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date (Note 19.1).

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 judgement and estimates of the outcome of future events.

(All amounts in Saudi Riyals unless otherwise stated)

5 Sales

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Domestic sale of primary aluminium goods			
Ingots		**4,497,854,820**	4,282,907,764
Billets		**1,277,691,064**	1,079,627,559
Slabs		**4,271,152,464**	4,000,366,385
Total	32.1	**10,046,698,348**	9,362,901,708

6 Cost of sales

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Salaries and staff related benefits		**526,770,231**	391,005,276
Contracted services		**250,863,800**	155,097,840
Raw material and utilities consumed		**6,722,111,537**	5,477,102,405
Consumables		**178,984,978**	177,629,882
Overheads		**89,781,119**	68,135,460
Allowance for slow moving spare parts and consumable materials		**(9,141,054)**	-
Total cash operating costs		**7,759,370,611**	6,268,970,863
Depreciation – property, plant and equipment	10.1	**887,635,573**	901,593,836
Depreciation – right-of-use assets	11	**53,458,636**	53,875,948
Amortization – intangible assets	13	**7,004,754**	5,120,761
Non-current asset written off	10	**34,614,988**	-
Total operating costs		**8,742,084,562**	7,229,561,408
Change in inventory	19	**(60,840,132)**	(156,836,694)
Total		**8,681,244,430**	7,072,724,714

7 General and administrative expenses

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Salaries and employee related benefits		**12,730,662**	7,110,167
Contracted services		**44,868,004**	33,001,187
Consumables		**159,015**	123,070
Overheads		**43,695,009**	36,010,013
Depreciation	10.1	**118,230**	209,205
Total		**101,570,920**	76,453,642

(All amounts in Saudi Riyals unless otherwise stated)

8 Finance cost

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Public Investment Fund		**136,629,407**	74,033,403
Riyal Murabaha facility		**177,600,347**	128,028,856
Dollar conventional		**34,685,598**	26,207,482
Murabaha Riyal Working Facility		**5,793,750**	-
Others		**1,024,644**	1,280,382
Sub-total		**355,733,746**	229,550,123
Amortization of transaction cost	25.2	**12,907,458**	14,091,695
Accretion of lease liabilities	27.2	**44,682,914**	45,588,622
Accretion of employees' end of service termination benefits obligation	28.1	**4,480,033**	3,974,719
Accrual of derivative interest	29	**44,521,315**	105,009,221
Sub-total		**462,325,466**	398,214,380
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress	12	**(1,492,122)**	(3,842,488)
Total		**460,833,344**	394,371,892

9 Other (expense) income, net

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Foreign exchange (losses) / gains, net	34.1.1	**(1,261,384)**	374,158
Others, net		**(8,426,128)**	3,643,138
Total		**(9,687,512)**	4,017,296

(All amounts in Saudi Riyals unless otherwise stated)

10 Property, plant and equipment

	Notes	Land & buildings*	Plant & equipment*	Office equipment	Furniture and fittings	Motor vehicles	Total
Cost							
1 January 2021		8,533,166,130	11,174,625,532	55,874,266	12,213,640	12,222,466	19,788,102,034
Transfer from capital work-in-progress during the year	12	6,358,522	131,089,547	333,500	-	-	137,781,569
Write-offs during the year **		-	(57,295,815)	-	-	-	(57,295,815)
31 December 2021		8,539,524,652	11,248,419,264	56,207,766	12,213,640	12,222,466	19,868,587,788
Transfer from capital work-in-progress during the year	12	2,247,448	106,955,788	-	-	-	109,203,236
Write-offs during the year **		-	(152,384,495)	(72,379)	-	-	(152,456,874)
Adjustments		(895,496)	2,851,118	(1,664,537)	-	-	291,085
31 December 2022		**8,540,876,604**	**11,205,841,675**	**54,470,850**	**12,213,640**	**12,222,466**	**19,825,625,235**
Accumulated depreciation							
1 January 2021		(1,446,253,055)	(3,435,254,009)	(38,343,232)	(7,728,264)	(12,222,466)	(4,939,801,026)
Charge for the year	10.1	(230,461,114)	(664,159,497)	(6,086,867)	(1,095,563)	-	(901,803,041)
Write-offs during the year **		-	57,295,815	-	-	-	57,295,815
31 December 2021		(1,676,714,169)	(4,042,117,691)	(44,430,099)	(8,823,827)	(12,222,466)	(5,784,308,252)
Charge for the year	10.1	(230,157,909)	(651,329,771)	(5,170,562)	(1,095,561)	-	(887,753,803)
Written-off during the year		-	117,769,507	72,379	-	-	117,841,886
Adjustments		-	546,151	-	-	-	546,151
31 December 2022		**(1,906,872,078)**	**(4,575,131,804)**	**(49,528,282)**	**(9,919,388)**	**(12,222,466)**	**(6,553,674,018)**
Net book value							
31 December 2021		6,862,810,483	7,206,301,573	11,777,667	3,389,813	-	14,084,279,536
31 December 2022		**6,634,004,526**	**6,630,709,871**	**4,942,568**	**2,294,252**	**-**	**13,271,951,217**

* During the year, the Company has combined following previously presented asset categories, based on similar nature, to achieve better and uniform presentation as explained below:

a) "Civil works" and "Buildings" are combined and presented as "Land and buildings".
b) "Mobile and workshop equipment", "Plant and heavy equipment" and "Other equipment" are combined and presented as "Plant and equipment".

** Certain items of plant and equipment had been written-off as no future economic benefit is expected to be derived from them.

(All amounts in Saudi Riyals unless otherwise stated)

10 Property, plant and equipment (continued)

10.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Cost of sales	6	**887,635,573**	901,593,836
General and administrative expenses	7	**118,230**	209,205
Total	10	**887,753,803**	901,803,041

11 Right-of-use assets

	Note	Heavy equipment	Motor vehicles	Land and buildings*	Total
Cost					
1 January 2021		927,985,658	25,353,211	255,984,867	1,209,323,736
Additions		-	27,488,501	-	27,488,501
31 December 2021		927,985,658	52,841,712	255,984,867	1,236,812,237
Expired / terminated leases		-	(23,377,761)	-	(23,377,761)
31 December 2022		**927,985,658**	**29,463,951**	**255,984,867**	**1,213,434,476**
Accumulated depreciation					
1 January 2021		(56,621,146)	(15,018,864)	(32,364,134)	(104,004,144)
Charge for the reminder of the year		(26,404,985)	(12,186,782)	(15,284,181)	(53,875,948)
31 December 2021		(83,026,131)	(27,205,646)	(47,648,315)	(157,880,092)
Charge for the year		(28,310,573)	(8,965,997)	(16,182,066)	(53,458,636)
Expired / terminated leases		-	20,713,541	-	20,713,541
31 December 2022		**(111,336,704)**	**(15,458,102)**	**(63,830,381)**	**(190,625,187)**
Net book value					
31 December 2021		844,959,527	25,636,066	208,336,552	1,078,932,145
31 December 2022		**816,648,954**	**14,005,849**	**192,154,486**	**1,022,809,289**

For short-term leases (a lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within cost of sales in the statement of profit or loss and other comprehensive income.

* During the year, the Company has presented the asset category "Use of industrial land" as "Land and buildings" to achieve better and uniform presentation.

The Company has used practical expedient available in IFRS 16 – Leases for short-term leases and leases of low-value assets. These are recognized on a straight-line basis as an expense in statement of profit or loss and other comprehensive income amounting to SAR 53,075,727 for the year ended 31 December 2022 (31 December 2021: SAR 27,406,817).

(All amounts in Saudi Riyals unless otherwise stated)

12 Capital work-in-progress

	Notes	Total
1 January 2021		153,488,113
Additions during the year		187,609,073
Transfer to property, plant and equipment during the year	10	(137,781,569)
31 December 2021		203,315,617
Additions during the year		213,587,414
Transfer to property, plant and equipment during the year	10	(109,203,236)
Transfer to intangible assets during the year	13	(21,075,469)
31 December 2022		**286,624,326**

The Company has capitalized as part of capital work-in-progress the following:

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Borrowing cost attributable to qualifying assets	8	**1,492,122**	3,842,488
Capitalization rate	8	**4.70%**	3.10%

The capitalization rate used is the weighted average interest rate applicable for the Company's general borrowings as of year end.

13 Intangible assets

	Notes	Software
Cost		
1 January 2021		51,207,609
31 December 2021		51,207,609
Transfer from capital work-in-progress during the year		21,075,469
31 December 2022		**72,283,078**
Accumulated amortization		
1 January 2021		(32,431,485)
Charge for the year	6	(5,120,761)
31 December 2021		(37,552,246)
Charge for the year	6	(7,004,754)
31 December 2022		**(44,557,000)**
Net book value		
31 December 2021		13,655,363
31 December 2022		**27,726,078**

Intangible assets are amortized over ten years.

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Zakat payable	14.3	**76,290,034**	37,704,599
Income tax payable	14.4	**20,507**	69,147,815
Total		**76,310,541**	106,852,414

14.1 Components of zakat base

	Notes	31 December 2022	31 December 2021
Shareholders' equity at the beginning of the year		**5,389,546,470**	4,104,366,996
Provisions at the beginning of the year		**179,412,356**	150,791,510
Long-term borrowings	25.2	**6,599,595,954**	7,578,361,258
Lease liabilities and right-of-use assets, net	11,27	**55,765,791**	52,882,134
Other non-current liability	26	**18,631,375**	18,631,375
Other		**5,818,889**	78,752
Sub-total		**12,248,770,835**	11,905,112,025
Property, plant and equipment and Intangible assets	10,13	**(9,961,458,294)**	(10,559,353,239)
Capital work-in-progress	12	**(214,681,620)**	(152,283,397)
Spare parts and consumables	19	**(277,118,974)**	(290,249,051)
Employees' home owners program receivable, non-current portion	15	**(187,521,447)**	-
Others		**(12,814,107)**	(204,416,030)
Net Zakat base for the year		**1,595,176,393**	698,810,308
Zakat due at 2.578% on Zakat base for 2022 (2021: Zakat due at 2.578%)		**41,123,647**	16,926,028
Zakat Calculation based on adjusted net income:			
Adjusted net income for the year	14.2	**597,613,041**	1,370,422,441
Zakat rate applicable to the Company		**2.5%**	2.5%
Zakat due at 2.5% on adjusted income for the year		**14,940,326**	34,260,561
Net Zakat due on zakat base and on adjusted net income	14.3	**56,063,973**	51,186,589

Zakat is calculated at the rate of 2.578% on all components of zakat base except for adjusted net profit for the year which is subject to zakat at the rate of 2.5%.

14.2 Adjusted income calculation for zakat and tax provision

	Notes	31 December 2022	31 December 2021
Accounting income for the year		**784,763,803**	1,790,057,275
Add/less: Disallowable expenses			
Depreciation – right-of-use assets	11	**53,458,636**	53,875,948
Provision for employees' end of service termination benefits	28.1	**22,578,786**	24,080,169
Accretion of lease liabilities	27.2	**44,682,914**	45,588,622
Net accrual for settlement of derivative interest	29	**(35,072,283)**	511,918
Employees' savings plan – Company's contribution	28.2	**8,502,637**	4,540,330
Other		**-**	(4,508,656)
Sub-total		**878,914,493**	1,914,145,606
Add/less adjustment for tax calculation:			

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

14.2 Adjusted income calculation for zakat and tax provision (continued)

		31 December 2022	31 December 2021
Repayment of lease liabilities during the year	27.1	**(81,033,263)**	(84,476,125)
Adjusted income for zakat calculations		**797,881,230**	1,829,669,481
Add/less adjustment for tax calculation:			
Depreciation differential		**56,617,930**	(85,713,124)
Payments of employees' end of service termination benefits	28.1	**(10,518,224)**	(15,199,182)
Accounting (gain) / loss on disposal or write off of fixed assets		**34,614,988**	-
Adjusted income for Tax calculations		**878,595,924**	1,728,757,175
Allocation of adjusted income:			
Saudi Arabian shareholder (74.9%)	14.1	**597,613,041**	1,370,422,441
Foreign shareholder (25.1%)	14.2	**220,527,577**	433,918,051

14.3 Zakat payable attributable to Saudi Arabian shareholders

	Note	Year ended 31 December 2022	Year ended 31 December 2021
1 January		**37,704,599**	18,972,481
Provision for the year		**56,063,973**	51,186,589
Provision for prior years		**35,270,670**	-
Paid during the year		**(52,749,208)**	(32,454,471)
31 December	14	**76,290,034**	37,704,599

a. Income tax payable attributable to foreign shareholder

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

	Notes	31 December 2022	31 December 2021
Adjusted income for tax calculations	14.2	**784,763,803**	1,728,757,175
Foreign shareholders' 25.1% proportionate share		**25.10%**	25.1%
Foreign shareholders' 25.1% proportionate share of the year income tax	14.2	**196,975,715**	433,918,051
Less: Brought forward losses – claimed to the extent of 25% of the adjusted income		**(49,243,929)**	(108,479,513)
Taxable income on foreign shareholder		**147,731,786**	325,438,538
Income tax rate applicable to the Company		**20%**	20%
Income tax provision for the year	14	**29,546,357**	65,087,708

b. Income tax payable attributable to foreign shareholders

	Note	Year ended 31 December 2022	Year ended 31 December 2021
1 January		**69,147,815**	8,092,219
Provision for income tax for the year		**27,259,804**	63,379,517
Paid during the year		**(96,387,112)**	(2,323,921)
31 December	14	**20,507**	69,147,815

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

14.4 Income tax (credit) / expense

	31 December 2022	31 December 2021
Accounting profit for the year	**665,839,374**	1,658,738,683
Income tax rate applicable to the Company	**20%**	20%
Foreign shareholders' 25.1% proportionate share of the year accounting loss	**167,125,683**	416,343,409
Income tax on foreign shareholder	**33,425,137**	83,268,682
Tax effect of expenses disallowed	**31,081,423**	(10,954,255)
Tax effect of permanent differences	**(36,916,774)**	7,817,576
Income tax credit for the year	**27,589,786**	80,132,003

14.5 Reconciliation of deferred tax and income tax:

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Current tax expense	14.3	**27,259,804**	63,379,517
Deferred income tax expense - net		**329,982**	16,752,486
Charged to profit or loss arising from deferred tax asset	14.5	**4,889,486**	17,530,064
Credited to profit or loss arising from deferred tax liabilities	14.6	**(4,559,504)**	(777,578)
Total income tax expense	14	**27,589,786**	80,132,003

14.6 Deferred tax assets

The balance comprises temporary differences attributable to:

	31 December 2022	31 December 2021
Tax losses carried forward	**189,662,323**	202,202,283
Allowance for slow moving spare parts and consumable materials	**2,051,119**	2,510,000
Right of use assets	**4,403,139**	-
Employees' benefits	**12,805,512**	9,099,296
Total deferred tax assets	**208,922,093**	213,811,579

Movements	**Note**	**Tax losses carried forward**	**Allowance for slow moving spare parts and consumable materials**	**Right of Use assets**	**Employees' Benefits**	**Total**
1 January 2021		220,662,683	2,510,000	-	8,168,960	231,341,643
(Charged) / credited to profit or loss during the year	14.6	(18,460,400)	-	-	930,336	(17,530,064)
31 December 2021		202,202,283	2,510,000	-	9,099,296	213,811,579
(Charged) / credited to profit or loss during the year	14.6	(12,539,960)	(458,881)	4,403,139	3,706,216	(4,889,486)
31 December 2022		**189,662,323**	**2,051,119**	**4,403,139**	**12,805,512**	**208,922,093**

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

14.7 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 December 2022	31 December 2021
Property, plant and equipment and intangible assets	**343,675,171**	348,234,675

	Note	Property, plant and equipment and intangible assets
1 January 2021		349,012,253
Credited to profit or loss during the year	14.6	(777,578)
31 December 2021		348,234,675
Charged to profit or loss during the year	14.6	(4,559,504)
31 December 2022		**343,675,171**

14.8 Status of final assessments

During 2021, ZATCA issued zakat assessments for the years 2015 through 2018 amounting to Saudi Riyals 122.5 million. The Company objected against such assessments and ZATCA issued revised assessments with an amount of Saudi Riyals 35.7 million. The Company filed an appeal with ZATCA against the assessments and ZATCA issued revised assessments with an amount of Saudi Riyals 18.7 million. The Company has filed an appeal against the revised assessments to the General Secretariat of Tax Committees which is still pending review.

Assessments for the years 2019 through 2021 are currently under review by the ZATCA.

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

15 Employees' home owners program receivable

	31 December 2022	31 December 2021
1 January	**293,953,686**	322,347,360
Less: Employee repayments during the year	**(24,058,365)**	(28,393,674)
Sub-total	**269,895,321**	293,953,686
Less: Current portion of employees' home owners program receivable	**(19,532,908)**	(21,035,088)
31 December	**250,362,413**	272,918,598

16 Due from / (to) a shareholder

	Notes	31 December 2022	31 December 2021
16.1 Due from a shareholder			
Ma'aden	32.2, 36	**209,340,556**	66,252,924
16.2 Due to a shareholder			
Ma'aden	32.2, 36	**109,336,740**	97,222,902

(All amounts in Saudi Riyals unless otherwise stated)

17 Due from / (to) fellow subsidiaries

	Notes	31 December 2022	31 December 2021
17.1 Due from fellow subsidiaries			
Ma'aden Bauxite and Alumina Company ("MBAC")	32.2	**240,605,511**	80,627,180
Ma'aden Rolling Company ('MRC')	32.2	**115,787,347**	31,960,861
Ma'aden Gold and Base Metal Company ("MGBM")	32.2	**38,733**	-
Ma'aden Phosphate Company ('MPC')	32.2	**9,791,608**	6,421,875
Ma'aden Infrastructure Company ("MIC")	32.2	**5,362,206**	5,296,322
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")	32.2	**5,638,466**	2,126,245
Ma'aden Fertilizer Company ("MFC")	32.2	**592,098**	591,698
Industrial Minerals Company (IMC)	32.2	**8,402**	-
Total	32.2,36	**377,824,371**	127,024,181
17.2 Due to fellow subsidiaries			
MIC	32.2	**41,859,442**	38,666,829
MGBM	32.2	**610,154**	-
MBAC	32.2	**24,065,648**	2,812,672
MPC	32.2	**634,082**	-
MRC	32.2	**18,489,746**	728,420
Total	32.2,36	**85,659,072**	42,207,921

18 Advances and prepayments

	31 December 2022	31 December 2021
Advances to employees	**-**	6,075,723
Advances to vendors	**13,827,875**	6,472,072
Prepaid to suppliers	**22,135,905**	36,893,176
Prepaid housing	**-**	9,587,879
Prepaid insurance and other	**26,427,095**	17,725,638
Sub-total	**62,390,875**	76,754,488
Less: Non-current portion of amounts prepaid to suppliers	**(22,135,905)**	(29,514,540)
31 December	**40,254,970**	47,239,948

19 Inventories

	Notes	31 December 2022	31 December 2021
Finished goods – ready for sale		**92,429,583**	59,084,012
Work-in-process		**354,912,039**	327,417,478
Sub-total	6	**447,341,622**	386,501,490
Raw materials		**621,006,330**	432,198,144
Spare parts and consumables		**369,985,279**	387,515,422
Allowance for slow moving spare parts and consumable materials	19.1	**(40,858,946)**	(50,000,000)
Sub-total		**950,132,663**	769,713,566
Total		**1,397,474,285**	1,156,215,056

(All amounts in Saudi Riyals unless otherwise stated)

19 Inventories (continued)

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

	Notes	31 December 2022	31 December 2021
1 January		**50,000,000**	50,000,000
Reversal for the year		**(9,141,054)**	-
31 December	19	**40,858,946**	50,000,000

20 Trade and other receivables

	Note	31 December 2022	31 December 2021
Trade receivables			
MRC	32.2	**530,821,981**	711,911,238
Ma'aden	32.2	**453,415,034**	873,796,177
Alcoa Inespal, S.A.	32.2	**266,737,806**	267,299,620
Sub-total		**1,250,974,821**	1,853,007,035
Other receivables			
Value Added Tax (VAT)		**26,138,223**	-
Others		**3,383,151**	7,075,321
Sub-total		**29,521,374**	7,075,321
Total		**1,280,496,195**	1,860,082,356

21 Time deposits

	Note	31 December 2022	31 December 2021
Time deposits with original maturities of more than three months and less than a year at the date of acquisition - unrestricted		**1,200,000,000**	**-**
Income receivable from time deposits		**5,869,722**	**-**
Total	34	**1,205,869,722**	**-**

22 Cash and cash equivalents

	Notes	31 December 2022	31 December 2021
Time deposits with original maturities equal to or less than three months at the date of acquisition			
- unrestricted		**200,000,000**	500,000,000
Investment income receivable			
- unrestricted		**1,118,889**	775,833
Cash and bank balances:			
-unrestricted		**541,492,939**	928,812,116
-restricted		**49,424,742**	40,922,105
Sub-total		**590,917,681**	969,734,221
Total unrestricted cash and cash equivalents		**742,611,828**	1,429,587,949
Total restricted cash and cash equivalents	28.2	**49,424,742**	40,922,105
Total	36	**792,036,570**	1,470,510,054

The restricted cash relates to employees' savings plan obligation (Notes 28.2).

(All amounts in Saudi Riyals unless otherwise stated)

23 Share capital

	Note	31 December 2022	31 December 2021
Authorized, issued and paid up share capital			
657,375,000 ordinary shares, with a nominal value of SAR 10 per share	1	**6,573,750,000**	6,573,750,000

Shareholders	Number of shares	% Holding		
Saudi Arabian				
Ma'aden	492,373,875	74.9%	**4,923,738,750**	4,923,738,750
Foreign				
ASSI	165,001,125	25.1%	**1,650,011,250**	1,650,011,250
Total	**657,375,000**	**100.0%**	**6,573,750,000**	6,573,750,000

The Company is ultimately owned by Public Investment Fund ("PIF") (a sovereign wealth fund of the Kingdom of Saudi Arabia).

24 Statutory reserve - transfer of net income

	31 December 2022	31 December 2021
1 January	**30,537,424**	12,640,279
Transfer of 4% of net income for the year	**26,633,575**	17,897,145
31 December	**57,170,999**	30,537,424

Shareholders	% Participation	31 December 2022	31 December 2021
Saudi Arabian			
Ma'aden	74.9%	**45,092,704**	25,144,156
Foreign			
ASSI	25.1%	**12,078,295**	5,393,268
Total	**100.0%**	**57,170,999**	30,537,424

In accordance with the Company's Articles of Association, the Company is required to establish a statutory reserve by apportioning 4% of its annual net income to the statutory reserve after adjusting accumulated losses, until the statutory reserve equals or exceed 50% of the Company's paid up share capital. Such transfer is to be made on an annual basis and the statutory reserve so created is not available for distribution as dividends.

(All amounts in Saudi Riyals unless otherwise stated)

25 Long-term borrowings

25.1 Facilities approved

On 30 November 2010, the Company had entered into a Common Term Agreement ("CTA") with Public Investment Fund ('PIF'), Saudi Industrial Development Fund ("SIDF") a consortium of financial institutions. On 14 December 2017 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Dollar conventional and Riyal Murabaha facilities to replace the balance of the facilities. Consequently, MAC's financing facilities comprised of:

Financial institutions	Date of approval	Facilities approved
PIF – Amendment to the existing Agreement	14 December 2017	4,275,375,000
Islamic and commercial banks	14 December 2017	
Riyal Murabaha		5,178,750,000
Dollar conventional		1,503,750,000
Sub-total		6,682,500,000
Total		**10,957,875,000**

The new financing agreements imposed some financial covenants including:

- maintenance of financial ratios as per financial covenants clause;
  - debt will not, at any time, exceed 4 times of total tangible net worth and
  - financing cost will not exceed 50 % of Earnings before Interest, Tax and Amortization ('EBITDA")
- restriction on dividend distribution to shareholders

In addition to scheduled repayments, the restructured PIF facility and the Dollar conventional and Riyal Murabaha facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Dollar conventional and the Riyal Murabaha facilities.

Facility agents:

- The National Commercial Bank acts as Intercreditor Agent and as Riyal Murabaha Facility Agent,
- The First Abu Dhabi Bank acts as Dollar Conventional Facility Agent.

(All amounts in Saudi Riyals unless otherwise stated)

25 Long-term borrowings (continued)

25.2 Facilities utilized

	31 December 2022	31 December 2021
PIF	**4,275,375,000**	4,275,375,000
Less: Repaid during the year	**(363,237,670)**	-
Sub-total	**3,912,137,330**	4,275,375,000
Less: Unamortized transaction costs	**(26,502,872)**	(30,616,380)
Sub-total	**3,885,634,458**	4,244,758,620

The repayment of the loan will start on 31 March 2023, on a Six-monthly basis, starting at SAR 100 million and increasing over the term of the loan with the final repayment of SAR 1,219 million on 30 September 2031. In addition, MAC is required to make certain prepayments as described above.

The transaction cost amortization during the year ended 31 December 2022 amounted to SAR 4.1 million (31 December 2021: SAR 4.1 million).

Islamic and commercial banks

	31 December 2022	31 December 2021
Riyal Murabaha	**4,660,875,000**	5,178,750,000
Dollar conventional	**1,246,007,250**	1,503,750,000
Sub-total	**5,906,882,250**	6,682,500,000
Less: Repaid during the year	**(956,432,544)**	(775,617,750)
Sub-total	**4,950,449,706**	5,906,882,250
Less: Unamortized transaction costs	**(24,874,613)**	(33,668,563)
Sub-total	**4,925,575,093**	5,873,213,687

The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate ("SIBOR") plus a margin of 1.65%. whereas, the rate of commission on the principal amount of the loan drawn on Dollar Conventional facility is LIBOR plus a margin of 1.55%.

The repayment of the loan drawn on Islamic Murabaha Riyal has been started from March 2021, on a Nine-monthly basis starting at SAR 259 million and increasing over the term of the loan with the final repayment of SAR 1,812 million on 30 September 2027. In addition, MAC is required to make certain prepayments as described above.

The repayment of the loan drawn on Dollar Conventional facility has been started from March 2021, be on Nine monthly basis starting at SAR 129 million and increasing over the term of the loan with the final repayment of SAR 601 million on 30 September 2024.

The transaction cost amortized during the year ended 31 December 2022 amounted to SAR 8.79 million (31 December 2021: SAR 9.98 million).

	31 December 2022	31 December 2021
Sub-total	**8,811,209,551**	10,117,972,307
Accrued finance cost	**134,694,507**	57,918,982
Total borrowings (Note 36)	**8,945,904,058**	10,175,891,289
Less: Current portion of long-term borrowings	**(896,183,931)**	(775,617,749)
Less: Accrued finance cost	**(134,694,507)**	(57,918,982)
Sub-total - current portion of borrowings shown under current liabilities	**(1,030,878,438)**	(833,536,731)
Long-term portion	**7,915,025,620**	9,342,354,558

25 Long-term borrowings (continued)

25.3 Maturity profile of long-term borrowings

	31 December 2022	31 December 2021
2022	**-**	833,536,731
2023	**1,030,878,438**	975,492,750
2024	**1,406,257,285**	1,477,521,750
2025	**756,013,541**	825,000,000
2026	**798,970,276**	873,750,000
2027	**2,401,057,275**	873,750,000
2028 through 2031	**2,604,104,728**	4,381,125,000
Total	**8,997,281,543**	10,240,176,231

The above maturities are subject to prepayment provisions as defined in the CTA (Note 25.1).

25.4 Facilities' currency denomination

Essentially 47% of the Company's facilities have been contracted in SAR and 53% in United States dollars (US$) and the drawdown balances in US$ are shown below:

	31 December 2022 (US$)	31 December 2021 (US$)
PIF (US$)	**1,043,236,621**	1,140,100,000
Less: Unamortized transaction costs	**(7,067,433)**	(8,164,368)
Sub-total	**1,036,169,188**	1,131,935,632
Islamic and commercial banks		
Riyal Murabaha (SAR)	**1,242,900,000**	1,381,000,000
Dollar conventional (US$)	**332,268,600**	401,000,000
Sub-total	**1,575,168,600**	1,782,000,000
Less: Repaid during the year	**(255,048,678)**	(206,831,400)
Sub-total	**1,320,119,922**	1,575,168,600
Less: Unamortized transaction costs	**(6,633,230)**	(8,978,283)
Sub-total	**1,313,486,692**	1,566,190,317
Add: Accrued finance cost	**35,918,535**	15,445,062
Total borrowings	**2,385,574,415**	2,713,571,011
Less: Current portion of long-term borrowings	**(274,900,917)**	(222,276,462)
Long term portion	**2,110,673,498**	2,491,294,549

25.5 Security

Borrowings from Islamic and commercial banks are also secured through promissory notes.

26 Other non-current liability

	31 December 2022	31 December 2021
Non-refundable contribution	**24,875,000**	24,875,000

The Company plans to establish a social responsibility fund for the development of projects in community support in the areas in which it operates. One of the Company's contractors contributed a non-refundable amount to support the Company's objective. The amount received from the contractor will be used by the Company for community development projects. This amount is not expected to be utilized within twelve months from the date of the statement of financial position, and, accordingly, it is reported as a non-current liability.

(All amounts in Saudi Riyals unless otherwise stated)

27 Lease liabilities

	Notes	31 December 2022	31 December 2021
Future minimum lease payment	27.1	**1,803,994,605**	1,900,675,767
Less: Future finance cost not yet due	27.2	**(706,731,657)**	(751,139,972)
Net present value of minimum lease payment		**1,097,262,948**	1,149,535,795
Less: Current portion of lease liabilities shown under current liabilities		**(35,808,502)**	(50,705,565)
Long term portion of lease liabilities		**1,061,454,446**	1,098,830,230

The future minimum lease payments have been discounted, using the Company's incremental borrowing rate as at the date of the transition which approximates 4% per annum, to its present value

Maturity profile

Future minimum lease payments are falling due during the following years:

	31 December 2022	31 December 2021
2022	**-**	95,205,287
2023	**79,047,263**	79,853,709
2024	**76,076,686**	76,473,292
2025	**72,134,182**	72,362,206
2026	**71,945,122**	71,945,122
2027	**71,945,122**	71,945,122
2028 thereafter	**1,432,846,228**	1,432,891,029
Total	**1,803,994,603**	1,900,675,767

27.1 Movement in future minimum lease payments

	Note	Year ended 31 December 2022	Year ended 31 December 2021
1 January		**1,900,675,767**	1,956,703,123
Additions during the year		**-**	28,448,769
Terminations during the year		**(15,647,899)**	-
Sub-total		**1,885,027,868**	1,985,151,892
Payments during the year		**(81,033,263)**	(84,476,125)
31 December	27	**1,803,994,605**	1,900,675,767

27.2 Movement in future finance cost

		Year ended 31 December 2022	Year ended 31 December 2021
1 January		**(751,139,972)**	(795,768,326)
Additions/adjustment during the year		**(274,599)**	(960,268)
Sub-total		**(751,414,571)**	(796,728,594)
Accretion of future finance cost during year	8	**44,682,914**	45,588,622
31 December	27	**(706,731,657)**	(751,139,972)

(All amounts in Saudi Riyals unless otherwise stated)

28 Employees' benefits

	Notes	31 December 2022	31 December 2021
Employees' end of service benefits – Defined benefit plan	28.1	**186,748,531**	168,273,029
Employees' savings plan	28.2	**49,424,742**	40,922,105
Total		**236,173,273**	209,195,134

28.1 Employees' end of service termination benefits obligation

	Notes	31 December 2022	31 December 2021
1 January		**168,273,029**	153,535,118
Total amount recognized in profit or loss		**22,578,786**	24,080,169
Current service cost		**18,098,753**	20,105,450
Interest expense	8	**4,480,033**	3,974,719
Loss attributable to re-measurements recognized in other comprehensive income		**6,414,940**	5,856,924
Gain due to financial assumptions		**(2,750,207)**	-
Loss due to experience adjustment		**9,165,147**	5,856,924
Settlements / transfers		**(10,518,224)**	(15,199,182)
31 December	28	**186,748,531**	168,273,029

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

Employees' end of service benefit plans are unfunded plans and the benefit payment obligation are met when they due.

Significant actuarial assumptions

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

	31 December 2022	31 December 2021
Withdrawal rate	**5.00%**	5.00%
Mortality rate	**AM (80) table**	AM (80) table
Salary growth rate – short term	**4.80%**	2.70%
Salary growth rate – long term	**4.80%**	2.70%
Discount rate	**4.80%**	2.70%

(All amounts in Saudi Riyals unless otherwise stated)

28 Employees' benefits (continued)

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

Sensitivity analysis

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

	Sensitivity level %		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
31 December 2022				
Withdrawal rate	**10%**	**10%**	**(473,077)**	**489,809**
Mortality rate	**10%**	**10%**	**(33,842)**	**33,947**
Salary growth rate	**1%**	**1%**	**28,075,559**	**(23,549,885)**
Discount rate	**1%**	**1%**	**(23,323,181)**	**28,340,732**
31 December 2021				
Withdrawal rate	10%	10%	(33,472)	33,573
Mortality rate	10%	10%	(464,849)	481,076
Salary growth rate	1%	1%	(21,267,240)	25,932,932
Discount rate	1%	1%	25,656,902	(21,456,582)

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 defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

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

Effect of defined benefit plan on the Company's future cash flows

The weighted average duration of the defined benefit obligation is 13.87 years (31 December 2021: 14.02 years). The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	31 December 2022	31 December 2021
2022	**-**	8,150,397
2023	**8,965,332**	5,755,886
2024	**6,677,559**	5,797,308
2025	**6,726,754**	5,312,471
2026	**6,900,439**	5,837,384
2027	**6,512,118**	5,689,324
2028 and thereafter	**361,083,220**	216,161,763
Total	**396,865,422**	252,704,533

28.2 Employees' savings plan

	Notes	31 December 2022	31 December 2021
1 January		**40,922,105**	36,381,775
Contribution for the year		**8,502,637**	4,540,330
31 December	22,28	**49,424,742**	40,922,105

(All amounts in Saudi Riyals unless otherwise stated)

29 Derivative financial instruments

	Note	31 December 2022	31 December 2021
1 January		**195,259,424**	331,337,757
Net (reversal) accrual for settlement of derivative interest		**(35,072,283)**	511,918
Accrual during the year	8	**44,521,315**	105,009,221
Paid during the year		**(79,593,598)**	(104,497,303)
Gain in fair value of hedge instrument charged to other comprehensive income		**(238,493,626)**	(136,590,251)
Sub-total		**(78,306,485)**	195,259,424
Less: current portion of derivative financial instruments		**34,053,290**	-
31 December		**(44,253,195)**	195,259,424

The company has 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 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. The arrangement has been designated as hedging arrangement since its inception and subject to prospective testing of hedge effectiveness at each reporting date. As on 31 December 2022, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the year. The various agreements entered into, by the company were as follows:

Effective date	Notional amount	Maturity date
1 October 2018	SAR 1,820 million	29 September 2023
1 July 2019	SAR 1,800 million	1 July 2024
	SAR 3,620 million	

The swap contracts require settlement of net interest receivable or payable every nine months ending 31 March and 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 are as follows:

	Note	31 December 2022	31 December 2021
Carrying amount (asset) / liability		**(78,306,485)**	195,259,424
Notional amount	35.1.2	**3,620,250,000**	3,620,250,000
Hedge ratio		**1:1**	1:1
Gain in fair value of outstanding hedging instruments since 1 January		**(238,493,626)**	(136,590,251)
Gain in value of hedge item used to determine hedge effectiveness		**238,493,626**	136,590,251

Accumulated loss in fair value of outstanding hedging instruments

	31 December 2022	31 December 2021
1 January	**168,956,022**	305,546,273
Change in fair value of hedging instrument recognized in OCI	**(184,410,497)**	(31,581,030)
Transferred from OCI to profit	**(54,083,129)**	(105,009,221)
Changes in fair value and transfer to profit	**(238,493,626)**	(136,590,251)
31 December	**(69,537,604)**	168,956,022

Shareholders	**Number of shares**	**% Holding**	**31 December 2022**	**31 December 2021**
Saudi Arabian				
Ma'aden	492,373,875	74.9%	**(52,083,665)**	126,548,060
Foreign				
ASSI	165,001,125	25.1%	**(17,453,939)**	42,407,962
Total	**657,375,000**	**100.0%**	**(69,537,604)**	168,956,022

(All amounts in Saudi Riyals unless otherwise stated)

30 Trade and other payables

	Notes	31 December 2022	31 December 2021
Trade payables		**311,565,419**	96,983,238
Trade payables - MRC	32.2	**323,629,132**	270,222,037
Trade payables - MBAC	32.2	**92,242,018**	200,281,248
Others		**2,707,658**	-
Total	36	**730,144,227**	567,486,523

31 Accrued expenses

	Notes	31 December 2022	31 December 2021
Trade		**1,014,125,387**	802,973,669
Employee related		**71,276,954**	66,046,287
Total	36	**1,085,402,341**	869,019,956

Accruals represent goods and services received by the Company for which invoices have not been received.

32 Related party transactions and balances

32.1 Related party transactions

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

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Domestic sales to:			
Alcoa Inespal, S.A.			
Ingots		**1,129,983,693**	1,083,368,890
Billets		**319,559,114**	261,054,532
Slabs		**20,100,172**	9,584,419
Sub-total		**1,469,642,979**	1,354,007,841
Ma'aden			
Ingots		**3,367,871,127**	3,196,111,295
Billets		**958,131,950**	818,573,028
Slabs		**35,560,056**	19,255,952
Sub-total		**4,361,563,133**	4,033,940,275
MRC			
Slabs		**4,215,492,236**	3,974,953,592
Total	5	**10,046,698,348**	9,362,901,708

(All amounts in Saudi Riyals unless otherwise stated)

32 Related party transactions and balances (continued)

32.1 Related party transactions (continued)

	Year ended 31 December 2022	Year ended 31 December 2021
Cost of seconded employees and technical support from Alcoa Corporation	**1,705,523**	5,950,353
Costs paid on behalf of the Company and other costs allocations by:		
Ma'aden	**379,757,614**	167,951,235
MBAC	**31,629,062**	4,224,775
MRC	**22,948,769**	3,458,346
MPC	**2,402,024**	628,282
MFC	**-**	591,698
MGBM	**610,154**	-
Total	**437,347,623**	176,854,336
Support function, development and other costs paid by MAC and charged to:		
Ma'aden	**209,575,409**	60,878,491
MBAC	**345,055,166**	290,773,633
MRC	**128,655,326**	134,931,248
MPC	**13,436,011**	9,146,731
MIC	**8,307,719**	4,654,807
MWSPC	**5,638,466**	3,398,641
MGBM	**38,733**	-
MFC	**592,098**	-
IMC	**8,402**	-
Total	**711,307,330**	503,783,551
Raw material feedstock purchased from:		
MRC	**2,017,199,975**	1,814,711,685
MBAC	**2,061,254,688**	1,876,301,352
Total	**4,078,454,663**	3,691,013,037
Finance cost incurred on long term borrowings from PIF	**136,629,407**	74,033,403
Rentals and services charged by MIC to the Company under Land Use and Service Agreement ("LUSA") and the agreement for Provision of Facilities at Ras Al-Khair (RAK)	**215,072,158**	311,959,040

(All amounts in Saudi Riyals unless otherwise stated)

32 Related party transactions and balances (continued)

32.2 Related party balances

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

	Notes	31 December 2022	31 December 2021
Due from a shareholder			
Ma'aden	16.1	**209,340,556**	66,252,924
Due to a shareholder			
Ma'aden	16.2	**109,336,740**	97,222,902
Due from fellow subsidiaries			
MBAC	17.1	**240,605,511**	80,627,180
MRC	17.1	**115,787,347**	31,960,861
MGBM	17.1	**38,733**	-
MPC	17.1	**9,791,608**	6,421,875
MIC	17.1	**5,362,206**	5,296,322
MWSPC	17.1	**5,638,466**	2,126,245
MFC	17.1	**592,098**	591,698
IMC	17.1	**8,402**	-
Total		**377,824,371**	127,024,181
Due to fellow subsidiaries			
MIC	17.2	**41,859,442**	38,666,829
MGBM	17.2	**610,154**	-
MBAC	17.2	**24,065,648**	2,812,672
MPC	17.2	**634,082**	-
MRC		**18,489,746**	728,420
Total		**85,659,072**	42,207,921
Trade and other receivables			
MRC	20	**530,821,981**	711,911,238
Ma'aden	20	**453,415,034**	873,796,177
Alcoa Inespal, S.A.	20	**266,737,806**	267,299,620
Total		**1,250,974,821**	1,853,007,035
Long-term borrowing from a majority shareholder of Ma'aden			
Due to PIF for financing the MAC facility	25.2	**3,912,137,330**	4,275,375,000
Trade payables to fellow subsidiaries			
MRC	30	**323,629,132**	270,222,037
MBAC	30	**92,242,018**	200,281,248
Total		**415,871,150**	470,503,285

32.3 Key management personnel compensation

	31 December 2022	31 December 2021
Short-term employee benefits	**1,615,498**	1,466,090
Employees' end of service termination benefits	**143,258**	501,352
Total	**1,758,756**	1,967,442

(All amounts in Saudi Riyals unless otherwise stated)

33 Commitments and contingent liabilities

33.1 Capital commitments

	31 December 2022	31 December 2021
Capital expenditure contracted for:		
Property, plant and equipment	**63,160,612**	50,417,998

33.2 Guarantees

Guarantee in favor of Saudi Aramco	**108,210,938**	58,433,906
Guarantee in favor of Saudi Ports Authority	**6,671,580**	6,671,580
Letter of Credit in favor of Glama Maschinenbau GMBH	**3,266,466**	-
Total	**118,148,984**	65,105,486

33.3 Contingent liabilities

During the year, the Company received certain charges from a supplier in relation to industrial utilities amounting to SAR 917 million pertaining to the period from 1 January 2021 through 31 December 2022. The Company has disclaimed these charges due to lack of sufficient ground and supporting documents.

Based on the Company's assessment, it is not anticipated that any material liabilities will be incurred as a result of these contingencies.

34 Financial risk management

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

- market risk
- credit risk and
- liquidity risk

34.1 Market risk

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

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

Financial instruments affected by market risk includes loans and borrowings, trade and other receivables, trade payables and accrued liabilities.

The sensitivity analysis in the following sections relate to the positions as at 31 December 2022 and 31 December 2021.

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 the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

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

34 Financial risk management (continued)

34.1 Market risk (continued)

34.1.1 Foreign currency risk

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

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

Foreign currency exposure

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

	31 December 2022	31 December 2021
Trade payables – AED	**100,010**	-
Trade payables – EUR	**16,141,971**	2,067,257
Trade payables – CAD	**5,646**	92,399
Trade payables – CHF	**279,411**	43,929
Trade payables – BHD	**308,028**	-
Trade payables – GBP	**972,225**	166,195
Total	**17,807,291**	2,369,780

Amount recognized in financial statements

During the year, the following foreign-exchange related amounts were recognized in the statement of profit or loss and other comprehensive income:

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Foreign exchange gain / (loss) included in other income / expense	9	**(1,261,384)**	374,158

Foreign currency sensitivity analysis

As shown in the table above, the Company is primarily exposed to changes in SAR/AED, SAR/EURO, SAR/CAD, SAR/CHF and SAR/GBP exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from AED, EURO and CHF denominated balances.

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

	31 December 2022	31 December 2021
SAR/AED exchange rate - increase 10%	**(10,001)**	-
- decrease (10%)	**10,001**	-
SAR/EURO exchange rate - increase 10%	**(1,614,197)**	(206,726)
- decrease (10%)	**1,614,197**	206,726
SAR/CAD exchange rate - increase 10%	**(565)**	(9,240)
- decrease (10%)	**565**	9,240
SAR/CHF exchange rate - increase 10%	**(27,941)**	(4,393)
- decrease (10%)	**27,941**	4,393
SAR/BHD exchange rate - increase 10%	**(30,803)**	-
- decrease (10%)	**30,803**	-
SAR/GBP exchange rate - increase 10%	**(97,223)**	(16,620)
- decrease (10%)	**97,223**	16,620

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

(All amounts in Saudi Riyals unless otherwise stated)

34 Financial risk management (continued)

34.1 Market risk (continued)

34.1.2 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing which expose the Company to cash flow interest rate risk.

The Company's receivables and fixed rate borrowings carried at 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 Company is not exposed to fair value interest rate risk.

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

Interest rate exposure

	31 December 2022	31 December 2021
Variable rate borrowings	**8,862,587,036**	10,182,257,250

Cash flow hedge

The Company 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:

	Note	31 December 2022	31 December 2021
Notional amount hedged	29	**3,620,250,000**	3,620,250,000

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

	31 December 2022	31 December 2021
Interest rate – increase by 100 basis points	11,943,719	68,068,800
Interest rate – decrease by 100 basis points	(11,943,719)	(68,068,800)

Interest rate sensitivity analysis

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

	31 December 2022	31 December 2021
Interest rate – increase by 100 basis points	**(95,224,221)**	(105,700,661)
Interest rate – decrease by 100 basis points	**95,224,221**	105,700,661

Transition from LIBOR to risk free rates

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

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

(All amounts in Saudi Riyals unless otherwise stated)

34 Financial risk management (continued)

34.1 Market risk (continued)

34.1.2 Interest rate risk (continued)

Transition from LIBOR to risk free rates (continued)

The following table contains details of all financial instruments of the Company which are based on USD LIBOR as at 31 December 2022 and are currently in process of transitioning to an alternative benchmark:

Financial instruments:

Non-derivative financial inabilities	3,885,634,458
Derivative financial assets	78,306,485

LIBOR reforms and expectation of cessation of LIBOR will impact the Company's current risk management strategy and possibly accounting for certain financial instruments.

As part of the Company's risk management strategy, the Company uses financial instruments to manage exposures arising from variation of interest rates that could affect profit or loss and other comprehensive income and applies hedge accounting to these instruments. Majority of those financial instruments are also referenced to LIBOR. The Company is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates.

34.1.3 Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the aluminium products it produces.

Commodity price sensitivity analysis

The table below shows the impact on profit or loss before tax and zakat for changes in commodity prices. The analysis is based on the assumption aluminium LME prices move 10% on the reporting date with all other variables held constant.

	31 December 2022	31 December 2021
Trade and other receivable (less VAT)	**1,254,357,972**	1,853,007,035
Increase of 10% in USD per tonne	**125,435,797**	185,300,704
Decrease of 10% in USD per tonne	**(125,435,797)**	(185,300,704)

The Company 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.

34.2 Credit risk

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

The Company is exposed to credit risk if counterparties fail to make payments as they fall due in respect of receivables.

	Notes	Category	31 December 2022	31 December 2021	Impairment model approach
Financial assets class					
Trade and other receivable (less VAT)	20	Amortised cost	**1,254,357,972**	1,853,007,035	**Simplified**
Time deposits	21	Amortised cost	**1,200,000,000**	-	**General**
Cash and cash equivalents	22	Amortised cost	**792,036,570**	1,470,510,054	**General**
Total			**3,246,394,542**	3,323,517,089	

34 Financial risk management (continued)

34.2 Credit risk (continued)

ECL approaches

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

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

Credit risk exposure

The Company ensures that the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade and other receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.
Credit risk also arises from favorable derivative financial instruments. However, it is considered low as the contracts are with commercial banks with sound credit ratings.
The Company calculates life time ECL through an internally developed model. Life time ECL is computed based on days past due and rating grade of the counterparty.

Stage-1 - Performing or low credit risk

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

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-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
- Actual or expected significant changes in the operating results of the counterparty
- 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 Company and changes in the operating results of the borrower

	Note	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Trade and other receivable (less VAT)		1,254,357,972	-	**1,254,357,972**
Less: Allowance for expected credit losses				
Secured		-	-	-
Unsecured		-	-	-
Total	20	1,254,357,972	-	**1,254,357,972**

(All amounts in Saudi Riyals unless otherwise stated)

34 Financial risk management (continued)

34.2 Credit risk (continued)

Credit risk exposure (continued)

	Note	3-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Time deposits	21	1,200,000,000	-	-	**1,200,000,000**
Less: Credit loss allowance					
Carrying amount		1,200,000,000	-	-	**1,200,000,000**

Trade and other receivables (less VAT)

The analysis of trade and other receivables (less VAT) that were past due but not impaired are as follows:

	Note	31-December 2022	31-December 2021
Neither past due nor impaired		**1,136,383,883**	1,767,597,071
Past due not impaired			
< 30 days		**114,590,938**	85,409,964
Total	20	**1,250,974,821**	1,853,007,035

Based on the above analysis for the trade receivables under ECL method, credit risk was considered minimal and therefore no provision was recorded.

For receivable from related parties, since there is no history of default in collection, the credit risk is minimal.

34.3 Liquidity risk

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

Maturities of financial liabilities

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

34 Financial risk management (continued)

34.3 Liquidity risk (continued)

Contractual maturities of non-derivatives	Notes	1st year	2nd year	3 – 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
31 December 2022							
Due to shareholder	16.2	109,336,740	-	-	-	109,336,740	109,336,740
Due to fellow subsidiaries	17.2	85,659,072	-	-	-	85,659,072	85,659,072
Long-term borrowings	25.3	1,537,632,148	1,883,923,875	5,011,506,394	2,878,515,277	11,311,577,694	8,945,904,058
Lease liabilities	27	79,047,263	76,076,686	216,024,426	1,432,846,228	1,803,994,603	1,097,262,948
Trade and other payables	30	730,144,227	-	-	-	730,144,227	730,144,227
Accrued expenses	31	1,085,402,341	-	-	-	1,085,402,341	1,085,402,341
Total		**3,627,221,791**	**1,960,000,561**	**5,227,530,820**	**4,311,361,505**	**15,126,114,677**	**12,053,709,386**
31 December 2021							
Due to shareholder	16.2	97,222,902	-	-	-	97,222,902	97,222,902
Due to fellow subsidiaries	17.2	42,207,921	-	-	-	42,207,921	42,207,921
Long-term borrowings	25.3	833,536,731	1,342,741,321	2,972,068,023	6,812,027,489	11,960,373,564	10,175,891,289
Lease liabilities	27	95,205,287	79,853,709	148,835,498	1,576,781,273	1,900,675,767	1,149,535,795
Trade and other payables	27	567,486,523	-	-	-	567,486,523	567,486,523
Accrued expenses	31	869,019,956	-	-	-	869,019,956	869,019,956
Total		2,504,679,320	1,422,595,030	3,120,903,521	8,388,808,762	15,436,986,633	12,901,364,386

Contractual maturities of Net and gross settled derivative as at:	1st year	2nd year	3 – 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
31 December 2022	-	-	-	-	-	-
31 December 2021	-	117,145,244	118,433,265	-	235,578,509	195,259,424

35 Capital management

The Company's objectives when managing capital are to

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

In order to maintain or adjust the capital structure, the Company relies on the shareholders' support when necessary.

The net debts of the Company are as follows:

	Notes	31 December 2022	31 December 2021
Net debt			
Cash and cash equivalents (unrestricted)	22	**792,036,570**	1,429,587,949
Long-term borrowings – payable within one year	25.2	**(1,030,878,438)**	(833,536,731)
Long-term borrowings – payable after one year	25.2	**(7,915,025,620)**	(9,342,354,558)
Lease liabilities – payable within one year	27	**(35,808,502)**	(50,705,565)
Lease liabilities – payable after one year	27	**(1,061,454,446)**	(1,098,830,230)
Net debt		**(9,251,130,436)**	(9,895,839,135)

(All amounts in Saudi Riyals unless otherwise stated)

35 Capital management (continued)

The movement in net debt is as follows:

	Other assets	Liabilities from financing activities				
	Cash and cash equivalents (Note 22)	Long-term borrowings - payable within one year (Note 25.2)	Long-term borrowings - payable after one year (Note 25.2)	Lease liability – payable within one year (Note 27)	Lease liability - payable after one year (Note 27)	Total
1 January 2021	598,090,918	(836,159,345)	(10,103,880,612)	(45,715,299)	(1,115,219,498)	(11,502,883,836)
Cash flows for the year	831,497,031	1,007,790,486	-	84,479,138	-	1,923,766,655
Adjustments / transfers	-	(1,005,167,872)	761,526,054	(89,469,404)	16,389,268	(316,721,954)
31 December 2021	1,429,587,949	(833,536,731)	(9,342,354,558)	(50,705,565)	(1,098,830,230)	(9,895,839,135)
Cash flows for the year	(637,551,379)	1,598,628,435	-	81,033,264	-	1,042,110,320
Adjustments / transfers	-	(1,795,970,142)	1,427,328,938	(66,136,201)	37,375,784	(397,401,621)
31 December 2022	**792,036,570**	**(1,030,878,438)**	**(7,915,025,620)**	**(35,808,502)**	**(1,061,454,446)**	**(9,251,130,436)**

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

"Long-term borrowings divided by total equity and long-term borrowings."

The gearing ratios, in accordance with the financial covenants pertaining to the long-term borrowings (Note 25.2), as at the end of the year were as follows:

	Note	31 December 2022	31 December 2021
Long term borrowings	25.2	**8,945,904,058**	10,175,891,289
Total equity		**7,756,924,012**	6,859,005,952
Total capital		**16,702,828,070**	17,034,897,241
Debt to total capital		**0.54**	0.60

36 Financial assets and financial liabilities

The Company holds the following classes of financial instruments:

	Notes	31 December 2022	31 December 2021
Financial assets measured at amortized cost			
Due from a shareholder	16.1	**209,340,556**	66,252,924
Due from fellow subsidiaries	17.1	**377,824,371**	127,024,181
Trade and other receivables (excluding vat)	20	**1,254,357,972**	1,860,082,356
Cash and cash equivalents	22	**792,036,570**	1,470,510,054
Total		**2,633,559,469**	3,523,869,515

The Company holds the following classes of financial instruments:

Financial liabilities measured at amortized cost

Due to a shareholder	16.2	**109,336,740**	97,222,902
Due to fellow subsidiaries	17.2	**85,659,072**	42,207,921
Long-term borrowings	25.2	**8,945,904,058**	10,175,891,289
Lease liabilities	27	**1,097,262,948**	1,149,535,795
Trade and other payables	30	**730,144,227**	567,486,523
Accrued expenses	31	**1,085,402,341**	869,019,956
Total		**12,053,709,386**	12,901,364,386

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial assets and financial liabilities (Continued)

	Note	31 December 2022	31 December 2021
Financial asset at fair value through OCI			
Derivative financial instruments	29	**78,306,485**	-
Financial liability at fair value through OCI			
Derivative financial instruments	29	**-**	195,259,424

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

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 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.

Derivatives:

On the basis of its analysis of the nature, characteristics and risks of the derivatives, the Company has determined that presenting them as a single class is appropriate.

The fair value of the derivatives is determined with reference to an active market index and is classified as level 2 in the fair value hierarchy. The fair values for the derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves for the interest rate swaps. There was no transfer between any levels during the during the year.

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

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

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

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

37 Events after the reporting date

On January 30, 2023, the Board of Managers of the Company recommended to distribute cash dividend of SAR 225 million from the retained earnings to the shareholders and which was approved at the Annual General Meeting of the shareholders.

No other events have arisen subsequent to 31 December 2022 and before the date of signing the independent auditors' report that could have a significant effect on the financial statements as at 31 December 2022.

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)

Financial statements for the year ended 31 December 2023

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MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Administration and contact details as at 31 December 2023

Commercial registration number	:	2055012511	
Board of Managers	:	Ali Saeed Abdullah Al-Orayj Ghannam Al Ghannam Attaullah Nihal Vidar Bruland Andrew Estel	Chairman
Registered address	:	Ma'aden Aluminium Company Ras Al-Khair Industrial City Kingdom of Saudi Arabia	
Postal address	:	P.O. Box 11342 Al-Jubail Industrial City 31961 Kingdom of Saudi Arabia	
Bankers	:	The Saudi British Bank (SABB)	
Auditors	:	PricewaterhouseCoopers 14th floor, Al-Hugayet Tower, P.O. Box 467 Dhahran 31932 Kingdom of Saudi Arabia	

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Aluminium | MA'ADEN

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of Managers' responsibilities for the preparation and approval of the interim 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 review report, set out on page 4 to 5, is made with a view to distinguish the responsibilities of the Board of Managers and those of the independent auditors in relation to the interim financial statements of Ma'aden Aluminium Company (the "Company").

The management is responsible for the preparation of the interim financial statements that present fairly the financial position of the Company as at 31 December 2023, its financial performance, changes in shareholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (" SOCPA").

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

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

The management is also responsible for:

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

The financial statements for the year 31 December 2023 set out on pages 6 to 54, were approved and authorized for issue by the Board of Managers and signed on its behalf by:

Ali Saeed Abdullah Al-Orayj Chairman of the Board	Abdullah A AlGhamdi Senior Vice President	Attaullah Nihal Vice President Finance

14 February 2023
Ras Al-Khair Industrial City
Kingdom of Saudi Arabia

pwc

Independent auditor's report to the shareholders of Ma'aden Aluminium Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ma'aden Aluminium Company (the "Company") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2023;
- the statement of financial position as at 31 December 2023;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, 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 Financial Statements* section of our report.

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

Independence

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

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

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

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

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

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Independent auditor's report to the shareholders of Ma'aden Aluminium Company (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

29 February 2024

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Sales	5	**7,856,173,216**	10,046,698,348
Cost of sales	6	**(8,691,586,732)**	(8,681,244,430)
Gross (loss) / profit		**(835,413,516)**	1,365,453,918
Operating expenses			
Logistic expenses		**(33,944,337)**	(48,850,835)
General and administrative expenses	7	**(129,690,719)**	(101,570,920)
Operating (loss) / profit		**(999,048,572)**	1,215,032,163
Other (expenses) / income			
Finance cost	8	**(613,794,193)**	(460,833,344)
Finance income		**38,363,136**	40,252,496
Finance cost, net		**(575,431,057)**	(420,580,848)
Other income / (expense), net	9	**21,534,899**	(9,687,512)
(Loss) / profit before zakat and income tax		**(1,552,944,730)**	784,763,803
Zakat expense	14.3	**(25,909,950)**	(91,334,643)
Income tax and deferred tax, net	14.6	**45,451,392**	(27,589,786)
(Loss) / profit for year		**(1,533,403,288)**	665,839,374
Other comprehensive (loss) / gain			
Items that may be reclassified to profit or loss in subsequent year			
(Loss) / gain on cash flow hedge	30	**(48,655,995)**	238,493,626
Items that will not to be reclassified to profit or loss in subsequent year			
Loss attributable to the re-measurements of employees' benefits obligation	29.1	**(1,782,835)**	(6,414,940)
Other comprehensive (loss) / gain for year		**(50,438,830)**	232,078,686
Total comprehensive (loss) / profit for the year		**(1,583,842,118)**	897,918,060

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of financial position as at 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	10	**12,991,303,952**	13,271,951,217
Right-of-use assets	11	**972,089,111**	1,022,809,289
Capital work-in-progress	12	**752,870,952**	286,624,326
Intangible assets	13	**20,958,537**	27,726,078
Deferred tax assets	14.7	**245,878,560**	208,922,093
Derivative financial instruments	30	**-**	44,253,195
Employees' home owners program receivable	15	**237,868,789**	250,362,413
Non-current portion of advances and prepayments	18	**80,965,971**	22,135,905
Total non-current assets		**15,301,935,872**	15,134,784,516
Current assets			
Current portion of employees' home owners program receivable	15	**23,411,052**	19,532,908
Due from shareholder	16.1	**70,468,466**	209,340,556
Due from fellow subsidiaries	17.1	**524,745,542**	377,824,371
Derivative financial instruments	30	**31,432,286**	34,053,290
Advances and prepayments	18	**64,194,980**	40,254,970
Inventories	19	**1,594,435,565**	1,397,474,285
Trade and other receivables	20	**1,509,294,149**	1,280,496,195
Time deposits	21	**14,990,108**	1,205,869,722
Cash and cash equivalents	22	**444,375,071**	792,036,570
Total current assets		**4,277,347,219**	5,356,882,867
Total assets		**19,579,283,091**	20,491,667,383
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	23	**6,573,750,000**	6,573,750,000
Statutory reserve			
Transfer of net income	24	**57,170,999**	57,170,999
Cash flow hedge reserve	30	**20,881,609**	69,537,604
Net (accumulated losses) / retained earnings		**(704,785,214)**	1,056,465,409
Net / total shareholders' equity		**5,947,017,394**	7,756,924,012
Liabilities			
Non-current liabilities			
Deferred tax liabilities	14.8	**333,437,305**	343,675,171
Long-term borrowings	25.2	**7,272,379,998**	7,915,025,620
Other non-current liabilities	26	**277,934,361**	24,875,000
Lease liabilities	27	**1,030,452,962**	1,061,454,446
Provision for property, plant and equipment dismantling obligation	28	**282,704,512**	-
Employees' benefits	29	**271,912,420**	236,173,273
Total non-current liabilities		**9,468,821,558**	9,581,203,510
Current liabilities			
Trade and other payables	31	**1,168,640,961**	730,144,227
Accrued expenses	32	**1,157,372,406**	1,085,402,341
Zakat and income tax payable	14	**44,908,164**	76,310,541
Current portion of long-term borrowings	25.2	**1,566,269,805**	1,030,878,438
Current portion of lease liabilities	27	**31,850,583**	35,808,502
Due to a shareholder	16.2	**93,567,433**	109,336,740
Due to fellow subsidiaries	17.2	**100,834,787**	85,659,072
Total current liabilities		**4,163,444,139**	3,153,539,861
Total liabilities		**13,632,265,697**	12,734,743,371
Total shareholders' equity and liabilities		**19,579,283,091**	20,491,667,383

MA’ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of changes in shareholders’ equity for the year ended 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Saudi Arabian shareholder Saudi Arabian Mining Company					Foreign shareholder Alcoa Saudi Smelting Inversiones S.L. Company					
	Share capital (Note 23)	**Statutory reserve - Transfer of net income (Note 24)**	**Cash flow hedge reserve (Note 30)**	**Accumulated losses / retained earnings**	**Sub-total**	**Share capital (Note 23)**	**Statutory reserve - Transfer of net income (Note 24)**	**Cash flow hedge reserve (Note 30)**	**Accumulated losses / retained earnings**	**Sub-total**	**Total equity**
1 January 2022	4,923,738,750	25,144,156	(126,548,060)	440,663,564	5,262,998,410	1,650,011,250	5,393,268	(42,407,962)	(16,989,014)	1,596,007,542	6,859,005,952
Income for the period before zakat and income tax	-	-	-	587,788,088	587,788,088	-	-	-	196,975,715	196,975,715	784,763,803
Zakat and income tax	-	-	-	(91,334,643)	(91,334,643)	-	-	-	(27,589,786)	(27,589,786)	(118,924,429)
Cash flow hedge - changes in fair value and transfer to profit, net (Note30)	-	-	178,631,726	-	178,631,726	-	-	59,861,900	-	59,861,900	238,493,626
Loss attributable to the re-measurements of employees' end of service termination benefits obligation.	-	-	-	(4,804,790)	(4,804,790)			-	(1,610,150)	(1,610,150)	(6,414,940)
Total comprehensive income for the year	-	-	178,631,726	491,648,655	670,280,381	-	-	59,861,900	167,775,779	227,637,679	897,918,060
Net profit transferred to statutory reserve during the year	-	19,948,548	-	(19,948,548)	-		6,685,027	-	(6,685,027)	-	-
31 December 2022	4,923,738,750	45,092,704	52,083,666	912,363,671	5,933,278,791	1,650,011,250	12,078,295	17,453,938	144,101,738	1,823,645,221	7,756,924,012
Loss for the year before zakat and income tax	-	-	-	(1,163,155,603)	(1,163,155,603)	-	-	-	(389,789,127)	(389,789,127)	(1,552,944,730)
Zakat and income tax	-	-	-	(25,909,950)	(25,909,950)	-	-	-	45,451,392	45,451,392	19,541,442
Cash flow hedge - changes in fair value and transfer to profit, net (Note30)	-	-	(36,443,340)	-	(36,443,340)	-		(12,212,655)	-	(12,212,655)	(48,655,995)
Loss attributable to the re-measurements of employees' end of service termination benefits obligation.	-	-	-	(1,335,343)	(1,335,343)	-	-		(447,492)	(447,492)	(1,782,835)
Total comprehensive loss for the year	-	-	(36,443,340)	(1,190,400,896)	(1,226,844,236)	-	-	(12,212,655)	(344,785,227)	(356,997,882)	(1,583,842,118)
Dividend	-	-	-	(169,322,591)	(169,322,591)	-	-	-	(56,741,909)	(56,741,909)	(226,064,500)
31 December 2023	**4,923,738,750**	**45,092,704**	**15,640,326**	**(447,359,816)**	**4,537,111,964**	**1,650,011,250**	**12,078,295**	**5,241,283**	**(257,425,398)**	**1,409,905,430**	**5,947,017,394**

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of cash flow for the year ended 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Operating activities			
(Loss) profit before zakat and income tax		**(1,552,944,730)**	784,763,803
Adjustments for non-cash flow items:			
Finance cost	8	**613,794,193**	460,833,344
Depreciation – property, plant and equipment	10.1	**962,200,653**	887,753,803
Depreciation – right-of-use assets	11	**51,700,025**	53,458,636
Write off of Property, plant and equipment	6	**-**	34,614,988
Amortization of intangible assets	13	**7,232,179**	7,004,754
Employees' home owners program receivable	15	**8,615,480**	24,058,365
Allowance for slow moving spare parts and consumable materials	19.1	**1,507,074**	9,141,054
Write down of inventories to net realizable value	19	**1,930,114**	-
Provision for employees' termination benefits	29.1	**21,669,100**	18,098,753
Employees' saving plan (payment) / contribution	29.2	**(1,008,907)**	8,502,637
Gain on termination of leases		**-**	(13,258,278)
Changes in working capital:			
Due from a shareholder	16.1	**138,872,090**	(143,087,632)
Due from fellow subsidiaries	17.1	**(146,921,171)**	(250,800,190)
Advances and prepayments	18	**(82,770,076)**	14,363,613
Inventories	19	**(198,891,394)**	(250,400,283)
Trade and other receivables	20	**(228,797,954)**	579,586,161
Trade and other payables	31	**438,496,734**	162,657,704
Accrued expenses	32	**333,430,494**	215,545,149
Due to a shareholder	16.2	**(15,769,307)**	12,113,838
Due to fellow subsidiaries	17.2	**15,175,715**	43,451,151
Net cash generated from operations		**367,520,312**	2,658,401,370
Employees' termination benefits paid	29.1	**4,032,903**	(10,518,224)
Payment for periodic net settlement of interest rate swap	30	**54,792,145**	(79,593,598)
Zakat paid	14.3	**(57,291,820)**	(52,749,208)
Tax paid	14.4	**(20,507)**	(96,387,112)
Finance cost paid		**(599,217,606)**	(323,641,135)
Net cash (utilized in) generated from operating activities		**(230,184,573)**	2,095,512,093
Investing activities			
Additions to capital work-in-progress	12	**(869,525,386)**	(212,095,292)
Income receivable from time deposits	21	**5,869,722**	(5,869,722)
Time deposits	21	**1,185,009,892**	(1,200,000,000)
Movement in restricted cash	22	**1,008,907**	(8,502,637)
Net cash generated from (utilized in) investing activities		**322,363,135**	(1,426,467,651)
Financing activities			
Repayment of long-term borrowings	25.2	**(1,301,827,404)**	(1,319,670,214)
Additions of long-term borrowings	25.2	**1,125,000,000**	-
Payment of principal portion of lease liabilities		**(35,939,250)**	(36,350,349)
Dividend paid to shareholders		**(226,064,500)**	-
Net cash utilized in financing activity		**(438,831,154)**	(1,356,020,563)
Net change in cash and cash equivalents		**(346,652,592)**	(686,976,121)
Unrestricted cash and cash equivalents at the beginning of the year	22	**742,611,828**	1,429,587,949
Unrestricted cash and cash equivalents at the end of the year	22	**395,959,236**	742,611,828

(All amounts in Saudi Riyals unless otherwise stated)

Continue statement of cash flows

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Non-cash flow transactions			
Transfer to intangible assets from capital work-in-progress	12,13	**464,638**	21,075,469
Terminated / expired leases	11	**-**	2,769,993
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	8,12	**6,836,739**	1,492,122
Transfer to property, plant and equipment from capital work-in-progress	10,12	**402,814,122**	109,203,236
Adjustment to PPE against accrual	10	**261,460,429**	837,236
(Adjustments) / additions, net of right-of-use asset and the corresponding lease liability	11,27	**-**	(15,647,899)
Addition of dismantling obligation of property, plan and equipment	10	**278,782,565**	-

1 General information

Ma'aden Aluminium Company (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2055012511 dated 2nd of Thul-Quada 1431H (corresponding to 10 October 2010), with an authorized share capital of Saudi Riyals ("SAR") 6,573,750,000 comprising 657,375,000 ordinary shares at a nominal value of SAR 10 per share (Note 23).

The Company is owned by:

- Saudi shareholder
  74.9% by Saudi Arabian Mining Company ("Ma'aden") the parent Company and a
- Foreign shareholder
  25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a company wholly-owned by Alcoa Corporation.

The objectives of the Company are the production and sale of primary aluminium products comprising of:

- Ingots
- T-shaped ingots
- Slabs and
- Billets

The Company declared commercial production on 1 September 2014.

The Company had refinanced its borrowing facilities as described in Note 25, which had been drawn down in full.

During the year, the Company's performance was impacted principally due to higher operating costs. Higher operating costs were mainly due to recognition of certain industrial utilities charges received during the year 2022 from a supplier for the periods from 1 January 2021 through 31 December 2022. Subsequent to the year ended 31 December 2022, the Company entered into a settlement arrangement with the supplier and accordingly, a net amount of settlement of SAR 493 million was recognised to cost of sales in these financial statements for the year ended 31 December 2023.

The Company's management believes that the Covid-19 pandemic and war in Ukraine by itself, has had limited direct material effects on the Company's reported results for the year ended 31 December 2023 and 31 December 2022. The Company's management continues to monitor the situation closely.

2 Basis of preparation

Statement of compliance

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

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

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

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

Certain new accounting standards, amendments to standards and interpretations have been published by the IASB that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2 Basis of preparation (continued)

New and amended IFRS standards adopted by the Company

The Company has adopted the following standards and amendments, that is 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 Company's 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 Company's consolidated financial statements.

3 Summary of material accounting policies

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

3.1 Foreign currency translation

Foreign currency transactions are translated into SAR at the spot rates of exchange prevailing at the date the transactions first qualify for recognition.

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

3.2 Revenue recognition

Revenue comprises of sales of primary aluminium goods and is recognized based on the considerations specified in contracts with the customers and excludes amounts, if any, collected on behalf of third parties. Revenue is recognized at a point in time when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

The Company is responsible to deliver the promised goods to a location within the Kingdom of Saudi Arabia resulting in the transfer of control over such goods to the customer and recognizing the related revenue at a point in time basis.

3.3 Contract liabilities

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

3.4 Logistic expenses

Logistic expenses comprise of all costs for transporting the finished goods to the customers.

3.5 General and administrative expenses

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

3 Summary of material accounting policies (continued)

3.6 Property, plant and equipment

Property, plant and equipment are carried at the historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition, construction or development of plant, property and equipment including the initial estimate of any rehabilitation and decommissioning and dismantling obligation.

Depreciation is charged to the statement of profit or loss using the straight-line method to allocate the depreciable amount over the following estimated economic useful lives:

Categories of assets	Number of years
Land and buildings	25 – 50
Plant and equipment	8 – 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the 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.

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

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

3.7 Right-of-use assets and lease liabilities

The company assesses whether a contract is or contains a lease, at inception of a contract. The company recognizes 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 company recognizes 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.

Lease liabilities

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

3 Summary of material accounting policies (continued)

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

Lease liabilities (continued)

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

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

The lease liabilities are presented as a separate line in the statement of financial position.

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

The company remeasures the lease liabilities (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 liabilities 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 liabilities 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 liabilities is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets (RoU)

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

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is 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 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 company expects to exercise a purchase option, the related right-of-use asset is depreciated over the 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 statement of financial position.

The company 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 3.10.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liabilities 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 "cost of sales" in the statement of profit or loss.

3.8 Capital work-in-progress

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in 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.

3 Summary of material accounting policies (continued)

3.8 Capital work-in-progress (continued)

The cost of an item of capital work-in-progress comprises its purchase price, construction / development cost and any other costs directly attributable to the construction or acquisition of an item of capital work-in-progress 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 year.

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

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

Capital work-in-progress is not depreciated.

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

3.9 Intangible assets

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 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 on intangible assets with finite lives is recognized in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortizes intangible assets with a limited economic useful life using the straight-line method over ten years.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually, or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from 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 statement of profit or loss when the asset is derecognized.

3.10 Asset impairment

At each reporting date, the Company reviews the carrying amounts of its plant and equipment 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 Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

3 Summary of material accounting policies (continued)

3.10 Asset impairment (continued)

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the 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 to determine the asset or CGU's recoverable amount since the last impairment loss was recognized.

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

3.11 Employees' home owners program receivable

The Company has established an employees' home ownership program (HOP) that offer 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 upon completion of the full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners 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.

3.12 Inventories

Finished goods

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

Production costs include:

- raw material costs,
- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery) and contractor expenses which are directly attributable to the production of finished goods,
- direct and allocated production overheads,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- the depreciation of and leases of plant and equipment used in the production activities

Work-in-process

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

- raw material costs,
- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery) and contractor expenses which are directly attributable to the production of finished goods,
- direct and allocated production overheads and
- the depreciation of and leases of property, plant and equipment used in the production activities

Spare parts and consumable materials

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

3 Summary of material accounting policies (continued)

3.12 Inventories (continued)

Raw materials

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

Net realizable value

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

3.13 Trade and other receivables

Trade receivables are carried at the transaction price related to a performance obligation less an allowance for doubtful debt.

The Company assesses on a forward-looking basis the allowance for doubtful debts using an expected credit losses ("ECL") approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the statement of profit or loss and reported under "General and administrative expenses".

When a trade receivable is uncollectible, it is written-off against the allowance for doubtful debts. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

3.14 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash and cash equivalents are related to employees' savings plan obligation.

3.15 Financial instruments, financial assets and liabilities

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

Derivative instruments

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

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

Interest rate swaps and cash flow hedges

The Company uses interest rate swap contracts to manage its exposure to interest rate movements on its long-term borrowings.

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

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

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Derivative instruments (continued)

Interest rate swaps and cash flow hedges (continued)

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 exchange rates. The Saudi Riyal is pegged at SAR 3.75:USD 1, therefore the Company is not exposed to any risks from USD denominated financial instruments.

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

The Company does not use forward exchange contracts.

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces. The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Financial assets

The Company's principal financial assets include:

- due from a shareholder
- due from fellow subsidiaries
- derivative financial instruments
- trade and other receivable excluding pre-payments and zakat / tax receivable (Accounting policy 3.13)
- cash and cash equivalents (Accounting policy 3.14)

Initial recognition of financial assets

Financial assets are initially recognized at fair value on trade date, including directly attributable transaction costs.

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

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

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

Classification of financial assets

Financial assets are measured at:

- amortized cost ("AC")
- fair value through profit of loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial assets (continued)

Classification of financial assets (continued)

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The financial assets are derived directly from the Company's operations.

Impairment and uncollectibility of financial assets

At each reporting date, the Company measures the loss allowance for a financial asset carried at amortized cost "AC" at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on that financial instrument has increased significantly since initial recognition. However, if at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve-month ECL.

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 ECL.

Such impairment losses are recognized in the statement of profit or loss.

De-recognition of financial assets

The company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of profit or loss.

Financial Liabilities

The Company's principal financial liabilities comprise of:

- due to a shareholder
- due to fellow subsidiaries
- long-term borrowings (accounting policy 3.16)
- lease liabilities (accounting policy 3.7)
- trade and other payables and accrued expenses- excluding zakat/ tax liabilities and employees' end of service termination benefit obligations (Accounting policy 3.18 and 3.19)
- derivative financial instruments

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

Initial recognition of financial liabilities

Financial liabilities are initially recognized at fair value of 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).

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial liabilities (continued)

Initial recognition of financial liabilities (continued)

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

Classification of financial liabilities

Financial liabilities are classified as 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.

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

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

Offsetting a financial asset and a financial liability

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

3.16 Long-term borrowings

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

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

3 Summary of material accounting policies (continued)

3.17 Provisions

Provisions are recognized when the Company has:

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

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

3.18 Employees' benefits

Employees' savings plan program

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

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

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

Employees' end-of-service termination benefits obligation

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 statement of financial position.

Furniture loan

The Company 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.

The liability recognized in the statement of financial position, in respect of the defined employees' end-of-service-termination benefits plan, is the present value of the employees' end of service termination benefits obligation at the end of the reporting period. The defined 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 defined 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 unfunded defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

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

3 Summary of material accounting policies (continued)

3.19 Trade and other payables and accrued expenses

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

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

3.20 Zakat, income tax, withholding tax and deferred tax

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

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

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

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

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

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

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

Further, the amounts for zakat and income tax expense for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

4 Critical accounting, judgments, estimates and assumptions

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

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

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

4.1 Critical accounting judgements in applying accounting standards

The following critical judgement has the most significant effect on the amounts realized in the financial statements:

- right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company'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 Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

4.2 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:

- economic useful lives of property, plant and equipment;
- impairment and the reversal of impairment of tangible assets;
- zakat and income tax
- allowances for obsolete and slow-moving spare parts,
- contingencies.

Economic useful lives of property, plant and equipment

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

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

Impairment and the reversal of impairment

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

Zakat and income taxes

The Company is subject to zakat for its Saudi shareholder and income tax for its foreign shareholder 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 finalization of final assessments are accounted for when such amounts are determined.

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

4.2 Key sources of estimation uncertainty (continued)

Allowances for obsolete and slow-moving spare parts and consumable materials

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date (Note 19.1 and 28).

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 judgement and estimates of the outcome of future events.

Changes in accounting estimate

As part of the Company'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 Company's business and industry, the Company 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) Decommissioning, site rehabilitation and dismantling obligations; and
b) Economic useful lives and residual values of property, plant and equipment.

Impact of change in estimate of useful lives and residual values

As a result, during the year, the Company has revised the estimate of useful life and residual value for all the components of assets related to its 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 Company for the year ended 31 December 2023 decreased by SAR 40.3 million and carrying amounts of property, plant and equipment has increased by SAR 40.3 million, as compared to what it would have been using the previous estimates of useful lives and residual values.

Recognition of additional provision for site rehabilitation and dismantling for its mining and non-mining plants

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

i) additional provision of SAR 278.8 million for plant dismantling and site rehabilitation,
ii) increase in depreciation expense of SAR 2.3 million, and
iii) increase in finance cost of SAR 3.9 million.

(All amounts in Saudi Riyals unless otherwise stated)

5 Sales

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Domestic sale of primary aluminium goods			
Ingots		**3,393,080,449**	4,497,854,820
Billets		**1,100,362,686**	1,277,691,064
Slabs		**3,362,730,081**	4,271,152,464
Total	32.1	**7,856,173,216**	10,046,698,348

6 Cost of sales

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Salaries and staff related benefits		**540,746,927**	526,770,231
Contracted services		**320,699,700**	250,863,800
Repairs and maintenance		**906,214**	4,264,254
Raw material and utilities consumed		**6,257,775,209**	6,722,111,537
Consumables		**243,741,429**	178,984,978
Overheads		**202,528,648**	85,516,865
Allowance for slow moving spare parts and consumable materials		**-**	(9,141,054)
Total cash operating costs		**7,566,398,127**	7,759,370,611
Depreciation – property, plant and equipment	10.1	**962,080,197**	887,635,573
Depreciation – right-of-use assets	11	**51,700,025**	53,458,636
Amortization – intangible assets	13	**7,232,179**	7,004,754
Non-current asset written off	10	**-**	34,614,988
Total operating costs		**8,587,410,528**	8,742,084,562
Change in inventory	19	**104,176,204**	(60,840,132)
Total		**8,691,586,732**	8,681,244,430

7 General and administrative expenses

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Salaries and employee related benefits		**14,540,640**	12,730,662
Contracted services		**58,962,431**	44,868,004
Consumables		**-**	159,015
Overheads		**56,067,192**	43,695,009
Depreciation	10.1	**120,456**	118,230
Total		**129,690,719**	101,570,920

(All amounts in Saudi Riyals unless otherwise stated)

8 Finance cost

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Public Investment Fund		**252,358,475**	136,629,407
Riyal Murabaha facility		**279,376,826**	177,600,347
Dollar conventional		**60,314,234**	34,685,598
Murabaha Riyal Working Facility		**15,680,132**	5,793,750
Others		**1,293,481**	1,024,644
Sub-total		**609,023,148**	355,733,746
Amortization of transaction cost	25.2	**11,720,591**	12,907,458
Accretion of lease liabilities	27.2	**43,275,971**	44,682,914
Accretion of employees' end of service termination benefits obligation	28.1	**9,263,216**	4,480,033
Accrual of derivative interest	30	**(56,573,941)**	44,521,315
Accretion of provision of plant dismantling obligation		**3,921,947**	-
Sub-total		**620,630,932**	462,325,466
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress	12	**(6,836,739)**	(1,492,122)
Total		**613,794,193**	460,833,344

9 Other income (expense), net

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Foreign exchange gain / (loss), net	35.1.1	**4,962,629**	(1,261,384)
Scrap sales and others, net		**16,572,270**	(8,426,128)
Total		**21,534,899**	(9,687,512)

(All amounts in Saudi Riyals unless otherwise stated)

10 Property, plant and equipment

	Notes	Plant dismantling obligation*	Land & buildings*	Plant & equipment**	Office equipment	Furniture and fittings	Motor vehicles	Total
Cost								
1 January 2022		-	8,539,524,652	11,248,419,264	56,207,766	12,213,640	12,222,466	19,868,587,788
Transfer from capital work-in-progress during the year	12	-	2,247,448	106,955,788	-	-	-	109,203,236
Write-offs during the year **		-	-	(152,384,495)	(72,379)	-	-	(152,456,874)
Adjustments		-	(895,496)	2,851,118	(1,664,537)	-	-	291,085
31 December 2022		-	8,540,876,604	11,205,841,675	54,470,850	12,213,640	12,222,466	19,825,625,235
Transfer from capital work-in-progress during the year	12	-	15,900,117	386,914,005	-	-	-	402,814,122
Write-offs during the year **		-	-	(172,494,543)	(43,299)	-	-	(172,537,842)
Plant dismantling obligation*	28	278,782,565	-	-	-	-	-	278,782,565
31 December 2023		**278,782,565**	**8,556,776,721**	**11,420,261,137**	**54,427,551**	**12,213,640**	**12,222,466**	**20,334,684,080**
Accumulated depreciation								
1 January 2022		-	(1,676,714,169)	(4,042,117,691)	(44,430,099)	(8,823,827)	(12,222,466)	(5,784,308,252)
Charge for the year	10.1	-	(230,157,909)	(651,329,771)	(5,170,562)	(1,095,561)	-	(887,753,803)
Written-off during the year		-	-	117,769,507	72,379	-	-	117,841,886
Adjustments		-	-	546,151	-	-	-	546,151
31 December 2022		-	(1,906,872,078)	(4,575,131,804)	(49,528,282)	(9,919,388)	(12,222,466)	(6,553,674,018)
Charge for the year	10.1	(2,316,876)	(236,734,667)	(719,501,951)	(2,527,166)	(1,119,993)	-	(962,200,653)
Written-off during the year		-	-	172,494,543	-	-	-	172,494,543
31 December 2023		**(2,316,876)**	**(2,143,606,745)**	**(5,122,139,212)**	**(52,055,448)**	**(11,039,381)**	**(12,222,466)**	**(7,343,380,128)**
Net book value								
31 December 2022		-	6,634,004,526	6,630,709,871	4,942,568	2,294,252	-	13,271,951,217
31 December 2023		**276,465,689**	**6,413,169,976**	**6,298,121,925**	**2,372,103**	**1,174,259**	**-**	**12,991,303,952**

During the year, the Company has reassessed and revised economic useful lives and residual values of its property, plant and equipment. See Note 4.2 “Changes in accounting estimates”.
** Certain items of plant and equipment had been written off as no future economic benefit is expected to be derived from them.

(All amounts in Saudi Riyals unless otherwise stated)

10 Property, plant and equipment (continued)

10.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 2023	Year ended 2022
Cost of sales	6	**962,080,197**	887,635,573
General and administrative expenses	7	**120,456**	118,230
Total	10	**962,200,653**	887,753,803

11 Right-of-use assets

	Note	Heavy equipment	Motor vehicles	Land and buildings*	Total
Cost					
1 January 2022		927,985,658	52,841,712	255,984,867	1,236,812,237
Expired / terminated leases		-	(23,377,761)	-	(23,377,761)
31 December 2022		927,985,658	29,463,951	255,984,867	1,213,434,476
Additions during the year		-	979,847	-	979,847
31 December 2023		**927,985,658**	**30,443,798**	**255,984,867**	**1,214,414,323**
Accumulated depreciation					
1 January 2022		(83,026,131)	(27,205,646)	(47,648,315)	(157,880,092)
Charge for the year		(28,310,573)	(8,965,997)	(16,182,066)	(53,458,636)
Expired / terminated leases		-	20,713,541	-	20,713,541
31 December 2022		(111,336,704)	(15,458,102)	(63,830,381)	(190,625,187)
Charge for the year	6	(24,499,398)	(10,120,678)	(17,079,949)	(51,700,025)
31 December 2023		**(135,836,102)**	**(25,578,780)**	**(80,910,330)**	**(242,325,212)**
Net book value					
31 December 2022		816,648,954	14,005,849	192,154,486	1,022,809,289
31 December 2023		**792,149,556**	**4,865,018**	**175,074,537**	**972,089,111**

For short-term leases (a lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within cost of sales in the statement of profit or loss and other comprehensive income.

The Company has used practical expedient available in IFRS 16 – Leases for short-term leases and leases of low-value assets. These are recognized on a straight-line basis as an expense in statement of profit or loss and other comprehensive income amounting to SAR 15,131,245 for the year ended 31 December 2023 (December 2022: SAR 53,075,727).

12 Capital work-in-progress

	Notes	Total
1 January 2022		203,315,617
Additions during the period		213,587,414
Transfer to property, plant and equipment during the year	10	(109,203,236)
Transfer to intangible assets during the period		(21,075,469)
31 December 2022		286,624,326
Additions during the year		869,525,386
Transfer to property, plant and equipment during remainder of the year	10	(402,814,122)
Transfer to intangible assets during the year	13	(464,638)
31 December 2023		**752,870,952**

(All amounts in Saudi Riyals unless otherwise stated)

12 Capital work-in-progress (continued)

During the year ended 31 December 2023, the Company obtained the required permits from the Royal Commission for Jubail and Yanbu for the construction of dross processing plant facility (the "Plant") inside its premises. 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 Company. The Company 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 July 2024.

Based on management's assessment of contractual rights and obligations under the BOOT agreement, management concluded that the Company controls the Plant from its construction till the end of contract period. Accordingly, the Company 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 a financial liability.

The following key assumptions were used to determine the fair 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	53.2%

The Company has capitalized as part of capital work-in-progress the following:

	Notes	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Borrowing cost attributable to qualifying assets	8	**6,836,739**	1,492,122
Capitalization rate	8	**6.97%**	4.70%

The capitalization rate used is the weighted average interest rate applicable for the Company's general borrowings as of period end.

13 Intangible assets

	Notes	**Software**
Cost		
1 January 2022		51,207,609
Transfer from capital work-in-progress during the year		21,075,469
31 December 2022		72,283,078
Transfer from capital work-in-progress during the year		464,638
31 December 2023		**72,747,716**
Accumulated amortization		
1 January 2022		(37,552,246)
Charge for the year	6	(7,004,754)
31 December 2022		(44,557,000)
Charge for the year	6	(7,232,179)
31 December 2023		**(51,789,179)**
Net book value		
31 December 2022		27,726,078
31 December 2023		**20,958,537**

Intangible assets are amortized over ten years.

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Zakat payable	14.3	**44,908,164**	76,290,034
Income tax payable	14.4	**-**	20,507
Total		**44,908,164**	76,310,541

14.1 Components of zakat base

	Notes	31 December 2023	31 December 2022
Shareholders' equity at the beginning of the year		**5,881,195,125**	5,389,546,470
Provisions at the beginning of the year		**208,633,307**	179,412,356
Long-term borrowings	25.2	**6,475,930,951**	6,599,595,954
Lease liabilities and right-of-use assets, net	11,27	**728,094,744**	55,765,791
Other non-current liability	26	**208,172,836**	18,631,375
Other		**34,221,933**	5,818,889
Sub-total		**13,536,248,896**	12,248,770,835
Property, plant and equipment and Intangible assets	10,13	**(9,746,184,604)**	(9,961,458,294)
Capital work-in-progress	12	**(563,900,343)**	(214,681,620)
Spare parts and consumables	19	**(603,678,365)**	(277,118,974)
Lease liabilities and right-of-use assets, net		**(795,665,355)**	
Employees' home owners program receivable, non-current portion	15	**(178,163,723)**	(187,521,447)
Others		**(11,804,820)**	(12,814,107)
Net Zakat base for the year	10,14	**1,636,851,686**	1,595,176,393
Zakat due at 2.578% on Zakat base for 2023 (2022: Zakat due at 2.578%)		**42,198,036**	41,123,647
Zakat Calculation based on adjusted net income:			
Adjusted net (loss) income for the year	14.2	**(1,129,517,044)**	597,613,041
Zakat rate applicable to the Company		**2.5%**	2.50%
Zakat due at 2.5% on adjusted (loss) income for the year		**(28,237,926)**	14,940,326
Net Zakat due on zakat base and on adjusted net income	14.3	**13,960,110**	56,063,973

Zakat is calculated at the rate of 2.578% on all components of zakat base except for adjusted net profit for the year which is subject to zakat at the rate of 2.5%.

14.2 Adjusted income calculation for zakat and tax provision

	Notes	31 December 2023	31 December 2022
Accounting (loss) / income for the year		**(1,552,944,730)**	784,763,803
Add/less: Disallowable expenses			
Depreciation – right-of-use assets	11	**51,700,025**	53,458,636
Provision for employees' end of service termination benefits	28.1	**30,932,316**	22,578,786
Accretion of lease liabilities	27.2	**43,275,971**	44,682,914
Net accrual for settlement of derivative interest	29	**(1,781,796)**	(35,072,283)
Employees' savings plan – Company's contribution	28.2	**-**	8,502,637
Sub-total		**(1,428,818,214)**	878,914,493
Add/less adjustment for tax calculation:			
Repayment of lease liabilities during the year	27.1	**(79,215,222)**	(81,033,263)
Adjusted income for zakat calculations		**(1,508,033,436)**	797,881,230
Add/less adjustment for tax calculation:			
Depreciation differential		**204,800,482**	56,617,930
Payments of employees' end of service termination benefits	28.1	**4,032,903**	(10,518,224)
Accounting loss on disposal or write off of fixed assets		**-**	34,614,988
Adjusted (loss) income for Tax calculations		**(1,299,200,051)**	878,595,924
Allocation of adjusted income:			
Saudi Arabian shareholder (74.9%)	14.1	**(1,129,517,044)**	597,613,041
Foreign shareholder (25.1%)	14.2	**(326,099,213)**	220,527,577

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

14.3 Zakat payable attributable to Saudi Arabian shareholders

	Note	31 December 2023	31 December 2022
1 January		**76,290,034**	37,704,599
Provision for Zakat		**25,909,950**	91,334,643
Paid during the year		**(57,291,820)**	(52,749,208)
31 December	14	**44,908,164**	76,290,034

14.4 Income tax payable attributable to foreign shareholder

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

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Adjusted (loss) income for tax calculations	14.2	**(1,384,423,226)**	784,763,803
Foreign shareholders' 25.1% proportionate share		**25.1%**	25.1%
Foreign shareholders' 25.1% proportionate share of the year income tax	14.2	**(347,490,230)**	196,975,715
Less: Brought forward losses – claimed to the extent of 25% of the adjusted income		**(86,872,557)**	(49,243,929)
Taxable income on foreign shareholder		**(434,362,787)**	147,731,786
Income tax rate applicable to the Company		**20%**	20%
Income tax provision for the year	14	**(86,872,557)**	29,546,357

Income tax payable attributable to foreign shareholders

	Note	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**20,507**	69,147,815
Provision for income tax for the year		**-**	27,259,804
Current year		**-**	32,730,524
Prior year Adjustment		**-**	(5,470,720)
Paid during the year		**(20,507)**	(96,387,112)
31 December	14	**-**	20,507

14.5 Income tax (credit) / expense

	31 December 2023	31 December 2022
Accounting (loss) income for the year	**(1,373,308,319)**	665,839,374
Income tax rate applicable to the Company	**20%**	20%
Foreign shareholders' 25.1% proportionate share of the year accounting loss	**(274,661,664)**	133,167,875
Income tax on foreign shareholder	**(68,940,078)**	33,425,137
Tax effect of expenses disallowed	**8,140,986**	30,751,441
Tax effect of permanent differences	**60,799,092**	(36,916,774)
Income tax credit for the year	**-**	27,259,804

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

14.6 Reconciliation of deferred tax and income tax:

	Notes	31 December 2023	31 December 2022
Current tax expense	14.3	**1,742,941**	27,259,804
Deferred income tax (expense) / income – net		**(47,194,333)**	329,982
Charged to profit or loss arising from deferred tax asset	14.5	**(36,956,467)**	4,889,486
Credited to profit or loss arising from deferred tax liabilities	14.6	**(10,237,866)**	(4,559,504)
Total income tax (credit) / expense	14	**(45,451,392)**	27,589,786

14.7 Deferred tax assets

The balance comprises temporary differences attributable to:

	Year ended 31 December 2023	Year ended 31 December 2022
Tax losses carried forward	**225,058,763**	189,662,323
Allowance for slow moving spare parts and consumable materials	**1,975,464**	2,051,119
Right of use assets	**5,194,330**	4,403,139
Employees' benefits	**13,650,003**	12,805,512
Total deferred tax assets	**245,878,560**	208,922,093

Movements	Note	Tax losses carried forward	Allowance for slow moving spare parts and consumable materials	Right of Use Assets	Employees' Benefits	Total
1 January 2022		202,202,283	2,510,000	-	9,099,296	213,811,579
(Charged) / credited to profit or loss during the year	14.6	(12,539,960)	(458,881)	4,403,139	3,706,216	(4,889,486)
31 December 2022		189,662,323	2,051,119	4,403,139	12,805,512	208,922,093
Credited / (charged) to profit or loss during the year	14.6	35,396,440	(75,655)	791,191	844,491	36,956,467
31 December 2023		**225,058,763**	**1,975,464**	**5,194,330**	**13,650,003**	**245,878,560**

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

14.8 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 December 2023	31 December 2022
Property, plant and equipment and intangible assets	**333,437,305**	343,675,171

	Note	Property, plant and equipment and intangible assets
1 January 2022		348,234,675
Charged to profit or loss during the year	14.6	(4,559,504)
31 December 2022		343,675,171
Charged to profit or loss during the year	14.6	(10,237,866)
31 December 2023		**333,437,305**

14.9 Status of final assessments

During 2021, the Zakat, Tax and Customs Authority ("ZATCA") issued zakat assessments for the years 2015 through 2018 amounting to Saudi Riyals 35.7 million. The Company accepted an assessment of Saudi Riyals 13.6 million and accordingly recognized additional zakat provision amounting to Saudi Riyals 13.6 million during 2021. The Company filed an appeal with ZATCA against the remaining assessed amounts. ZATCA issued revised assessments with an amount of Saudi Riyals 18.7 million and the Company recognized additional zakat provision amounting to Saudi Riyals 5.1 million during 2022 against such revised assessments. The Company filed an appeal against the revised assessments with the General Secretariat of Tax Committees ("GSTC") which is still pending review.

Further, during 2022 the Company recognized uncertain tax provision of Saudi Riyals 14.7 million for the years 2019 through 2022 based on the zakat and income tax assessments received for the years 2015 through 2018. During 2023, the Company recognized further uncertain zakat provision of Saudi Riyals 6.9 million based on the above zakat and income tax assessments.

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

15 Employees' home owners program receivable

	31 December 2023	31 December 2022
1 January	**269,895,321**	293,953,686
Less: Employee repayments during the year	**(8,615,480)**	(24,058,365)
Sub-total	**261,279,841**	269,895,321
Less: Current portion of employees' home owners program receivable	**(23,411,052)**	(19,532,908)
31 December 2023	**237,868,789**	250,362,413

16 Due from / (to) a shareholder

	Notes	31 December 2023	31 December 2022
16.1 Due from a shareholder			
Ma'aden	32.2, 35	**70,468,466**	209,340,556
16.2 Due to a shareholder			
Ma'aden	32.2, 35	**93,567,433**	109,336,740

(All amounts in Saudi Riyals unless otherwise stated)

16 Due from / (to) a shareholder (continued)

16.2 Due to a shareholder (continued)

16.2.1 Employees' share-based payment plan

On 7 June 2023, the shareholders of the Parent Company approved the Employees Stock Incentive Program ("Plan") for the benefit of certain eligible senior executives of the Company (the "Participants"). The Plan entitles the Participants a conditional right to receive a number of Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs") (each unit equal to the value of one share of the Parent Company at the grant date i.e. 7 June 2023), following the satisfaction of service and performance conditions. The service vesting period under the Plan is 3 years. Fair value per share on grant date is the closing price per share on Tadawul as at the grant date.

The total expense recognised for employees' services received during the year ended 31 December 2023 under the Plan amounted to SAR 1,463,842 and is recognised as "salaries and staff related benefits" in the statement of profit or loss with a corresponding increase in the statement of financial position under the "Due to shareholder".

On 7 June 2023, the Parent Company's shareholders in their Extraordinary General Assembly Meeting approved buy-back of 2,170,767 treasury shares under the Plan for the executives of the Group.

17 Due from / (to) fellow subsidiaries

	Notes	31 December 2023	31 December 2022
17.1 Due from fellow subsidiaries			
Ma'aden Bauxite and Alumina Company ("MBAC")	32.2	**223,006,847**	240,605,511
Ma'aden Rolling Company ('MRC')	32.2	**288,928,465**	115,787,347
Ma'aden Gold and Base Metal Company ("MGBM")	32.2	**60,068**	38,733
Ma'aden Phosphate Company ('MPC')	32.2	**8,987,597**	9,791,608
Ma'aden Infrastructure Company ("MIC")	32.2	**1,139,590**	5,362,206
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")	32.2	**2,389,788**	5,638,466
Ma'aden Fertilizer Company ("MFC")	32.2	**233,187**	592,098
Industrial Minerals Company (IMC)	32.2	**-**	8,402
Total	32.2,35	**524,745,542**	377,824,371
17.2 Due to fellow subsidiaries			
MIC	32.2	**84,152,456**	41,859,442
MGBM	32.2	**1,158,504**	610,154
MBAC	32.2	**12,689,161**	24,065,648
MPC	32.2	**579,443**	634,082
MRC	32.2	**2,207,325**	18,489,746
MWSPC	32.2	**127**	
MFC	32.2	**47,771**	-
Total	32.2,35	**100,834,787**	85,659,072

18 Advances and prepayments

	31 December 2023	31 December 2022
Advances to employees	**163,770**	-
Advances to vendors	**13,878,635**	13,827,875
Prepaid to suppliers	**103,035,531**	22,135,905
Prepaid insurance and other	**3,454,827**	26,427,095
Advance Tax	**24,628,188**	-
Sub-total	**145,160,951**	62,390,875
Less: Non-current portion of amounts prepaid to suppliers	**(80,965,971)**	(22,135,905)
31 December 2023	**64,194,980**	40,254,970

(All amounts in Saudi Riyals unless otherwise stated)

19 Inventories

	Notes	31 December 2023	31 December 2022
Finished goods – ready for sale		**7,904,430**	92,429,583
Cost of finished goods		**9,834,544**	92,429,583
Less: FG Inventory written off to net realizable value		**(1,930,114)**	-
Work-in-process		**335,260,988**	354,912,039
Sub-total	6	**343,165,418**	447,341,622
Raw materials		**484,642,893**	621,006,330
Spare parts and consumables		**805,979,126**	369,985,279
Allowance for slow moving spare parts and consumable materials	19.1	**(39,351,872)**	(40,858,946)
Sub-total		**1,251,270,147**	950,132,663
Total		**1,594,435,565**	1,397,474,285

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

	Notes	31 December 2023	31 December 2022
1 January		**40,858,946**	50,000,000
Allowance for slow moving spare parts and consumables		**(1,507,074)**	(9,141,054)
31 December	19	**39,351,872**	40,858,946

20 Trade and other receivables

	Note	31 December 2023	31 December 2022
Trade receivables			
MRC	32.2	**539,276,487**	530,821,981
Ma'aden	32.2	**655,297,300**	453,415,034
Alcoa Inespal, S.A.	32.2	**221,865,958**	266,737,806
Sub-total		**1,416,439,745**	1,250,974,821
Other receivables			
Value Added Tax (VAT)		**92,118,187**	26,138,223
Others		**736,217**	3,383,151
Sub-total		**92,854,404**	29,521,374
Total		**1,509,294,149**	1,280,496,195

21 Time deposits

	Note	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 - unrestricted		**14,990,108**	1,200,000,000
Income receivable from time deposits		**-**	5,869,722
Total	34	**14,990,108**	1,205,869,722

(All amounts in Saudi Riyals unless otherwise stated)

22 Cash and cash equivalents

	Notes	31 December 2023	31 December 2022
Time deposits with original maturities equal to or less than three months at the date of acquisition			
- unrestricted		**3,089,659**	200,000,000
Investment income receivable - unrestricted		**-**	1,118,889
Cash and bank balances:			
-unrestricted		**392,869,577**	541,492,939
-restricted		**48,415,835**	49,424,742
Sub-total		**441,285,412**	590,917,681
Total unrestricted cash and cash equivalents		**395,959,236**	742,611,828
Total restricted cash and cash equivalents	28.2	**48,415,835**	49,424,742
Total	36	**444,375,071**	792,036,570

The restricted cash relates to employees' savings plan obligation (Notes 28.2).

23 Share capital

	Note	31 December 2023	31 December 2022
Authorized, issued and paid up share capital			
657,375,000 ordinary shares, with a nominal value of SAR 10 per share	1	**6,573,750,000**	6,573,750,000

Shareholders	Number of shares	Holding %	31 December 2023	31 December 2022
Saudi Arabian				
Ma'aden	492,373,875	74.9%	**4,923,738,750**	4,923,738,750
Foreign				
ASSI	165,001,125	25.1%	**1,650,011,250**	1,650,011,250
Total	**657,375,000**	**100.0%**	**6,573,750,000**	6,573,750,000

The Company is ultimately owned by Public Investment Fund ("PIF") (a sovereign wealth fund of the Kingdom of Saudi Arabia).

24 Statutory reserve - transfer of net income

	31 December 2023	31 December 2022
1 January	**57,170,999**	30,537,424
Transfer of 4% of net income for the year	**-**	26,633,575
31 December	**57,170,999**	57,170,999

Shareholders	Participation %	31 December 2023	31 December 2022
Saudi Arabian			
Ma'aden	**74.9%**	**45,092,704**	45,092,704
Foreign			
ASSI	**25.1%**	**12,078,295**	12,078,295
Total	**100.0%**	**57,170,999**	57,170,999

(All amounts in Saudi Riyals unless otherwise stated)

In accordance with the Company's Articles of Association, the Company is required to establish a statutory reserve by apportioning 4% of its annual net income to the statutory reserve after adjusting accumulated losses, until the statutory reserve equals or exceed 50% of the Company's paid up share capital. Such transfer is to be made on an annual basis and the statutory reserve so created is not available for distribution as dividends.

25 Long-term borrowings

25.1 Facilities approved

On 30 November 2010, the Company had entered into a Common Term Agreement ("CTA") with Public Investment Fund ('PIF'), Saudi Industrial Development Fund ("SIDF") a consortium of financial institutions. On 14 December 2017 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Dollar conventional and Riyal Murabaha facilities to replace the balance of the facilities. Consequently, MAC's financing facilities comprised of:

Financial institutions	**Date of approval**	**Facilities approved**
PIF – Amendment to the existing Agreement	14 December 2017	4,275,375,000
Islamic and commercial banks	14 December 2017	
Riyal Murabaha		5,178,750,000
Dollar conventional		1,503,750,000
Sub-total		6,682,500,000
Murabaha Riyal (Working Capital Facility)	22 August 2022	1,125,000,000
Total		**12,082,875,000**

The new financing agreements imposed some financial covenants including:

- maintenance of financial ratios as per financial covenants clause;
  - debt will not, at any time, exceed 4 times of total tangible net worth and
- restriction on dividend distribution to shareholders

In addition to scheduled repayments, the restructured PIF facility and the Dollar conventional and Riyal Murabaha facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Dollar conventional and the Riyal Murabaha facilities.

- financing cost will not exceed 50% of Earnings before Interest, Tax and Amortization ('EBITDA")

Facility agents:

- The Saudi National Bank acts as Intercreditor Agent and as Riyal Murabaha and Riyal Murabaha working capital Facilities Agent,
- The First Abu Dhabi Bank acts as Dollar Conventional Facility Agent.

(All amounts in Saudi Riyals unless otherwise stated)

25 Long-term borrowings (continued)

25.2 Facilities utilized

	31 December 2023	31 December 2022
PIF	**3,912,137,330**	4,275,375,000
Less: Repaid during the year	**(581,766,089)**	(363,237,670)
Sub-total	**3,330,371,241**	3,912,137,330
Less: Unamortized transaction costs	**(22,385,751)**	(26,502,872)
Sub-total	**3,307,985,490**	3,885,634,458

The repayment of loan has been started from 31 March 2023, on a six-monthly basis, starting at SAR 100 million and increasing over the term of the loan with the final repayment of SAR 1,219 million on 30 September 2031. In addition, MAC is required to make certain prepayments as described above.

The transaction cost amortization during the year ended 31 December 2023 amounted to SAR 4.1 million (31 December 2022: SAR 4.1 million).

Islamic and commercial banks

Riyal Murabaha	**3,996,799,975**	4,660,875,000
Dollar conventional	**953,649,730**	1,246,007,250
Sub-total	**4,950,449,705**	5,906,882,250
Less: Repaid during the period / year	**(720,061,315)**	(956,432,544)
Sub-total	**4,230,388,390**	4,950,449,706
Less: Unamortized transaction costs	**(17,271,142)**	(24,874,613)
Sub-total	**4,213,117,248**	4,925,575,093

The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate ("SIBOR") plus a margin of 1.65%. whereas the rate of commission on the principal amount of the loan drawn on Dollar Conventional facility is LIBOR plus a margin of 1.55%.

The repayment of the loan drawn on Islamic Murabaha Riyal has been started from March 2021, on a Six-monthly basis starting at SAR 259 million and increasing over the term of the loan with the final repayment of SAR 1,812 million on 30 September 2027. In addition, MAC is required to make certain prepayments as described above.

The repayment of the loan drawn on Dollar Conventional facility has been started from March 2021, be on Six-monthly basis starting at SAR 129 million and increasing over the term of the loan with the final repayment of SAR 601 million on 30 September 2024.

The transaction cost amortized during the year ended 31 December 2023 amounted to SAR 7.60 million (31 December 2022: SAR 8.79 million).

New Murabaha Riyal (WCF)

Riyal Murabaha	**1,125,000,000**	-

The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate ("SIBOR") plus a margin of 0.65%. The repayment of the loan drawn on Islamic Murabaha Riyal facility is at maturity on 22 August 2027, in full.

Sub-total	**8,646,102,738**	8,811,209,551
Accrued finance cost	**192,547,065**	134,694,507
Total borrowings (Note 35)	**8,838,649,803**	8,945,904,058
Less: Current portion of long-term borrowings	**(1,373,722,740)**	(896,183,931)
Less: Accrued finance cost	**(192,547,065)**	(134,694,507)
Sub-total - current portion of borrowings shown under current liabilities	**(1,566,269,805)**	(1,030,878,438)
Long-term portion	**7,272,379,998**	7,915,025,620

25 Long-term borrowings (continued)

25.3 Maturity profile of long-term borrowings

	31 December 2023	31 December 2022
2023	-	1,030,878,438
2024	**1,566,269,805**	1,406,257,285
2025	**712,403,406**	756,013,541
2026	**748,437,898**	798,970,276
2027	**2,345,333,215**	2,401,057,275
2028	**315,301,806**	315,301,806
2029 through 2031	**3,190,560,566**	2,288,802,922
Total	**8,878,306,696**	8,997,281,543

The above maturities are subject to prepayment provisions as defined in the CTA (Note 25.1).

25.4 Facilities' currency denomination

Essentially 47% of the Company's facilities have been contracted in SAR and 53% in United States dollars (US$) and the drawdown balances in US$ are shown below:

	31 December 2023 (US$)	31 December 2022 (US$)
PIF (US$)	**888,098,998**	1,043,236,621
Less: Unamortized transaction costs	**(5,969,534)**	(7,067,433)
Sub-total	**882,129,464**	1,036,169,188
Islamic and commercial banks		
Riyal Murabaha (SAR)	**1,065,813,327**	1,242,900,000
Dollar conventional (US$)	**254,306,595**	332,268,600
Sub-total	**1,320,119,922**	1,575,168,600
Less: Repaid during the period / year	**(192,016,351)**	(255,048,678)
Sub-total	**1,128,103,571**	1,320,119,922
Less: Unamortized transaction costs	**(4,605,638)**	(6,633,230)
Sub-total	**1,123,497,933**	1,313,486,692
New Murabaha Riyal (WCF)		
Drawdown during the year	**300,000,000**	-
Sub-total	**300,000,000**	-
Add: Accrued finance cost	**51,345,884**	35,918,535
Total borrowings	**2,356,973,281**	2,385,574,415
Less: Current portion of long-term borrowings	**(417,671,948)**	(274,900,917)
Long term portion	**1,939,301,333**	2,110,673,498

25.5 Security

Borrowings from Islamic and commercial banks are also secured through promissory notes.

26 Other non-current liabilities

	31 December 2023	31 December 2022
Project Payable	**253,059,361**	-
Non-refundable contribution	**24,875,000**	24,875,000
Total	**277,934,361**	24,875,000

Project payable relates to Dross processing plant under construction at reporting period. (Note 12)
The Company plans to establish a social responsibility fund for the development of projects in community support in the areas in which it operates. One of the Company's contractors contributed a non-refundable amount to support the Company's objective. The amount received from the contractor will be used by the Company for community development projects. This amount is not expected to be utilized within twelve months from the date of the statement of financial position, and, accordingly, it is reported as a non-current liability.

(All amounts in Saudi Riyals unless otherwise stated)

27 Lease liabilities

	Notes	31 December 2023	31 December 2022
Future minimum lease payment	27.1	**1,725,899,103**	1,803,994,605
Less: Future finance cost not yet due	27.2	**(663,595,558)**	(706,731,657)
Net present value of minimum lease payment		**1,062,303,545**	1,097,262,948
Less: Current portion of lease liabilities shown under current liabilities		**(31,850,583)**	(35,808,502)
Long term portion of lease liabilities		**1,030,452,962**	1,061,454,446

The future minimum lease payments have been discounted, using the Company's incremental borrowing rate as at the date of the transition which approximates 4% per annum, to its present value

Maturity profile

Future minimum lease payments are falling due during the following years:

	31 December 2023	31 December 2022
2023	**-**	79,047,263
2024	**76,300,630**	76,076,686
2025	**72,358,126**	72,134,182
2026	**72,169,066**	71,945,122
2027	**72,169,066**	71,945,122
2028	**72,001,108**	72,001,108
2029 thereafter	**1,360,901,107**	1,360,845,120
Total	**1,725,899,103**	1,803,994,603

27.1 Movement in future minimum lease payments

	Note	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**1,803,994,605**	1,900,675,767
Additions during the year		**1,119,720**	-
Terminations during the year		**-**	(15,647,899)
Sub-total		**1,805,114,325**	1,885,027,868
Payments during the year		**(79,215,222)**	(81,033,263)
31 December	27	**1,725,899,103**	1,803,994,605

27.2 Movement in future finance cost

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**(706,731,657)**	(751,139,972)
Addition during the year		**(139,872)**	(274,599)
Sub-total		**(706,871,529)**	(751,414,571)
Accretion of future finance cost during year	8	**43,275,971**	44,682,914
31 December	27	**(663,595,558)**	(706,731,657)

(All amounts in Saudi Riyals unless otherwise stated)

28 Provision for decommissioning, site rehabilitation and dismantling obligations

	Notes	31 December 2023	31 December 2022
1 January		**-**	-
Addition during the year		**278,782,565**	-
Accretion		**3,921,947**	-
31 December		**282,704,512**	-

Decommissioning provisions are made for the plants dismantling obligation of the 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 Company'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 properties, based on information currently available including closure and dismantling plans, the Company'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 Company has reassessed and revised the provision for plant dismantling and site rehabilitation for its plants. See Note 4.2 "Changes in accounting estimates".

29 Employees' benefits

	Notes	31 December 2023	31 December 2022
Employees' end of service benefits – Defined benefit plan	28.1	**223,496,585**	186,748,531
Employees' savings plan	28.2	**48,415,835**	49,424,742
Total		**271,912,420**	236,173,273

29.1 Employees' end of service termination benefits obligation

	Notes	31 December 2023	31 December 2022
1 January		**186,748,531**	168,273,029
Total amount recognized in profit or loss		**30,932,316**	22,578,786
Service cost		**21,669,100**	18,098,753
Interest expense	8	**9,263,216**	4,480,033
Loss attributable to re-measurements recognized in other comprehensive income		**1,782,835**	6,414,940
Loss due to experience adjustment		**11,758,391**	(2,750,207)
		(9,975,556)	9,165,147
Settlements / (transfers)		**4,032,903**	(10,518,224)
31 December	28	**223,496,585**	186,748,531

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

Employees' end of service benefit plans are unfunded plans and the benefit payment obligation are met when they due.

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
Withdrawal rate	**5.00%**	5.00%
Mortality rate	**WHO SA19**	AM (80) table
Salary growth rate – short term	**4.50%**	4.80%
Salary growth rate – long term	**4.75%**	4.80%
Discount rate	**4.75%**	4.80%

(All amounts in Saudi Riyals unless otherwise stated)

29 Employees' benefits (continued)

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

Sensitivity analysis

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

	Sensitivity level %		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
31 December 2023				
Withdrawal rate	10%	10%	**(852,398)**	**790,394**
Mortality rate	10%	10%	**(60,894)**	**57,686**
Salary growth rate	1%	1%	**21,956,015**	**(19,079,852)**
Discount rate	1%	1%	**(21,683,192)**	**25,616,847**
31 December 2022				
Withdrawal rate	10%	10%	(473,077)	489,809
Mortality rate	10%	10%	(33,842)	33,947
Salary growth rate	1%	1%	28,075,559	(23,549,885)
Discount rate	1%	1%	(23,323,181)	28,340,732

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 defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

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

Effect of defined benefit plan on the Company's future cash flows

The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	31 December 2023	31 December 2022
2023	**-**	8,965,332
2024	**14,122,029**	6,677,559
2025	**16,826,297**	6,726,754
2026	**16,575,473**	6,900,439
2027	**18,164,016**	6,512,118
2028	**18,612,044**	6,898,327
2029 thereafter	**140,484,566**	354,184,893
Total	**224,784,425**	396,865,422

29.2 Employees' savings plan

	Notes	31 December 2023	31 December 2022
1 January		**49,424,742**	40,922,105
Payment / contribution for the year		**(1,008,907)**	8,502,637
31 December	21,28	**48,415,835**	49,424,742

(All amounts in Saudi Riyals unless otherwise stated)

30 Derivative financial instruments

	Note	31 December 2023	31 December 2022
1 January		**(78,306,485)**	195,259,424
Net reversal for settlement of derivative interest		**(1,781,796)**	(35,072,283)
(Reversal) / accrual during the year	8	**(56,573,941)**	44,521,315
Paid during the year		**54,792,145**	(79,593,598)
Loss / (gain) in fair value of hedge instrument charged to other comprehensive income		**48,655,995**	(238,493,626)
Sub-total		**(31,432,286)**	(78,306,485)
Less: current portion of derivative financial instruments		(31,432,286)	34,053,290
Non-current portion of derivative financial instruments		-	(44,253,195)

The company has 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 LIBOR and SIBOR ("hedge item"). The hedging instruments and hedging item have similar critical terms such as reference rate, reset dates, payment dates, maturities and notional amount. The arrangement has been designated as hedging arrangement since its inception and subject to prospective testing of hedge effectiveness at each reporting date. As on 31 December 2023, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the year. The various agreements entered into, by the company were as follows:

Effective date	Notional amount	Maturity date
1 April 2019	SAR 1,800 million	1 April 2024
	SAR 1,800 million	

The swap contracts require settlement of net interest receivable or payable every six months ending 31 March and 30 September. 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 are as follows:

	Note	31 December 2023	31 December 2022
Carrying amount (liability)		**(31,432,286)**	(78,306,485)
Notional amount	35.1.2	**1,800,000,000**	3,620,250,000
Hedge ratio		**1:01**	1:1
Gain in fair value of outstanding hedging instruments since 1 January		**(48,655,995)**	(238,493,626)
Gain in value of hedge item used to determine hedge effectiveness		**48,655,995**	238,493,626

Accumulated loss in fair value of outstanding hedging instruments

	31 December 2023	31 December 2022
1 January	**(69,537,604)**	168,956,022
Change in fair value of hedging instrument recognized in OCI	**(7,917,946)**	(193,972,311)
Transferred from OCI to profit	**56,573,941**	(44,521,315)
Changes in fair value and transfer to profit	**48,655,995**	(238,493,626)
31 December	**(20,881,609)**	(69,537,604)

(All amounts in Saudi Riyals unless otherwise stated)

30 Derivative financial instruments (continued)

Shareholders	Number of shares	% Holding	31 December 2023	31 December 2022
Saudi Arabian				
Ma'aden	492,373,875	74.9%	**(15,640,326)**	(52,083,665)
Foreign				
ASSI	165,001,125	25.1%	**(5,241,283)**	(17,453,939)
Total	**657,375,000**	**100.0%**	**(20,881,609)**	(69,537,604)

31 Trade and other payables

	Notes	31 December 2023	31 December 2022
Trade payables		**758,583,430**	311,565,419
Trade payables - MRC	32.2	**232,023,672**	323,629,132
Trade payables - MBAC	32.2	**150,991,698**	92,242,018
Project payable and others		**27,042,161**	2,707,658
Total	36	**1,168,640,961**	730,144,227

32 Accrued expenses

	Note	31 December 2023	31 December 2022
Trade		**1,046,164,778**	1,014,125,387
Employee related		**111,207,628**	71,276,954
Total	36	**1,157,372,406**	1,085,402,341

Accruals represent goods and services received by the Company for which invoices have not been received. Due to Alcoa Corporation relates to seconded employees' salaries and other costs.

33 Related party transactions and balances

33.1 Related party transactions

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

	Year ended 31 December 2023	Year ended 31 December 2022
Domestic sales to:		
Alcoa Inespal, S.A.		
Ingots	**907,812,318**	1,129,983,693
Billets	**226,269,615**	319,559,114
Slabs	**19,275,863**	20,100,172
Sub-total	**1,153,357,796**	1,469,642,979
Ma'aden		
Ingots	**2,485,268,123**	3,367,871,127
Billets	**874,093,066**	958,131,950
Slabs	**91,009,916**	35,560,056
Sub-total	**3,450,371,105**	4,361,563,133
MRC		
Slabs	**3,252,444,315**	4,215,492,236
Total	**7,856,173,216**	10,046,698,348

(All amounts in Saudi Riyals unless otherwise stated)

33 Related party transactions and balances (continued)

33.1 Related party transactions (continued)

	Year ended 31 December 2023	Year ended 31 December 2022
Cost of seconded employees and technical support from Alcoa Corporation	**2,764,003**	1,705,523
Costs paid on behalf of the Company and other costs allocations by:		
Ma'aden	**197,301,830**	379,757,614
MBAC	**16,961,142**	31,629,062
MRC	**6,185,233**	22,948,769
MPC	**2,328,011**	2,402,024
MFC	**1,094,922**	-
MGBM	**1,158,504**	610,154
Total	**225,029,642**	437,347,623
Support function, development and other costs paid by MAC and charged to:		
MBAC	**468,212,636**	209,575,409
MRC	**204,024,809**	345,055,166
Ma'aden	**401,051,960**	128,655,326
MPC	**16,731,851**	13,436,011
MIC	**10,163,523**	8,307,719
MWSPC	**11,660,377**	5,638,466
MGBM	**123,564**	38,733
MFC	**4,274,633**	592,098
IMC	**-**	8,402
Total	**1,116,243,353**	711,307,330
Raw material feedstock purchased from:		
MRC	**1,797,479,645**	2,017,199,975
MBAC	**1,718,078,722**	2,061,254,688
Total	**3,515,558,367**	4,078,454,663
Finance cost incurred on long term borrowings from PIF	**252,358,475**	136,629,407
Rentals and services charged by MIC to the Company under Land Use and Service Agreement ("LUSA") and the agreement for Provision of Facilities at Ras Al-Khair (RAK)	**201,894,790**	215,072,158
Saudi Aramco	**544,722,847**	623,600,475

(All amounts in Saudi Riyals unless otherwise stated)

33 Related party transactions and balances (continued)

33.2 Related party balances

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

	Notes	31 December 2023	31 December 2022
Due from a shareholder			
Ma'aden	16.1	**70,468,466**	209,340,556
Due to a shareholder			
Ma'aden	16.2	**93,567,433**	109,336,740
Due from fellow subsidiaries			
MBAC	17.1	**223,006,847**	240,605,511
MRC	17.1	**288,928,465**	115,787,347
MGBM	17.1	**60,068**	38,733
MPC	17.1	**8,987,597**	9,791,608
MIC	17.1	**1,139,590**	5,362,206
MWSPC	17.1	**2,389,788**	5,638,466
MFC	17.1	**233,187**	592,098
IMC	17.1	**-**	8,402
Total		**524,745,542**	377,824,371
Due to fellow subsidiaries			
MIC	17.2	**84,152,456**	41,859,442
MGBM	17.2	**1,158,504**	610,154
MPC	17.2	**579,443**	24,065,648
MRC	17.2	**2,207,325**	634,082
MBAC	17.2	**12,689,161**	18,489,746
MWSPC	17.2	**127**	
MFC	17.2	**47,771**	-
Total		**100,834,787**	85,659,072
Trade and other receivables			
MRC	20	**539,276,487**	530,821,981
Ma'aden	20	**655,297,300**	453,415,034
Alcoa Inespal, S.A.	20	**221,865,958**	266,737,806
Total		**1,416,439,745**	1,250,974,821
Long-term borrowing from a majority shareholder of Ma'aden			
Due to PIF for financing the MAC facility	25.2	**3,330,371,241**	3,912,137,330
Trade payables to fellow subsidiaries			
MRC	30	**232,023,672**	323,629,132
MBAC	30	**150,991,698**	92,242,018
Total		**383,015,370**	415,871,150

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 270.54 million (31 December 2022: SAR 535.01 million)

33.3 Key management personnel compensation

	31 December 2023	31 December 2022
Short-term employee benefits	**944,317**	1,615,498
Employees' end of service termination benefits	**67,804**	143,258
Total	**1,012,121**	1,758,756

(All amounts in Saudi Riyals unless otherwise stated)

34 Dividends

On January 30, 2023, the Board of Managers of the Company recommended to distribute cash dividend of SAR 226 million from the retained earnings to the shareholders and which was approved at the Annual General Meeting of the shareholders and paid during the quarter.

35 Commitments and contingent liabilities

35.1 Capital commitments

	31 December 2023	31 December 2022
Capital expenditure contracted for:		
Property, plant and equipment	**63,260,182**	63,160,612

35.2 Guarantees

Guarantee in favor of Saudi Aramco	**108,210,938**	108,210,938
Guarantee in favor of Saudi Ports Authority	**6,671,580**	6,671,580
Letter of Credit in favor of Glama Maschinenbau GMBH	**-**	3,266,466
Total	**114,882,518**	118,148,984

36 Financial risk management

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

- market risk
- credit risk and
- liquidity risk

36.1 Market risk

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

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

Financial instruments affected by market risk includes loans and borrowings, trade and other receivables, trade payables and accrued liabilities.

The sensitivity analysis in the following sections relate to the positions as at 31 December 2023.

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 the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

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

36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.1 Foreign currency risk

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

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

Foreign currency exposure

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

	31 December 2023	31 December 2022
Trade payables – AED	**82,537**	100,010
Trade payables – EUR	**11,343,531**	16,141,971
Trade payables – CAD	**239,698**	5,646
Trade payables – CHF	**235,349**	279,411
Trade payables – BHD	**13,334**	308,028
Trade payables – GBP	**494,186**	972,225
Total	**12,408,635**	17,807,291

Amount recognized in financial statements

During the year, the following foreign-exchange related amounts were recognised in the statement of profit or loss and other comprehensive income:

	Note	31 December 2023	31 December 2022
Foreign exchange loss included in other income / expense	9	**(4,962,629)**	(1,261,384)

Foreign currency sensitivity analysis

As shown in the table above, the Company is primarily exposed to changes in SAR/AED, SAR/EURO, SAR/CAD, SAR/CHF and SAR/GBP exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from AED, EURO and CHF denominated balances.

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

	31 December 2023	31 December 2022
SAR/AED exchange rate - increase 10%	**(8,254)**	(10,001)
- decrease (10%)	**8,254**	10,001
SAR/EURO exchange rate - increase 10%	**(1,134,353)**	(1,614,197)
- decrease (10%)	**1,134,353**	1,614,197
SAR/CAD exchange rate - increase 10%	**-**	(565)
- decrease (10%)	**-**	565
SAR/CHF exchange rate - increase 10%	**(23,535)**	(27,941)
- decrease (10%)	**23,535**	27,941
SAR/BHD exchange rate - increase 10%	**(1,333)**	(30,803)
- decrease (10%)	**1,333**	30,803
SAR/GBP exchange rate - increase 10%	**(49,419)**	(97,223)
- decrease (10%)	**49,419**	97,223

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

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.2 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing which expose the Company to cash flow interest rate risk.

The Company's receivables and fixed rate borrowings carried at 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 Company is not exposed to fair value interest rate risk.

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

Interest rate exposure

	31 December 2023	31 December 2022
Variable rate borrowings	**7,560,759,631**	8,862,587,036

Cash flow hedge

The Company 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:

	Note	31 December 2023	31 December 2022
Notional amount hedged	29	**1,810,000,000**	3,620,250,000

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

	31 December 2023	31 December 2022
Interest rate – increase by 100 basis points	**35,968,100**	11,943,719
Interest rate – decrease by 100 basis points	**(35,968,100)**	(11,943,719)

Interest rate sensitivity analysis

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

	31 December 2023	31 December 2022
Interest rate – increase by 100 basis points	**82,571,905**	(95,224,221)
Interest rate – decrease by 100 basis points	**(82,571,905)**	95,224,221

Transition from LIBOR to risk free rates

IBOR reform represents the reform and replacement of interest rate benchmarks by global regulators. The Company has a number of contracts, primarily referenced to USD London Interbank offer rates ("USD LIBOR") and Saudi Interbank offer rates (SIBOR). For USD LIBOR, the most applicable tenor (6-month USD LIBOR) has ceased during 2023 and the Company is in the process of shifting to alternative benchmark after completing all formal documents that is expected to be completed in 2024.

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

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.2 Interest rate risk (continued)

Transition from LIBOR to risk free rates (continued)

The following table contains details of all financial instruments of the Company which are based on USD LIBOR as at 31 December 2023 and are currently in process of transitioning to an alternative benchmark:

Financial instruments:

Non-derivative financial liabilities	**3,307,985,490**
Derivative financial assets	**31,432,286**

LIBOR reforms and expectation of cessation of LIBOR will impact the Company's current risk management strategy and possibly accounting for certain financial instruments.

As part of the Company's risk management strategy, the Company uses financial instruments to manage exposures arising from variation of interest rates that could affect profit or loss and other comprehensive income and applies hedge accounting to these instruments. Majority of those financial instruments are also referenced to LIBOR. The Company is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates.

36.1.3 Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the aluminium products it produces.

Commodity price sensitivity analysis

The table below shows the impact on profit or loss before tax and zakat for changes in commodity prices. The analysis is based on the assumption aluminium LME prices move 10% on the reporting date with all other variables held constant.

	31 December 2023	31 December 2022
Trade and other receivable (less VAT)	**1,417,175,962**	1,254,357,972
Increase of 10% in USD per tonne	**141,717,596**	125,435,797
Decrease of 10% in USD per tonne	**(141,717,596)**	(125,435,797)

The Company 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.

36.2 Credit risk

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

The Company is exposed to credit risk if counterparties fail to make payments as they fall due in respect of receivables.

	Notes	Category	31 December 2023	31 December 2022	Impairment model approach
Financial assets class					
Trade and other receivable (less VAT)	20	Amortised cost	**1,417,175,962**	1,254,357,972	**Simplified**
Time deposits	21	Amortised cost	**14,990,108**	1,200,000,000	**General**
Cash and cash equivalents	22	Amortised cost	**444,375,071**	792,036,570	**General**
Total			**1,876,541,141**	3,246,394,542	

36 Financial risk management (continued)

36.2 Credit risk (continued)

ECL approaches

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

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

Credit risk exposure

The Company ensures that the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade and other receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.

The Company calculates life time ECL through an internally developed model. Life time ECL is computed based on days past due and rating grade of the counterparty.

Stage-1 - Performing or low credit risk

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

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-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
- Actual or expected significant changes in the operating results of the counterparty
- 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 Company and changes in the operating results of the borrower

	Note	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Trade and other receivable (less VAT)		1,417,175,962	-	**1,417,175,962**
Less: Allowance for expected credit losses				
Secured		-	-	-
Unsecured		-	-	-
Total	20	1,417,175,962	-	**1,417,175,962**

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.2 Credit risk (continued)

Credit risk exposure (continued)

Trade and other receivables

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

	Note	31 December 2023	31 December 2022
Neither past due nor impaired		**1,389,455,420**	1,136,383,883
Past due not impaired			
< 30 days		**26,984,325**	114,590,938
Total	20	**1,416,439,745**	1,250,974,821

Based on the above analysis for the trade receivables under ECL method, credit risk was considered minimal and therefore no provision was recorded.

For receivable from related parties, since there is no history of default in collection, the credit risk is minimal.

36.3 Liquidity risk

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

Maturities of financial liabilities

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

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

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

Contractual maturities of non-derivatives	Notes	1st year	2nd year	3 – 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
31 December 2023							
Due to shareholder	16.2	93,567,433	-	-	-	93,567,433	93,567,433
Due to fellow subsidiaries	17.2	100,834,787	-	-	-	100,834,787	100,834,787
Long-term borrowings	25.3	2,158,863,390	1,176,546,257	4,239,521,293	3,388,335,880	10,963,266,820	8,838,649,803
Lease liabilities	27	76,300,630	72,358,126	216,339,240	1,360,901,107	1,725,899,103	1,062,303,545
Trade and other payables	30	1,168,640,961	-	-	-	1,168,640,961	1,168,640,961
Accrued expenses	31	1,157,372,406	-	-	-	1,157,372,406	1,157,372,406
Total		**4,755,579,607**	**1,248,904,383**	**4,455,860,533**	**4,749,236,987**	**15,209,581,510**	**12,421,368,935**

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.3 Liquidity risk (continued)

31 December 2022

Due to shareholder	16.2	109,336,740	-	-	-	109,336,740	109,336,740
Due to fellow subsidiaries	17.2	85,659,072	-	-	-	85,659,072	85,659,072
Long-term borrowings	25.3	1,537,632,148	1,883,923,875	5,011,506,394	2,878,515,277	11,311,577,694	8,945,904,058
Lease liabilities	27	79,047,263	76,076,686	216,024,426	1,432,846,228	1,803,994,603	1,097,262,948
Trade and other payables	30	730,144,227	-	-	-	730,144,227	730,144,227
Accrued expenses	31	1,085,402,341	-	-	-	1,085,402,341	1,085,402,341
Total		3,627,221,791	1,960,000,561	5,227,530,820	4,311,361,505	15,126,114,677	12,053,709,386

37 Capital management

The Company's objectives when managing capital are to

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

In order to maintain or adjust the capital structure, the Company relies on the shareholders' support when necessary.

The net debts of the Company are as follows:

Net debt	**Notes**	**31 December 2023**	**31 December 2022**
Cash and cash equivalents (unrestricted)	22	**444,375,071**	792,036,570
Long-term borrowings – payable within one year	25.2	**(1,566,269,805)**	(1,030,878,438)
Long-term borrowings – payable after one year	25.2	**(7,272,379,998)**	(7,915,025,620)
Lease liabilities – payable within one year	27	**(31,850,583)**	(35,808,502)
Lease liabilities – payable after one year	27	**(1,030,452,962)**	(1,061,454,446)
Net debt		**(9,456,578,277)**	(9,251,130,436)

The movement in net debt is as follows:

	Other assets	**Liabilities from financing activities**				
	Cash and cash equivalents (Note 22)	**Long-term borrowings - payable within one year (Note 25.2)**	**Long-term borrowings - payable after one year (Note 25.2)**	**Lease liability – payable within one year (Note 27)**	**Lease liability - payable after one year (Note 27)**	**Total**
1 January 2022	1,429,587,949	(833,536,731)	(9,342,354,558)	(50,705,565)	(1,098,830,230)	(9,895,839,135)
Cash flows for the year	(637,551,379)	1,598,628,435	-	81,033,264	-	1,042,110,320
Adjustments / transfers	-	(1,795,970,142)	1,427,328,938	(66,136,201)	37,375,784	(397,401,621)
31 December 2022	792,036,570	(1,030,878,438)	(7,915,025,620)	(35,808,502)	(1,061,454,446)	(9,251,130,436)
Cash flows for the period	(347,661,499)	1,857,769,039	-	-	79,215,221	1,589,322,761
Adjustments / transfers	-	(2,393,160,406)	642,645,622	3,957,919	(48,213,737)	(1,794,770,602)
31 December 2023	**444,375,071**	**(1,566,269,805)**	**(7,272,379,998)**	**(31,850,583)**	**(1,030,452,962)**	**(9,456,578,277)**

(All amounts in Saudi Riyals unless otherwise stated)

38 Financial assets and financial liabilities

The Company holds the following classes of financial instruments:

	Notes	31 December 2023	31 December 2022
Financial assets measured at amortized cost			
Due from a shareholder	16.1	**70,468,466**	209,340,556
Due from fellow subsidiaries	17.1	**524,745,542**	377,824,371
Trade and other receivables (excluding vat)	20	**1,417,175,962**	1,254,357,972
Cash and cash equivalents	22	**444,375,071**	792,036,570
Total		**2,456,765,041**	2,633,559,469

The Company holds the following classes of financial instruments:

	Notes	31 December 2023	31 December 2022
Financial liabilities measured at amortized cost			
Due to a shareholder	16.2	**93,567,433**	109,336,740
Due to fellow subsidiaries	17.2	**100,834,787**	85,659,072
Long-term borrowings	25.2	**8,838,649,803**	8,945,904,058
Lease liabilities	27	**1,062,303,545**	1,097,262,948
Trade and other payables	30	**1,168,640,961**	730,144,227
Accrued expenses	31	**1,157,372,406**	1,085,402,341
Total		**12,421,368,935**	12,053,709,386
Financial Asset at fair value through OCI			
Derivative financial instruments	29	**31,432,286**	78,306,485

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

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 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.

Derivatives:

On the basis of its analysis of the nature, characteristics and risks of the derivatives, the Company has determined that presenting them as a single class is appropriate.

The fair value of the derivatives is determined with reference to an active market index and is classified as level 2 in the fair value hierarchy. The fair values for the derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves for the interest rate swaps. There was no transfer between any levels during the period.

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

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

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

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

39 Events after the reporting date

No events have arisen subsequent to 31 December 2023 and before the date of signing the auditor's review report, that could have a significant effect on the financial statements as at 31 December 2023.

MA’ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)

Financial statements for the year ended 31 December 2024

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Commercial registration number	:	2055012511	
Board of Managers	:	Ali Saeed Abdullah Al-Orayj	Chairman
		Ghannam Al Ghannam	
		Attaullah Nihal	
		Vidar Bruland	
		Andrew Estel	
Registered address	:	Ma'aden Aluminium Company Ras Al-Khair Industrial City Kingdom of Saudi Arabia	
Postal address	:	P.O. Box 11342 Al-Jubail Industrial City 31961 Kingdom of Saudi Arabia	
Bankers	:	The Saudi British Bank (SABB)	
Auditors	:	PricewaterhouseCoopers 14th floor, Al-Hugayet Tower, P.O. Box 467 Dhahran 31932 Kingdom of Saudi Arabia	

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of Managers' responsibilities for the preparation and approval of the financial statements for the year ended 31 December 2024

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 5, is made with a view to distinguish the responsibilities of the Board of Managers and those of the independent auditors in relation to the financial statements of Ma'aden Aluminium Company (the "Company").

The management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2023, its financial performance, changes in shareholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (" SOCPA").

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

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

The management is also responsible for:

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

The financial statements for the year 31 December 2024, set out on pages 6 to 57, were approved and authorized for issue by the Board of Managers and signed on its behalf by:

Ali Saeed Abdullah Al-Orayj Chairman of the Board	Abdullah A AlGhamdi Senior Vice President	Attaullah Nihal Vice President Finance

17 February 2025
Ras Al-Khair Industrial City
Kingdom of Saudi Arabia

Independent auditor's report to the shareholders of Ma'aden Aluminium Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ma'aden Aluminium Company (the "Company") as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2024;
- the statement of financial position as at 31 December 2024;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, 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 Financial Statements* section of our report.

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

Independence

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

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

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

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

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

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Independent auditor's report to the shareholders of Ma'aden Aluminium Company (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers

برايس وترهاوس كوبرز
محاسبون قانونيون
س.ت: ١٠١٠٣٧١٦٢٢
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
C.R.: 1010371622

Bader I. Benmohareb
License Number 471

9 March 2025

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Sales	5	**9,172,691,423**	7,856,173,216
Cost of sales	6	**(8,738,961,433)**	(8,691,586,732)
Gross profit / (loss)		**433,729,990**	(835,413,516)
Operating expenses			
Logistic expenses		**(55,361,139)**	(33,944,337)
General and administrative expenses	7	**(135,255,309)**	(129,690,719)
Other operating income, net	9	**572,606,158**	-
Operating profit / (loss)		**815,719,700**	(999,048,572)
Other (expenses) / income			
Finance cost	8	**(650,811,320)**	(613,794,193)
Finance income		**40,325,679**	38,363,136
Finance cost, net		**(610,485,641)**	(575,431,057)
Other income, net	9	**-**	21,534,899
Profit / (loss) before zakat and income tax		**205,234,059**	(1,552,944,730)
Zakat expense	14.2	**(42,108,349)**	(25,909,950)
Income tax and deferred tax, net	14.5	**(17,440,995)**	45,451,392
Profit / (loss) for the year		**145,684,715**	(1,533,403,288)
Other comprehensive loss			
Items that may be reclassified to profit or loss in subsequent year			
Loss on cash flow hedge	30	**(20,881,609)**	(48,655,995)
Items that will not to be reclassified to profit or loss in subsequent year			
Loss attributable to the re-measurements of employees' benefits obligation	29.1	**(12,124,607)**	(1,782,835)
Other comprehensive loss for the year		**(33,006,216)**	(50,438,830)
Total comprehensive income / (loss) for the year		**112,678,499**	(1,583,842,118)

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of financial position as at 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Assets			
Non-current assets			
Property, plant and equipment	10	**12,588,142,698**	12,991,303,952
Right-of-use assets	11	**925,445,040**	972,089,111
Capital work-in-progress	12	**911,053,359**	752,870,952
Intangible assets	13	**20,938,320**	20,958,537
Deferred tax assets	14.6	**243,355,852**	245,878,560
Employees' home owners program receivable	15	**210,590,296**	237,868,789
Non-current portion of advances and prepayments	18	**55,604,728**	80,965,971
Total non-current assets		**14,955,130,293**	15,301,935,872
Current assets			
Current portion of employees' home owners program receivable	15	**23,237,406**	23,411,052
Due from shareholder	16.1	**49,164,724**	70,468,466
Due from fellow subsidiaries	17.1	**183,314,907**	524,745,542
Derivative financial instruments	30	**-**	31,432,286
Advances and prepayments	18	**85,900,629**	64,194,980
Inventories	19	**1,328,880,337**	1,594,435,565
Trade and other receivables	20	**1,729,235,990**	1,509,294,149
Time deposits	21	**-**	14,990,108
Cash and cash equivalents	22	**1,065,489,378**	444,375,071
Total current assets		**4,465,223,371**	4,277,347,219
Total assets		**19,420,353,664**	19,579,283,091
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	23	**6,573,750,000**	6,573,750,000
Statutory reserve	24	**-**	57,170,999
General reserve	24	**57,170,999**	-
Cash flow hedge reserve	30	**-**	20,881,609
Net accumulated losses		**(571,225,106)**	(704,785,214)
Net shareholders' equity		**6,059,695,893**	5,947,017,394
Liabilities			
Non-current liabilities			
Deferred tax liabilities	14.7	**331,957,880**	333,437,305
Long-term borrowings	25.2	**7,850,335,837**	7,272,379,998
Other non-current liabilities	26	**326,512,108**	277,934,361
Lease liabilities	27	**996,018,397**	1,030,452,962
Provision for property, plant and equipment dismantling obligation	28	**220,679,417**	282,704,512
Employees' benefits	29	**314,065,364**	271,912,420
Total non-current liabilities		**10,039,569,003**	9,468,821,558
Current liabilities			
Trade and other payables	31	**997,619,455**	1,168,640,961
Accrued expenses	32	**1,221,139,822**	1,157,372,406
Zakat and income tax payable	14	**60,184,776**	44,908,164
Current portion of long-term borrowings	25.2	**853,215,810**	1,566,269,805
Current portion of lease liabilities	27	**31,817,230**	31,850,583
Due to a shareholder	16.2	**105,489,180**	93,567,433
Due to fellow subsidiaries	17.2	**51,622,495**	100,834,787
Total current liabilities		**3,321,088,768**	4,163,444,139
Total liabilities		**13,360,657,771**	13,632,265,697
Total shareholders' equity and liabilities		**19,420,353,664**	19,579,283,091

MA'ADEN ALUMINIUM COMPANY
(A Saudi Arabian limited liability company)
Statement of changes in equity for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Saudi Arabian shareholder						Foreign shareholder						
	Saudi Arabian Mining Company						Alcoa Saudi Smelting Inversiones S.L. Company						
	Share capital (Note 23)	Statutory reserve - Transfer of net income (Note 24)	General reserve - Transfer of net income (Note 24)	Cash flow hedge reserve (Note 30)	Accumulated losses / retained earnings	Sub-total	Share capital (Note 23)	Statutory reserve - Transfer of net income (Note 24)	General reserve - Transfer of net income (Note 24)	Cash flow hedge reserve (Note 30)	Accumulated losses / retained earnings	Sub-total	Total equity
1 January 2023	4,923,738,750	45,092,704	-	52,083,666	912,363,671	5,933,278,791	1,650,011,250	12,078,295	-	17,453,938	144,101,738	1,823,645,221	7,756,924,012
Income for the period before zakat and income tax	-	-	-	-	(1,163,155,603)	(1,163,155,603)	-	-	-	-	(389,789,127)	(389,789,127)	(1,552,944,730)
Zakat and income tax	-	-	-	-	(25,909,950)	(25,909,950)	-	-	-	-	45,451,392	45,451,392	19,541,442
Cash flow hedge - changes in fair value and transfer to profit, net (Note30)	-	-	-	(36,443,340)	-	(36,443,340)	-			(12,212,655)	-	(12,212,655)	(48,655,995)
Loss attributable to the re-measurements of employees' end-of-service termination benefits obligation.	-	-	-	-	(1,335,343)	(1,335,343)	-	-	-		(447,492)	(447,492)	(1,782,835)
Total comprehensive income for the year	-	-	-	(36,443,340)	(1,190,400,896)	(1,226,844,236)	-	-	-	(12,212,655)	(344,785,227)	(356,997,882)	(1,583,842,118)
Dividend	-	-	-	-	(169,322,591)	(169,322,591)	-	-	-	-	(56,741,909)	(56,741,909)	(226,064,500)
31 December 2023	4,923,738,750	45,092,704	-	15,640,326	(447,359,816)	4,537,111,964	1,650,011,250	12,078,295	-	5,241,283	(257,425,398)	1,409,905,430	5,947,017,394
Income for the year before zakat and income tax	-	-	-	-	153,720,310	153,720,310	-	-	-	-	51,513,749	51,513,749	205,234,059
Zakat and income tax	-	-	-	-	(42,108,349)	(42,108,349)	-	-	-	-	(17,440,995)	(17,440,995)	(59,549,344)
Transfer of statutory reserve to general reserve	-	(45,092,704)	45,092,704	-	-	-	-	(12,078,295)	12,078,295	-	-	-	-
Cash flow hedge - changes in fair value and transfer to profit, net (Note30)	-	-	-	(15,640,326)	-	(15,640,326)	-			(5,241,283)	-	(5,241,283)	(20,881,609)
Loss attributable to the re-measurements of employees' end-of-service termination benefits obligation.	-	-	-	-	(9,081,331)	(9,081,331)	-	-	-		(3,043,276)	(3,043,276)	(12,124,607)
Total comprehensive income for the year	-	-	-	(15,640,326)	102,530,630	86,890,304	-	-	-	(5,241,283)	31,029,478	25,788,195	112,678,499
31 December 2024	**4,923,738,750**	**-**	**45,092,704**	**-**	**(344,829,186)**	**4,624,002,268**	**1,650,011,250**	**-**	**12,078,295**	**-**	**(226,395,920)**	**1,435,693,625**	**6,059,695,893**

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Operating activities			
Profit / (Loss) before zakat and income tax		**205,234,059**	(1,552,944,730)
Adjustments for non-cash flow items:			
Finance cost	8	**650,811,320**	613,794,193
Finance income		**(40,325,679)**	(38,363,136)
Depreciation – property, plant and equipment	10.1	**743,257,329**	962,200,653
Depreciation – right-of-use assets	11	**46,644,071**	51,700,025
Amortization of intangible assets	13	**6,156,485**	7,232,179
(Reversal) allowance for slow moving spare parts and consumable materials	19.1	**(8,905,459)**	1,507,074
Write down of inventories to net realizable value	19	**776,486**	1,930,114
Provision for employees' termination benefits	29.1	**24,921,727**	21,669,100
Employees' saving plan contribution / (payment)	29.2	**3,736,601**	(1,008,907)
Changes in working capital:			
Due from a shareholder	16.1	**21,303,742**	138,872,090
Due from fellow subsidiaries	17.1	**341,430,635**	(146,921,171)
Employees' home owners program receivable	15	**27,452,139**	8,615,480
Advances and prepayments	18	**3,655,594**	(82,770,076)
Inventories	19	**273,684,201**	(198,891,394)
Trade and other receivables	20	**(219,941,841)**	(228,797,954)
Trade and other payables	31	**(172,555,145)**	438,496,734
Accrued expenses	32	**52,447,102**	371,793,630
Due to a shareholder	16.2	**11,921,747**	(15,769,307)
Due to fellow subsidiaries	17.2	**(49,212,292)**	15,175,715
Net cash generated from operations		**1,922,492,822**	367,520,312
Employees' termination benefits (paid) / transfers	29.1	**(7,482,146)**	4,032,903
Receipt for periodic net settlement of interest rate swap	30	**21,217,295**	54,792,145
Zakat paid	14.3	**(43,229,449)**	(57,291,820)
Tax paid	14.4	**-**	(20,507)
Finance cost paid		**(689,592,251)**	(599,217,606)
Net cash generated from operating activities		**1,203,406,271**	(230,184,573)
Investing activities			
Additions to capital work-in-progress	12	**(503,389,330)**	(869,525,386)
Finance income received		**40,325,679**	38,363,136
Time deposits	21	**14,990,108**	1,152,516,478
Movement in restricted cash	22	**48,415,835**	1,008,907
Net cash generated from investing activities		**(399,657,708)**	322,363,135
Financing activities			
Repayment of long-term borrowings	25.2	**(4,399,750,503)**	(1,301,827,404)
Additions of long-term borrowings	25.2	**4,300,000,000**	1,125,000,000
Payment of principal portion of lease liabilities		**(34,467,918)**	(35,939,250)
Dividend paid to shareholders		**-**	(226,064,500)
Net cash utilized in financing activity		**(134,218,421)**	(438,831,154)
Net change in cash and cash equivalents		**669,530,142**	(346,652,592)
Unrestricted cash and cash equivalents at the beginning of the year	22	**395,959,236**	742,611,828
Unrestricted cash and cash equivalents at the end of the year	22	**1,065,489,378**	395,959,236

(All amounts in Saudi Riyals unless otherwise stated)

Continued statement of cash flows

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Non-cash flow transactions			
Transfer to intangible assets from capital work-in-progress	12,13	**6,136,268**	464,638
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	8,12	**16,334,970**	6,836,739
Transfer to property, plant and equipment from capital work-in-progress	10,12	**415,303,686**	402,814,122
Adjustment to property, plant and equipment and capital work-in-progress against accrual	10	**11,320,314**	261,460,429
Adjustment of dismantling obligation of property, plant and equipment	10	**75,207,611**	278,782,565

1 General information

Ma'aden Aluminium Company (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2055012511 dated 2nd of Thul-Quada 1431H (corresponding to 10 October 2010), with an authorized share capital of Saudi Riyals ("SAR") 6,573,750,000 comprising 657,375,000 ordinary shares at a nominal value of SAR 10 per share (Note 23).

The Company is owned by:

- Saudi shareholder
  74.9% by Saudi Arabian Mining Company ("Ma'aden") the parent Company and a
- Foreign shareholder
  25.1% by Alcoa Saudi Smelting Inversiones S.L. ("ASSI"), a company wholly-owned by Alcoa Corporation.

The objectives of the Company are the production and sale of primary aluminium products comprising of:

- Ingots
- T-shaped ingots
- Slabs and
- Billets

The Company declared commercial production on 1 September 2014.

On 15 September 2024, Ma'aden signed a Share Purchase and Subscription Agreement ("SPSA") with Alcoa Corporation (as the "Guarantor") and Alcoa Saudi Smelting Inversiones S.L., a shareholder (the "Seller") (the Guarantor, the Seller and Ma'aden are collectively referred to as the "Parties" and each as a "Party") for the purpose of acquiring the entire shares held by the Seller in MAC, representing 25.1% of the share capital of MAC (the "Acquisition").

The Acquisition consideration will consist in full, in an in-kind consideration through the issuance of new shares in Ma'aden to the Seller in addition to cash consideration.

At completion of the Acquisition, Ma'aden's stake in the share capital of MAC will increase from 74.9% to 100%. Completion of the Acquisition will be subject to the satisfaction of certain regulatory and corporate conditions and approvals.

2 Basis of preparation

Statement of compliance

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

These 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 other measurement basis as disclosed in the applicable accounting policies in Note 3 – Summary of material accounting policies.

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

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

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB"), endorsed in the Kingdom of Saudi Arabia by SOCPA, that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Company. The management is in the process of assessing the impact of the new standards, amendments and interpretations on its financial statements.

2 Basis of preparation (continued)

***New* and amended IFRS standards adopted by the Company**

The Company has applied the following amendments for the first time from 1 January 2024:

Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;

- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

No material effect was noted upon the adoption of the new and amended standards on the Company's financial statements. There are no other amendments or interpretations which are effective from 1 January 2024 that have a material effect on the Company's financial statements.

3 Summary of material accounting policies

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

3.1 Foreign currency translation

Foreign currency transactions are translated into SAR at the spot rates of exchange prevailing at the date the transactions first qualify for recognition.

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.

3.2 Revenue recognition

Revenue comprises of sales of primary aluminium goods and is recognized based on the considerations specified in contracts with the customers and excludes amounts, if any, collected on behalf of third parties. Revenue is recognized at a point in time when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

The Company is responsible to deliver the promised goods to a location within the Kingdom of Saudi Arabia resulting in the transfer of control over such goods to the customer and recognizing the related revenue at a point in time basis.

3.3 Contract liabilities

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

3.4 Logistic expenses

Logistic expenses comprise of all costs for transporting the finished goods to the customers.

3.5 General and administrative expenses

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

3 Summary of material accounting policies (continued)

3.6 Property, plant and equipment

Property, plant and equipment are carried at the historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition, construction or development of plant, property and equipment including the initial estimate of any rehabilitation and decommissioning and dismantling obligation.

Depreciation is charged to the statement of profit or loss using the straight-line method to allocate the depreciable amount over the following estimated economic useful lives:

Categories of assets	Number of years
Land and buildings	25 – 50
Plant and equipment	8 – 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the 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.

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

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

3.7 Right-of-use assets and lease liabilities

The company assesses whether a contract is or contains a lease, at inception of a contract. The company recognizes 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 company recognizes 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.

Lease liabilities

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

3 Summary of material accounting policies (continued)

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

Lease liabilities (continued)

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

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

The lease liabilities are presented as a separate line in the statement of financial position.

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

The company remeasures the lease liabilities (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 liabilities 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 liabilities 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 liabilities is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets (RoU)

The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is 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 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 company expects to exercise a purchase option, the related right-of-use asset is depreciated over the 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 statement of financial position.

The company 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 3.10.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liabilities 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 “cost of sales” in the statement of profit or loss.

3.8 Capital work-in-progress

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in 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.

3 Summary of material accounting policies (continued)

3.8 Capital work-in-progress (continued)

The cost of an item of capital work-in-progress comprises its purchase price, construction / development cost and any other costs directly attributable to the construction or acquisition of an item of capital work-in-progress 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 year.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets until the commencement of commercial production.

Capital work-in-progress is measured at cost less any recognized impairment.

Capital work-in-progress is not depreciated.

Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

3.9 Intangible assets

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 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 on intangible assets with finite lives is recognized in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortizes intangible assets with a limited economic useful life using the straight-line method over ten years.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually, or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from 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 statement of profit or loss when the asset is derecognized.

3.10 Asset impairment

At each reporting date, the Company reviews the carrying amounts of its plant and equipment 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 Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

3 Summary of material accounting policies (continued)

3.10 Asset impairment (continued)

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the 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 to determine the asset or CGU's recoverable amount since the last impairment loss was recognized.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or CGU. A reversal of an impairment loss is recognized in the operating section of the statement of profit or loss.

3.11 Employees' home owners program receivable

The Company has established an employees' home ownership program (HOP) that offer 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 upon completion of the full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners 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.

3.12 Inventories

Finished goods

Saleable finished goods are measured at the lower of unit cost of production or net realizable value. Cost of saleable finished goods is determined by using the unit cost of production for the period. The unit cost of production is determined as the total cost of production divided by the saleable unit output.

Production costs include:

- raw material costs,
- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery) and contractor expenses which are directly attributable to the production of finished goods,
- direct and allocated production overheads,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- the depreciation of and leases of plant and equipment used in the production activities

Work-in-process

Work-in-process is measured at the lower of cost or net realizable value. The cost of work-in-process is determined using unit cost of production for the period based on percentage of completion at the applicable stage and includes:

- raw material costs,
- labor costs, consumables materials, repair and maintenance expenses of plant and machinery (which are not eligible for capitalization in items of plant and machinery) and contractor expenses which are directly attributable to the production of finished goods,
- direct and allocated production overheads and
- the depreciation of and leases of property, plant and equipment used in the production activities

Spare parts and consumable materials

Spares and consumable inventory are valued at lower of cost or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow moving items, if any, is estimated at each reporting date.

3 Summary of material accounting policies (continued)

3.12 Inventories (continued)

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

Net realizable value

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete production and any selling expenses.

3.13 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less expected credit loss ("ECL") allowance, if any. See Note 3.15 for a description of the Company's impairment policies.

When a trade receivable is uncollectible, it is written-off against the expected credit loss allowance. When a subsequent event causes the amount of expected credit loss allowance to decrease, the decrease in the expected credit loss allowance is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

3.14 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash and cash equivalents are related to employees' savings plan obligation.

3.15 Financial instruments, financial assets and liabilities

The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. The Company recognizes all of its contractual rights and obligations under derivatives in its statement of financial position as assets and liabilities.

Derivative instruments

The Company utilizes derivative instruments to manage certain market risk exposures. The Company does not use derivative financial instruments for speculative purposes; however, it may choose not to designate certain derivatives as hedges for accounting purposes.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Interest rate swaps and cash flow hedges

The Company uses interest rate swap contracts to manage its exposure to interest rate movements on its long-term borrowings.

In respect of financial assets, the Company's policy is to invest free cash at floating rates of interest and to maintain cash reserves in time deposits (less than one year) in order to maintain liquidity.

Other financial liabilities (excluding long term-borrowings and obligations under finance leases) are primarily non-interest bearing.

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Derivative instruments (continued)

Interest rate swaps and cash flow hedges (continued)

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 exchange rates. The Saudi Riyal is pegged at SAR 3.75:USD 1, therefore the Company is not exposed to any risks from USD denominated financial instruments.

The Company's transactions are principally in SAR and US Dollars. Virtually all commodity sales contracts with customers are USD priced and equally so is the bulk of the procurement and capital expenditure contracts.

The Company does not use forward exchange contracts.

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces. The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Financial assets

The Company's principal financial assets include:
- due from a shareholder
- due from fellow subsidiaries
- derivative financial instruments
- trade and other receivable excluding pre-payments and zakat / tax receivable (accounting policy 3.13)
- cash and cash equivalents (accounting policy 3.14)

Initial recognition of financial assets

Financial assets are initially recognized at fair value on trade date, including directly attributable transaction costs.

A trade receivable without a significant financing component is recognized at its transaction price.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

Subsequently, financial assets are carried at amortized cost less impairment.

Classification of financial assets

Financial assets are measured at:
- amortized cost ("AC")
- fair value through other comprehensive income ("FVOCI")

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial assets (continued)

Classification of financial assets (continued)

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The financial assets are derived directly from the Company's operations.

Impairment and uncollectibility of financial assets

At each reporting date, the Company measures the loss allowance for a financial asset carried at amortized cost "AC" at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on that financial instrument has increased significantly since initial recognition. However, if at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve-month ECL.

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 ECL.

Such impairment losses are recognized in the statement of profit or loss.

De-recognition of financial assets

The company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of profit or loss.

Financial Liabilities

The Company's principal financial liabilities comprise of:

- due to a shareholder
- due to fellow subsidiaries
- long-term borrowings (accounting policy 3.16)
- lease liabilities (accounting policy 3.7)
- trade and other payables and accrued expenses- excluding zakat/ tax liabilities and employees' end of service termination benefit obligations (Accounting policy 3.18 and 3.19)

The main purpose of these financial liabilities is to finance the Company's operations and to guarantee support for the operations.

Initial recognition of financial liabilities

Financial liabilities are initially recognized at fair value of 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).

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial liabilities (continued)

Initial recognition of financial liabilities **(**continued)

Subsequent to initial recognition, long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit or loss over the period of long-term borrowings using effective interest rate method.

Classification of financial liabilities

Financial liabilities are classified as 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.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of profit or loss.

Borrowings are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss as other income or finance costs.

Offsetting a financial asset and a financial liability

A financial asset and liability is offset and net amount reported in the financial statements, when the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

3.16 Long-term borrowings

Long-term borrowings are initially recognized at the fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the redemption amount is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of 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 derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred in the statement of profit or loss.

3 Summary of material accounting policies (continued)

3.17 Provisions

Provisions are recognized when the Company has:

- a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation in the future and
- the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance costs in the statement of profit or loss.

3.18 Employees' benefits

Employees' savings plan program

In accordance with Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation, approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to 19 July 1999), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Company to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Company.

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SAR 300 per month.

In accordance with this plan, the Company will contribute an amount equaling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Company's portion is charged to statement of profit or loss on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

Employees' end-of-service termination benefits obligation

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 statement of financial position.

Furniture loan

The Company 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.

The liability recognized in the statement of financial position, in respect of the defined employees' end-of-service-termination benefits plan, is the present value of the employees' end of service termination benefits obligation at the end of the reporting period. The defined 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 defined 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 unfunded defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the unfunded defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

3 Summary of material accounting policies (continued)

3.19 Trade and other payables and accrued expenses

Liabilities in respect of trade and other payables are recognized as amounts to be paid for goods and services received. The amount recognized is discounted to the present value of the future obligations using the Company's incremental borrowing rate; unless they are due in less than one year.
Liabilities in respect of other payables are recognized at amounts to be paid for goods and services received.

3.20 Zakat, income tax, withholding tax and deferred tax

The Company is subject to zakat for its Saudi shareholders and income tax for its foreign shareholders in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"). A provision for zakat and income tax for the Company is charged to the statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

The income tax expense includes the current tax and deferred tax charge recognized in the statement of profit of loss.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Further, the amounts for zakat and income tax expense for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

4 Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS and other statements and pronouncement issued by SOCPA, as endorsed by SOCPA in the Kingdom of Saudi Arabia, requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accounting disclosures, and the disclosures of contingent liabilities at the date of the financial statements.

Estimates and assumptions are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.1 Critical accounting judgements in applying accounting standards

The following critical judgement has the most significant effect on the amounts realized in the financial statements:

- right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company'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 Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

4.2 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:

- economic useful lives and residual values of property, plant and equipment;
- dismantling obligations
- zakat and income tax; and
- allowances for obsolete and slow-moving spare parts.

Economic useful lives and residual values of property, plant and equipment

The Company'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 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 Company. Also see note 4.3.

Dismantling obligations

The Company's activities are subject to various environmental laws and regulations. The Company estimates environmental obligations based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, the Company's environmental policy and engineering estimates. Provision for dismantling of Property, Plant and Equipment 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 Company's environmental policy, usage of plant and facilities estimates could affect the carrying amount of this provision. Also see Note 4.3.

Zakat and income taxes

The Company is subject to zakat for its Saudi shareholder and income tax for its foreign shareholder 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 finalization of final assessments are accounted for when such amounts are determined.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.2 Key sources of estimation uncertainty (continued)

Allowances for obsolete and slow-moving spare parts and consumable materials

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date (Note 19.1).

4.3 Changes in accounting estimates

During quarter ended 31 December 2023, as part of the Company'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 Company's business and industry, the Company management in consultation with their external experts carried out a detailed exercise and concluded to revise the following significant accounting estimates:

a) Property, Plant and Equipment dismantling obligations; and
b) Economic useful lives and residual values of property, plant and equipment.

Impact of change in estimate of useful lives and residual values

As a result, during the quarter ended 31 December 2023, the Company revised the estimate of useful life and residual value for all the components of assets related to its 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 Company for the year ended 31 December 2024 decreased by SAR 161.2 million (2023: SAR 40.3 million), as compared to what it would have been using the previous estimates of useful lives and residual values.

Recognition of provision for dismantling of property, plant and equipment

During 2023, as a result of developments in the economic and legal environment where the Company operates, the Company reassessed its legal obligation towards dismantling of its plants and processing facilities related to its operational properties where there was no contractual obligation based on the Company'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 278.8 million for plant dismantling and site rehabilitation with a corresponding increase in non-current assets as of 31 December 2023,
ii) increase in depreciation expense by SAR 9.2 million (2023: 2.3 million), and
iii) increase in finance cost by SAR 15.6 million (2023: 3.9 million).

(All amounts in Saudi Riyals unless otherwise stated)

5 Sales

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Domestic sale of primary aluminium goods			
Ingots		**4,116,073,780**	3,393,080,449
Billets		**1,164,326,424**	1,100,362,686
Slabs		**3,875,990,014**	3,362,730,081
Total	33.1	**9,156,390,218**	7,856,173,216
Scrap and other sales	33.1	**16,301,205**	-
Total		**9,172,691,423**	7,856,173,216

6 Cost of sales

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Salaries and staff related benefits		**561,334,485**	540,746,927
Contracted services		**192,992,226**	320,699,700
Repairs and maintenance		**7,381,863**	906,214
Raw material and utilities consumed		**6,661,499,372**	6,257,775,209
Consumables		**257,409,975**	243,741,429
Overheads		**207,410,052**	202,528,648
Total cash operating costs		**7,888,027,973**	7,566,398,127
Depreciation – property, plant and equipment	10.1	**743,151,783**	962,080,197
Depreciation – right-of-use assets	11	**46,644,071**	51,700,025
Amortization – intangible assets	13	**6,156,485**	7,232,179
Total operating costs		**8,683,980,312**	8,587,410,528
Change in inventory	19	**54,981,121**	104,176,204
Total		**8,738,961,433**	8,691,586,732

7 General and administrative expenses

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Salaries and employee related benefits		**23,286,164**	14,540,640
Contracted services		**94,348,306**	58,962,431
Consumables		**1,859,245**	-
Overheads		**15,656,048**	56,067,192
Depreciation	10.1	**105,546**	120,456
Total		**135,255,309**	129,690,719

During the year, the Company has incurred Research and Development expenditure amounting to SAR 3.37 million (2023: SAR 0.33 million)

(All amounts in Saudi Riyals unless otherwise stated)

8 Finance cost

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Public Investment Fund		**210,920,325**	252,358,475
Riyal Murabaha facility		**230,844,305**	279,376,826
Dollar conventional		**9,046,584**	60,314,234
Murabaha Riyal Working Facility		**134,221,308**	15,680,132
Others		**4,599,964**	1,293,481
Sub-total		**589,632,486**	609,023,148
Amortization of transaction cost	25.2	**22,779,400**	11,720,591
Accretion of lease liabilities	27.2	**41,832,712**	43,275,971
Accretion of employees' end of service termination benefits obligation	28.1	**10,385,794**	9,263,216
Accrual of derivative interest	30	**10,544,127**	(56,573,941)
Reclassified from Cash flow hedge reserve		**(21,210,745)**	-
Accretion of provision of plant dismantling obligation		**13,182,516**	3,921,947
Sub-total		**667,146,290**	620,630,932
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress	12	**(16,334,970)**	(6,836,739)
Total		**650,811,320**	613,794,193

9 Other operating income, net

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Income earned from insurance claim	9.1	**562,499,513**	-
Foreign exchange gain / (loss), net	36.1.1	**(912,930)**	-
Others, net		**11,019,575**	-
Total		**572,606,158**	-

9.1 Up to the year ended 31 December 2023, the Company wrote-off property, plant and equipment having carrying amount of SAR 46.8 million. These assets written-off were mainly attributable to relining of pots within smelter plants which were worn before the completion of their economic useful lives. The Company had filed claims with the insurance company to recover the loss. During the year ended 31 December 2024, the Company reached an arrangement to receive insurance claim of SAR 563 million which was received in full and was recognized and included in 'Other operating income, net' in the statement of profit or loss.

(All amounts in Saudi Riyals unless otherwise stated)

10 Property, plant and equipment

	Notes	Plant dismantling obligation	Land & buildings	Plant & equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
Cost								
1 January 2023		-	8,540,876,604	11,205,841,675	54,470,850	12,213,640	12,222,466	19,825,625,235
Transfer from capital work-in-progress during the year	12	-	15,900,117	386,914,005	-	-	-	402,814,122
Write-offs during the year		-	-	(172,494,543)	(43,299)	-	-	(172,537,842)
Plant dismantling obligation		278,782,565	-	-	-	-	-	278,782,565
31 December 2023		278,782,565	8,556,776,721	11,420,261,137	54,427,551	12,213,640	12,222,466	20,334,684,080
Transfer from capital work-in-progress during the year	12	-	29,004,506	385,967,459	140,179	191,542	-	415,303,686
Transfers		-	231,586,090	(231,586,090)	-	-	-	-
Write-offs during the year		-	-	(174,308,459)	-	-	-	(174,308,459)
Asset retirement obligation	28	(75,207,611)	-	-	-	-	-	(75,207,611)
31 December 2024		**203,574,954**	**8,817,367,317**	**11,400,334,047**	**54,567,730**	**12,405,182**	**12,222,466**	**20,500,471,696**
Accumulated depreciation								
1 January 2023		-	(1,906,872,078)	(4,575,131,804)	(49,528,282)	(9,919,388)	(12,222,466)	(6,553,674,018)
Charge for the year	10.1	(2,316,876)	(236,734,667)	(719,501,951)	(2,527,166)	(1,119,993)	-	(962,200,653)
Write-offs during the year		-	-	172,494,543	-	-	-	172,494,543
31 December 2023		(2,316,876)	(2,143,606,745)	(5,122,139,212)	(52,055,448)	(11,039,381)	(12,222,466)	(7,343,380,128)
Charge for the year	10.1	(8,599,409)	(201,774,135)	(530,327,640)	(1,839,894)	(716,251)	-	(743,257,329)
Transfer		-	(48,671,276)	48,671,276	-	-	-	-
Write-offs during the year		-	-	174,308,459	-	-	-	174,308,459
31 December 2024		**(10,916,285)**	**(2,394,052,156)**	**(5,429,487,117)**	**(53,895,342)**	**(11,755,632)**	**(12,222,466)**	**(7,912,328,998)**
Net book value								
31 December 2023		276,465,689	6,413,169,976	6,298,121,925	2,372,103	1,174,259	-	12,991,303,952
31 December 2024		**192,658,669**	**6,423,315,161**	**5,970,846,930**	**672,388**	**649,550**	**-**	**12,588,142,698**

During 2023, the Company assessed and revised economic useful lives and residual values of its property, plant and equipment along with the recognition of dismantling obligations for its plant and processing facilities related to property, plant and equipment. See Note 4.3 "Changes in accounting estimates".

(All amounts in Saudi Riyals unless otherwise stated)

10 Property, plant and equipment (continued)

10.1 Allocation of depreciation charge for the year to:

	Notes	Year ended 2024	Year ended 2023
Cost of sales	6	**743,151,783**	962,080,197
General and administrative expenses	7	**105,546**	120,456
Total	10	**743,257,329**	962,200,653

11 Right-of-use assets

	Note	Heavy equipment	Motor vehicles	Land and buildings	Total
Cost					
1 January 2023		927,985,658	29,463,951	255,984,867	1,213,434,476
Expired / terminated leases		-	979,847	-	979,847
31 December 2023		927,985,658	30,443,798	255,984,867	1,214,414,323
Additions during the year		-	-	-	-
31 December 2024		**927,985,658**	**30,443,798**	**255,984,867**	**1,214,414,323**
Accumulated depreciation					
1 January 2023		(111,336,704)	(15,458,102)	(63,830,381)	(190,625,187)
Charge for the year		(24,499,398)	(10,120,678)	(17,079,949)	(51,700,025)
31 December 2023		(135,836,102)	(25,578,780)	(80,910,330)	(242,325,212)
Charge for the year	6	(26,404,985)	(4,057,020)	(16,182,066)	(46,644,071)
31 December 2024		**(162,241,087)**	**(29,635,800)**	**(97,092,396)**	**(288,969,283)**
Net book value					
31 December 2023		792,149,556	4,865,018	175,074,537	972,089,111
31 December 2024		**765,744,571**	**807,998**	**158,892,471**	**925,445,040**

For short-term leases (a lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within cost of sales in the statement of profit or loss and other comprehensive income.

The Company has used practical expedient available in IFRS 16 – Leases for short-term leases and leases of low-value assets. These are recognized on a straight-line basis as an expense in statement of profit or loss and other comprehensive income amounting to SAR 7,987,491 for the year ended 31 December 2024 (December 2023: SAR 15,131,245).

12 Capital work-in-progress

	Notes	Total
1 January 2023		286,624,326
Additions during the period		869,525,386
Transfer to property, plant and equipment during the year	10	(402,814,122)
Transfer to intangible assets during the period		(464,638)
31 December 2023		752,870,952
Additions during the year		579,622,361
Transfer to property, plant and equipment during the year	10	(415,303,686)
Transfer to intangible assets during the year	13	(6,136,268)
31 December 2024		**911,053,359**

(All amounts in Saudi Riyals unless otherwise stated)

12 Capital work-in-progress (continued)

During the year ended 31 December 2023, the Company obtained the required permits from the Royal Commission for Jubail and Yanbu for the construction of dross processing plant facility (the "Plant") inside its premises. 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 Company. The Company 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 2025.

Based on management's assessment of contractual rights and obligations under the BOOT agreement, management concluded that the Company controls the Plant from its construction till the end of contract period. Accordingly, the Company 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 of financial liability:

	31 December 2024
Discount rate	5.79%
Future capacity utilization – metric tonne "mt"	35,000mt.
Percentage of completion of the Plant	64.48%

The Company has capitalized as part of capital work-in-progress the following:

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Borrowing cost attributable to qualifying assets	8	**16,334,970**	6,836,739
Capitalization rate	8	**6.85%**	6.97%

The capitalization rate used is the weighted average interest rate applicable for the Company's general borrowings as of period end.

13 Intangible assets

	Notes	Software
Cost		
1 January 2023		72,283,078
Transfer from capital work-in-progress during the year		464,638
31 December 2023		72,747,716
Transfer from capital work-in-progress during the year		6,136,268
31 December 2024		**78,883,984**
Accumulated amortization		
1 January 2023		(44,557,000)
Charge for the year	6	(7,232,179)
31 December 2023		(51,789,179)
Charge for the year	6	(6,156,485)
31 December 2024		**(57,945,664)**
Net book value		
31 December 2023		20,958,537
31 December 2024		**20,938,320**

Intangible assets are amortized over ten years.

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Zakat payable	14.2	**43,787,064**	44,908,164
Income tax payable	14.3	**16,397,712**	-
Total		**60,184,776**	44,908,164

14.1 Components of zakat base

The significant components of the zakat base of the 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 property, plant and equipment,
- net book value of capital work-in-progress,
- net book value of intangible assets,
- other items.

Zakat is calculated at the rate of 2.578% on all components of zakat base except for adjusted net profit for the year which is subject to zakat at the rate of 2.5%.

14.2 Zakat payable attributable to Saudi Arabian shareholders

	Note	31 December 2024	31 December 2023
1 January		**44,908,164**	76,290,034
Provision for Zakat		**42,108,349**	25,909,950
Current year		**35,827,410**	18,633,753
Prior years		**6,280,939**	7,276,197
Paid during the year		**(43,229,449)**	(57,291,820)
31 December	14	**43,787,064**	44,908,164

14.3 Income tax payable attributable to foreign shareholder

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income.

	Note	Year ended 31 December 2024	Year ended 31 December 2023
1 January		**-**	20,507
Provision for income tax for the year		**16,397,712**	-
Paid during the year		**-**	(20,507)
31 December	14	**16,397,712**	-

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

14.4 Deferred income tax expense / (credit)

	31 December 2024	31 December 2023
Accounting income / (loss) for the year before zakat and tax	**205,234,059**	(1,552,944,730)
Income tax rate applicable to the Company	**20%**	20%
Foreign shareholders' 25.1% proportionate share of the year accounting income / (loss)	**41,046,812**	(310,588,946)
Income tax on foreign shareholder	**10,302,750**	(77,957,825)
Tax effect of disallowed expenses	**(9,259,467)**	30,763,492
Income tax expense / (credit) for the year	**1,043,283**	(47,194,333)

14.5 Reconciliation of income tax and deferred tax:

	Notes	31 December 2024	31 December 2023
Current tax expense		**16,397,712**	1,742,941
Deferred income tax expense / (income) – net		**1,043,283**	(47,194,333)
Charged (credit) to profit or loss arising from deferred tax asset	14.6	**2,522,708**	(36,956,467)
Credited (charged) to profit or loss arising from deferred tax liabilities	14.7	**(1,479,425)**	10,237,866)
Total income tax expense / (credit)	14	**17,440,995**	(45,451,392)

14.6 Deferred tax assets

The balance comprises temporary differences attributable to:

	Year ended 31 December 2024	Year ended 31 December 2023
Tax losses carried forward	**219,397,144**	225,058,763
Allowance for slow moving spare parts materials	**1,528,410**	1,975,464
Right of use assets	**5,805,573**	5,194,330
Plant dismantling provision	**858,644**	-
Employees' benefits	**15,766,081**	13,650,003
Total deferred tax assets	**243,355,852**	245,878,560

(All amounts in Saudi Riyals unless otherwise stated)

14 Zakat and income taxes (continued)

Movements	Note	Tax losses carried forward	Allowance for slow moving spare parts and consumable materials	Right of Use Assets	Plant dismantling provision	Employees' Benefits	Total
1-Jan-23		189,662,323	2,051,119	4,403,139	-	12,805,512	208,922,093
(Charged) / credited to profit or loss during the year	14.5	35,396,440	(75,655)	791,191	-	844,491	36,956,467
31-Dec-23		225,058,763	1,975,464	5,194,330	-	13,650,003	245,878,560
Credited / (charged) to profit or loss during the year	14.5	(5,661,619)	(447,054)	611,243	858,644	2,116,078	(2,522,708)
31-Dec-24		**219,397,144**	**1,528,410**	**5,805,573**	**858,644**	**15,766,081**	**243,355,852**

14.7 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 December 2024	31 December 2023
Property, plant and equipment and intangible assets	**331,957,880**	333,437,305

	Note	Property, plant and equipment and intangible assets	Property, plant and equipment and intangible assets
1-Jan		**343,675,171**	348,234,675
Credited to profit or loss during the year	14.5	**(10,237,866)**	(4,559,504)
31-Dec		**333,437,305**	343,675,171
Credited to profit or loss during the year	14.5	**(1,479,425)**	(10,237,866)
31-Dec		**331,957,880**	333,437,305

14.9 Status of final assessments

The Company has filed its zakat and income tax returns up to 31 December 2023 and have received zakat and income tax certificates for the same. During 2021, the Zakat, Tax and Customs Authority ("ZATCA") issued zakat assessments for the years 2015 through 2018 amounting to Saudi Riyals 35.7 million. The Company accepted an assessment of Saudi Riyals 13.6 million and accordingly recognized additional zakat provision amounting to Saudi Riyals 13.6 million during 2021. The Company filed an appeal with ZATCA against the remaining assessed amounts. ZATCA issued revised assessments with an amount of Saudi Riyals 18.7 million and the Company recognized additional zakat provision amounting to Saudi Riyals 5.1 million during 2022 against such revised assessments. The Company filed an appeal against the revised assessments with the General Secretariat of Tax Committees ("GSTC") which is still pending review.

Further, during 2022 the Company recognized uncertain tax provision of Saudi Riyals 14.7 million for the years 2019 through 2022 based on the zakat and income tax assessments received for the years 2015 through 2018. During 2023, the Company recognized further uncertain zakat provision of Saudi Riyals 6.9 million based on the above zakat and income tax assessments.

Based on the Company's assessment, it is not anticipated that any material liabilities, other than currently recognized, will be incurred as a result of outstanding assessments.

(All amounts in Saudi Riyals unless otherwise stated)

15 Employees' home owners program receivable

	31 December 2024	31 December 2023
1 January	**261,279,841**	269,895,321
Less: Employee repayments during the year	**(27,452,139)**	(8,615,480)
Sub-total	**233,827,702**	261,279,841
Less: Current portion of employees' home owners program receivable	**(23,237,406)**	(23,411,052)
31 December	**210,590,296**	237,868,789

16 Due from / (to) a shareholder

	Notes	31 December 2024	31 December 2023
16.1 Due from a shareholder			
Ma'aden	33.2, 36	**49,164,724**	70,468,466
16.2 Due to a shareholder			
Ma'aden	33.2, 36	**105,489,180**	93,567,433

16.2.1 Employees' share-based payment plan

On 7 June 2023, the shareholders of the Parent Company approved the Employees Stock Incentive Program ("Plan") for the benefit of certain eligible senior executives of the Company (the "Participants"). The Plan entitles the Participants a conditional right to receive a number of Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs") (each unit equal to the value of one share of the Parent Company at the grant date i.e. 7 June 2023), following the satisfaction of service and performance conditions. The service vesting period under the Plan is 3 years. Fair value per share on grant date is the closing price per share on Tadawul as at the grant date.

The total expense recognised for employees' services received during the year ended 31 December 2024 under the Plan amounted to SAR 2,907,216 and is recognised as "salaries and staff related benefits" in the statement of profit or loss with a corresponding increase in the statement of financial position under the "Due to shareholder".

On 7 June 2023, the Parent Company's shareholders in their Extraordinary General Assembly Meeting approved buy-back of 2,170,767 treasury shares under the Plan for the executives of the Group.

17 Due from / (to) fellow subsidiaries

	Notes	31 December 2024	31 December 2023
17.1 Due from fellow subsidiaries			
Ma'aden Bauxite and Alumina Company ("MBAC")	33.2	**121,457,311**	223,006,847
Ma'aden Rolling Company ('MRC')	33.2	**49,995,097**	288,928,465
Ma'aden Gold and Base Metal Company ("MGBM")	33.2	**1,667**	60,068
Ma'aden Phosphate Company ('MPC')	33.2	**4,136,581**	8,987,597
Ma'aden Infrastructure Company ("MIC")	33.2	**2,477,038**	1,139,590
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")	33.2	**4,904,623**	2,389,788
Ma'aden Fertilizer Company ("MFC")	33.2	**342,590**	233,187
Total	33.2,36	**183,314,907**	524,745,542
17.2 Due to fellow subsidiaries			
Ma'aden Infrastructure Company ("MIC")	33.2	**39,222,593**	84,152,456
Ma'aden Gold and Base Metal Company ("MGBM")	33.2	**-**	1,158,504
Ma'aden Bauxite and Alumina Company ("MBAC")	33.2	**11,717,032**	12,689,161
Ma'aden Phosphate Company ('MPC')	33.2	**104,471**	579,443
Ma'aden Rolling Company ('MRC')	33.2	**525,325**	2,207,325
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")	33.2	**-**	127
Industrial Minerals Company (IMC)	33.2	**53,074**	-
Ma'aden Fertilizer Company ("MFC")	33.2	**-**	47,771
Total	33.2,36	**51,622,495**	100,834,787

(All amounts in Saudi Riyals unless otherwise stated)

18 Advances and prepayments

	31 December 2024	31 December 2023
Advances to employees	**1,188,326**	163,770
Advances to vendors	**-**	13,878,635
Prepaid to suppliers	**89,961,364**	103,035,531
Prepaid insurance and other	**50,355,667**	28,083,015
Sub-total	**141,505,357**	145,160,951
Less: Non-current portion of amounts prepaid to suppliers	**(55,604,728)**	(80,965,971)
31 December 2024	**85,900,629**	64,194,980

19 Inventories

	Notes	31 December 2024	31 December 2023
Finished goods – ready for sale		**19,440,353**	7,904,430
Cost of finished goods		**20,216,839**	9,834,544
Less: FG Inventory written off to net realizable value		**(776,486)**	(1,930,114)
Work-in-process		**268,743,944**	335,260,988
Sub-total	6	**288,184,297**	343,165,418
Raw materials		**523,491,847**	484,642,893
Spare parts and consumables		**547,650,606**	805,979,126
Allowance for slow moving spare parts and consumable materials	19.1	**(30,446,413)**	(39,351,872)
Sub-total		**1,040,696,040**	1,251,270,147
Total		**1,328,880,337**	1,594,435,565

19.1 Movement in the allowance for slow moving spare parts and consumable materials is as follows:

	Notes	31 December 2024	31 December 2023
1 January		**39,351,872**	40,858,946
Write off		**(8,905,459)**	(1,507,074)
31 December	19	**30,446,413**	39,351,872

20 Trade and other receivables

	Note	31 December 2024	31 December 2023
Trade receivables			
MRC	33.2	**710,725,918**	539,276,487
Ma'aden	33.2	**731,676,621**	655,297,300
Alcoa Inespal, S.A.	33.2	**250,933,760**	221,865,958
Sub-total		**1,693,336,299**	1,416,439,745
Other receivables			
Value Added Tax (VAT)		**20,111,187**	92,118,187
Others		**15,788,504**	736,217
Sub-total		**35,899,691**	92,854,404
Total		**1,729,235,990**	1,509,294,149

(All amounts in Saudi Riyals unless otherwise stated)

21 Time deposits

	Note	31 December 2024	31 December 2023
Time deposits with original maturities of more than three months and less than a year at the date of acquisition - unrestricted		-	14,990,108
Total	34	-	14,990,108

22 Cash and cash equivalents

	Notes	31 December 2024	31 December 2023
Time deposits with original maturities equal to or less than three months at the date of acquisition			
- unrestricted		**289,217,711**	3,089,659
Cash and bank balances:			
-unrestricted		**776,271,667**	392,869,577
-restricted		**-**	48,415,835
Sub-total		**776,271,667**	441,285,412
Total unrestricted cash and cash equivalents		**1,065,489,378**	395,959,236
Total restricted cash and cash equivalents	29.2	**-**	48,415,835
Total	36	**1,065,489,378**	444,375,071

The restricted cash relates to employees' savings plan obligation (Notes 29.2).

(All amounts in Saudi Riyals unless otherwise stated)

23 Share capital

	Note	31 December 2024	31 December 2023
Authorized, issued and paid up share capital			
657,375,000 ordinary shares, with a nominal value of SAR 10 per share	1	**6,573,750,000**	6,573,750,000

Shareholders	Number of shares	Holding %	31 December 2024	31 December 2023
Saudi Arabian				
Ma'aden	492,373,875	74.9%	**4,923,738,750**	4,923,738,750
Foreign				
ASSI	165,001,125	25.1%	**1,650,011,250**	1,650,011,250
Total	**657,375,000**	**100.0%**	**6,573,750,000**	6,573,750,000

The Company is ultimately owned by the Government of Saudi Arabia by virture of of its control over Public Investment Fund ("PIF") (a sovereign wealth fund of the Kingdom of Saudi Arabia).

24 Statutory and general reserve

Statutory reserve

	31 December 2024	31 December 2023
1 January	**57,170,999**	57,170,999
Transferred out to general reserve during the year	**(57,170,999)**	-
31 December	**-**	57,170,999

General reserve

	31 December 2024	31 December 2023
Transferred in from statutory reserve during the year	**57,170,999**	-
31 December	**57,170,999**	-

Shareholders	Participation %	31 December 2024	31 December 2023
Saudi Arabian			
Ma'aden	**74.9%**	**45,092,704**	45,092,704
Foreign			
ASSI	**25.1%**	**12,078,295**	12,078,295
Total	**100.0%**	**57,170,999**	57,170,999

In accordance with the Company's Articles of Association, the Company is required to establish a General reserve by apportioning 4% of its annual net income to the General reserve after adjusting accumulated losses, until the General reserve equals or exceed 50% of the Company's paid up share capital. Such transfer is to be made on an annual basis and the General reserve so created is not available for distribution as dividends.

(All amounts in Saudi Riyals unless otherwise stated)

25 Long-term borrowings

25.1 Facilities approved

On 30 November 2010, the Company had entered into a Common Term Agreement ("CTA") with Public Investment Fund ('PIF'), Saudi Industrial Development Fund ("SIDF") and a consortium of financial institutions. On 14 December 2017 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. On 24 March 2024, the Company entered into a new Murabaha arrangement with a number of financial institutions. The total facility drawn amounts to SAR 4.3 billion out of which SAR 4.2 billion was utilized to offset the existing Murabaha and Dollar conventional facilities. The new Murabaha arrangement is repayable in semi-annual installments from March 2025 to September 2030. The commission is payable on the amount of the borrowing drawdowns and is mainly calculated at a Saudi Arabian Interbank Offered Rate (SAIBOR) plus a margin. The new Murabaha arrangement requires compliance by the Company with covenants to maintain certain financial and other conditions. Consequently, MAC's financing facilities comprised of:

Financial institutions	Date of approval	Facilities approved
PIF – Amendment to the existing Agreement	14 December 2017	4,275,375,000
Islamic and commercial banks		
Riyal Murabaha	31 March 2024	4,300,000,000
Sub-total		8,575,375,000
Murabaha Riyal (Working Capital Facility)	22 August 2022	1,125,000,000
Total		**9,700,375,000**

The new financing agreements imposed some financial covenants including:

- maintenance of financial ratios as per financial covenants clause;
- debt will not, at any time, exceed 4 times of total tangible net worth and
- restriction on dividend distribution to shareholders

  In addition to scheduled repayments, the restructured PIF facility includes provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance of PIF facility.

- financing cost will not exceed 50% of Earnings before Interest, Tax and Amortization ('EBITDA")

  Facility agents:

- The Saudi National Bank acts as Agent for Riyal Murabaha working capital and Riyal Murabaha Facilities.

(All amounts in Saudi Riyals unless otherwise stated)

25 Long-term borrowings (continued)

25.2 Facilities utilized

	31 December 2024	31 December 2023
PIF	**3,330,371,241**	3,912,137,330
Less: Repaid during the year	**(169,362,113)**	(581,766,089)
Sub-total	**3,161,009,128**	3,330,371,241
Less: Unamortized transaction costs	**(18,483,699)**	(22,385,751)
Sub-total	**3,142,525,429**	3,307,985,490

The repayment of loan started from 31 March 2023, on a six-monthly basis, starting at SAR 100 million and increasing over the term of the loan with the final repayment of SAR 1,219 million on 30 September 2031. In addition, MAC is required to make certain pre-payments as described above.

The transaction cost amortization during the year ended 31 December 2024 amounted to SAR 3.9 million (31 December 2023: SAR 4.1 million).

Islamic and commercial banks

	31 December 2024	31 December 2023
Riyal Murabaha	**3,511,413,870**	3,996,799,975
Dollar conventional	**718,974,520**	953,649,730
Sub-total	**4,230,388,390**	4,950,449,705
Less: Repaid during the year	**(4,230,388,390)**	(720,061,315)
Sub-total	**-**	4,230,388,390
Less: Unamortized transaction costs	**-**	(17,271,142)
Sub-total	**-**	4,213,117,248

The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate ("SIBOR") plus a margin of 1.65%. whereas the rate of commission on the principal amount of the loan drawn on Dollar Conventional facility is LIBOR plus a margin of 1.55%.

The repayment of the loan drawn on Islamic Murabaha Riyal has been started from March 2021, on a Six-monthly basis starting at SAR 259 million and increasing over the term of the loan with the final repayment of SAR 1,812 million on 30 September 2027. In addition, MAC is required to make certain pre-payments as described above.

The repayment of the loan drawn on Dollar Conventional facility has been started from March 2021, be on Six-monthly basis starting at SAR 129 million and increasing over the term of the loan with the final repayment of SAR 601 million on 30 September 2024.

The transaction cost amortized during the year ended 31 December 2023 amounted to SAR 7.60 million (31 December 2022: SAR 8.79 million).

	31 December 2024	31 December 2023
Murabaha Riyal (New)		
Murabaha Riyal	**4,300,000,000**	-
Less: Unamortized transaction costs	**(21,081,382)**	-
Sub-total	**4,278,918,618**	-
Working Capital Facility (WCF)		
Riyal Murabaha	**1,125,000,000**	1,125,000,000

The rate of commission on the principal amount of the loan drawn on Islamic Murabaha Riyal is Saudi Interbank Offered Rate ("SIBOR") plus a margin of 0.65%. The repayment of the loan drawn on Islamic Murabaha Riyal facility is at maturity on 22 August 2027, in full.

25 Long-term borrowings (continued)

25.2 Facilities utilized (continued)

Sub-total	**8,546,444,047**	8,646,102,738
Accrued finance cost	**157,107,600**	192,547,065
Total borrowings (Note 35)	**8,703,551,647**	8,838,649,803
Less: Current portion of long-term borrowings	**(696,108,210)**	(1,373,722,740)
Less: Accrued finance cost	**(157,107,600)**	(192,547,065)
Sub-total - current portion of borrowings shown under current liabilities	**(853,215,810)**	(1,566,269,805)
Long-term portion	**7,850,335,837**	7,272,379,998

25.3 Maturity profile of long-term borrowings

	31 December 2024	**31 December 2023**
2024	**-**	1,566,269,805
2025	**853,215,810**	712,403,406
2026	**732,142,702**	748,437,898
2027	**1,884,168,571**	2,345,333,215
2028	**784,392,716**	315,301,806
2029	**793,401,339**	793,401,339
2030 through 2031	**3,695,795,591**	2,397,159,227
Total	**8,743,116,729**	8,878,306,696

The above maturities are subject to prepayment provisions as defined in the CTA (Note 25.1).

25.4 Facilities' currency denomination

Essentially 47% of the Company's facilities have been contracted in SAR and 53% in United States dollars (US$) and the drawdown balances in US$ are shown below:

	31 December 2024 (US$)	**31 December 2023 (US$)**
PIF (US$)	**842,935,767**	888,098,998
Less: Unamortized transaction costs	**(4,928,986)**	(5,969,534)
Sub-total	**838,006,781**	882,129,464
Islamic and commercial banks		
Riyal Murabaha (SAR)	**936,377,032**	1,065,813,327
Dollar conventional (US$)	**191,726,539**	254,306,595
Sub-total	**1,128,103,571**	1,320,119,922
Less: Repaid during the period / year	**(1,128,103,571)**	(192,016,351)
Sub-total	**-**	1,128,103,571
Less: Unamortized transaction costs	**-**	(4,605,638)
Sub-total	**-**	1,123,497,933
Murabaha Riyal (New)		
Murabaha Riyal	**1,146,666,667**	-
Less: Unamortized transaction costs	**1,606,206**	-
Sub-total	**1,141,044,965**	-
New Murabaha Riyal (WCF)		
Drawdown during the year	**300,000,000**	300,000,000
Sub-total	**300,000,000**	300,000,000
Add: Accrued finance cost	**41,895,360**	51,345,884
Total borrowings	**2,320,947,106**	2,356,973,281
Less: Current portion of long-term borrowings	**(227,524,216)**	(417,671,948)
Long term portion	**2,093,422,890**	1,939,301,333

(All amounts in Saudi Riyals unless otherwise stated)

25.5 Security and compliance with covenants

Borrowings from Islamic and commercial banks are also secured through promissory notes. Certain borrowing arrangements require compliance by the Company with covenants to maintain certain financial and other conditions. The Company is in compliance with these covenants as of 31 December 2024 and 2023.

26 Other non-current liabilities

	31 December 2024	31 December 2023
Project Payable	**301,637,108**	253,059,361
Non-refundable contribution	**24,875,000**	24,875,000
Total	**326,512,108**	277,934,361

Project payable relates to Dross processing plant under construction at reporting period. (Note 12)
The Company plans to establish a social responsibility fund for the development of projects in community support in the areas in which it operates. One of the Company's contractors contributed a non-refundable amount to support the Company's objective. The amount received from the contractor will be used by the Company for community development projects. This amount is not expected to be utilized within twelve months from the date of the statement of financial position, and, accordingly, it is reported as a non-current liability.

27 Lease liabilities

	Notes	31 December 2024	31 December 2023
Future minimum lease payment	27.1	**1,649,598,473**	1,725,899,103
Less: Future finance cost not yet due	27.2	**(621,762,846)**	(663,595,558)
Net present value of minimum lease payment		**1,027,835,627**	1,062,303,545
Less: Current portion of lease liabilities shown under current liabilities		**(31,817,230)**	(31,850,583)
Long term portion of lease liabilities		**996,018,397**	1,030,452,962

The future minimum lease payments have been discounted, using the Company's incremental borrowing rate as at the date of the transition which approximates 4% per annum, to its present value.

Maturity profile

Future minimum lease payments are falling due during the following years:

	31 December 2024	31 December 2023
2024	**-**	79,047,263
2025	**72,358,126**	76,076,686
2026	**72,169,066**	72,134,182
2027	**72,169,066**	71,945,122
2028	**72,001,108**	71,945,122
2029	**71,945,122**	72,001,108
2030 thereafter	**1,288,955,985**	1,360,845,120
Total	**1,649,598,473**	1,803,994,603

27.1 Movement in future minimum lease payments

	Note	Year ended 31 December 2024	Year ended 31 December 2023
1 January		**1,725,899,103**	1,803,994,605
Additions during the year		**-**	1,119,720
Sub-total		**1,725,899,103**	1,805,114,325
Payments during the year		**(76,300,630)**	(79,215,222)
31 December	27	**1,649,598,473**	1,725,899,103

(All amounts in Saudi Riyals unless otherwise stated)

27 Lease liabilities (continued)

27.2 Movement in future finance cost

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
1 January		**(663,595,558)**	(706,731,657)
Addition during the year		**-**	(139,872)
Sub-total		**(663,595,558)**	(706,871,529)
Accretion of future finance cost during year	8	**41,832,712**	43,275,971
31 December	27	**(621,762,846)**	(663,595,558)

28 Provision for property, plant and equipment dismantling obligations

	Notes	31 December 2024	31 December 2023
1 January		**282,704,512**	-
Addition during the year		**-**	278,782,565
Accretion		**13,182,516**	3,921,947
Adjustment to dismantling provision for property, plant and equipment		**(75,207,611)**	-
31 December		**220,679,417**	282,704,512

Provisions are made for the dismantling obligation of the plants and infrastructure. These obligations are expected to be incurred in the year in which the 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 Company's environmental policy and engineering estimates. The provision for dismantling obligations represents the present value of full amount of the estimated future closure and reclamation costs for the various operational properties, based on information currently available including closure and dismantling plans, the Company'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 2023, the Company reassessed its obligations and recognized the provision for plant dismantling and site rehabilitation for its plants. See Note 4.3 "Changes in accounting estimates". During the year, the estimates including the related assumptions of plant dismantling and site rehabilitation were revised. The net effect of this change was a decrease in provision for plant dismantling and site rehabilitation by SAR 75.2 million (2023: Nil) with a corresponding decrease in the assets under the plant dismantling obligation under property, plant and equipment. This change in estimate will result in a decrease in depreciation of plant dismantling obligation assets for future periods, however the net effect of such changes is not material for individual periods.

29 Employees' benefits

	Notes	31 December 2024	31 December 2023
Employees' end of service benefits – Defined benefit plan	29.1	**261,912,928**	223,496,585
Employees' savings plan	29.2	**52,152,436**	48,415,835
Total		**314,065,364**	271,912,420

29.1 Employees' end of service termination benefits obligation

	Notes	2024	2023
1 January		**223,496,585**	186,748,531
Total amount recognized in profit or loss		**35,307,521**	30,932,316
Service cost		**24,921,727**	21,669,100
Interest expense	8	**10,385,794**	9,263,216
Transfer liability in/out, net		**(1,533,639)**	-
Transfer liability in		**1,043,522**	11,758,391
Transfer liability out		**(2,577,161)**	(11,758,391)
Loss attributable to re-measurements recognized in other comprehensive income		**12,124,607**	1,782,835
Settlements / transfers		**(7,482,146)**	4,032,903
31 December	28	**261,912,928**	223,496,585

(All amounts in Saudi Riyals unless otherwise stated)

29 Employees' benefits (continued)

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia.

Employees' end of service benefit plans are unfunded plans and the benefit payment obligation are met when they due.

Significant actuarial assumptions

The significant actuarial assumptions used in determining employees' end of service benefits obligation were as follows:

	31 December 2024	31 December 2023
Withdrawal rate	**6.01%**	5.00%
Mortality rate	**AM 80**	WHO SA19
Salary growth rate – short term	**6.01%**	4.50%
Salary growth rate – long term	**6.01%**	4.75%
Discount rate	**5.50%**	4.75%

29.1 Employees' end of service termination benefits obligation (continued)

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level %		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
31 December 2024				
Withdrawal rate	10%	10%	(39,268,741)	(37,625,949)
Mortality rate	10%	10%	(38,477,237)	(38,358,657)
Salary growth rate	1%	1%	(16,460,328)	(57,496,195)
Discount rate	1%	1%	(60,099,535)	(12,799,496)
31 December 2023				
Withdrawal rate	10%	10%	(852,398)	790,394
Mortality rate	10%	10%	(60,894)	57,686
Salary growth rate	1%	1%	21,956,015	(19,079,852)
Discount rate	1%	1%	(21,683,192)	25,616,847

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 defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(All amounts in Saudi Riyals unless otherwise stated)

29 Employees' benefits (continued)

Effect of defined benefit plan on the Company's future cash flows

The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	31 December 2024	31 December 2023
2024	-	16,750,660
2025	16,750,660	16,826,297
2026	13,995,871	16,575,473
2027	16,474,584	18,164,016
2028	19,058,775	18,612,044
2029	18,453,859	18,612,044
2030 thereafter	459,537,516	119,243,891
Total	**544,271,265**	224,784,425

29.2 Employees' savings plan

	Notes	31 December 2024	31 December 2023
1 January		**48,415,835**	49,424,742
Payment / contribution for the year		**3,736,601**	(1,008,907)
31 December	22,29	**52,152,436**	48,415,835

30 Derivative financial instruments

	Note	31 December 2024	31 December 2023
1 January		**(31,432,286)**	(78,306,485)
Net reversal for settlement of derivative interest		**10,550,677**	(1,781,796)
Accrual / (reversal) during the year	8	**10,544,127**	(56,573,941)
Derivative interest received during the year		**21,217,295**	54,792,145
Reclassified from cash flow hedge reserve		**(21,210,745)**	-
Loss in fair value of hedge instrument charged to other comprehensive income		**20,881,609**	48,655,995
Sub-total		-	(31,432,286)
Less: current portion of derivative financial instruments		-	(31,432,286)
Non-current portion of derivative financial instruments		-	-

The company has 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 LIBOR and SIBOR ("hedge item"). The hedging instruments and hedging item have similar critical terms such as reference rate, reset dates, payment dates, maturities and notional amount. The arrangement has been designated as hedging arrangement since its inception and subject to prospective testing of hedge effectiveness at each 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 company were as follows:

Effective date	Notional amount	Maturity date
1 April 2019	SAR 1,800 million	1 April 2024
	SAR 1,800 million	

The swap contracts require settlement of net interest receivable or payable every six months ending 31 March and 30 September. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

(All amounts in Saudi Riyals unless otherwise stated)

30 Derivative financial instruments (continued)

The effect of interest swaps on the Company's financial position and performance are as follows:

	Note	31 December 2024	31 December 2023
Carrying amount (liability)		-	(31,432,286)
Notional amount	35.1.2	1,810,000,000	1,800,000,000
Hedge ratio		1:01	1:01
Loss in fair value of outstanding hedging instruments since 1 January		(20,881,609)	(48,655,995)
Gain in value of hedged item used to determine hedge effectiveness		20,881,609	48,655,995

Accumulated loss in fair value of outstanding hedging instruments

	31 December 2024	31 December 2023
1 January	**(20,881,609)**	(69,537,604)
Change in fair value of hedging instrument recognized in OCI	**31,425,736**	(7,917,946)
Transferred from OCI to profit	**(10,544,127)**	56,573,941
Changes in fair value and transfer to profit	**20,881,609**	48,655,995
31 December	**-**	(20,881,609)

Shareholders	**Number of shares**	**% Holding**	**31 December 2024**	**31 December 2023**
Saudi Arabian				
Ma'aden	492,373,875	74.9%	-	(15,640,326)
Foreign				
ASSI	165,001,125	25.1%	-	(5,241,283)
Total	**657,375,000**	**100.0%**	-	(20,881,609)

31 Trade and other payables

	Notes	31 December 2024	31 December 2023
Trade payables		**297,002,615**	758,583,430
Trade payables - MRC	33.2	**342,079,692**	232,023,672
Trade payables - MBAC	33.2	**317,106,926**	150,991,698
Project payable and others		**41,430,222**	27,042,161
Total	36	**997,619,455**	1,168,640,961

(All amounts in Saudi Riyals unless otherwise stated)

32 Accrued expenses

	Note	31 December 2024	31 December 2023
Trade		**1,096,735,445**	1,046,164,778
Accrued Projects		**21,443,225**	-
Employee related		**102,961,152**	111,207,628
Total	36	**1,221,139,822**	1,157,372,406

Accruals represent goods and services received by the Company for which invoices have not been received. Due to Alcoa Corporation relates to seconded employees' salaries and other costs.

33 Related party transactions and balances

33.1 Related party transactions

Transactions with related parties carried out during the period / year under review, in the normal course of business, are summarized below:

	Year ended 31 December 2024	Year ended 31 December 2023
Domestic sales to:		
Alcoa Inespal, S.A.		
Ingots	**1,096,235,709**	907,812,318
Billets	**259,343,029**	226,269,615
Slabs	**17,947,652**	19,275,863
Sub-total	**1,373,526,390**	1,153,357,796
Ma'aden		
Ingots	**3,019,838,071**	2,485,268,123
Billets	**904,983,395**	874,093,066
Slabs	**60,751,899**	91,009,916
Sub-total	**3,985,573,365**	3,450,371,105
MRC		
Slabs	**3,797,290,463**	3,252,444,315
Total	**9,156,390,218**	7,856,173,216

(All amounts in Saudi Riyals unless otherwise stated)

33 Related party transactions and balances (continued)

33.1 Related party transactions (continued)

	Year ended 31 December 2024	Year ended 31 December 2023
Cost of seconded employees and technical support from Alcoa Corporation	**3,932,591**	2,764,003
Costs paid on behalf of the Company and other costs allocations by:		
Ma'aden	**489,275,907**	197,301,830
MBAC	**23,046,507**	16,961,142
MRC	**2,244,875**	6,185,233
MPC	**303,700**	2,328,011
MFC	**-**	1,094,922
MGBM	**-**	1,158,504
Total	**489,275,907**	225,029,642
Support function, development and other costs paid by MAC and charged to:		
MBAC	**482,272,069**	468,212,636
MRC	**196,719,344**	204,024,809
Ma'aden	**393,430,490**	401,051,960
MPC	**13,083,422**	16,731,851
MIC	**10,417,219**	10,163,523
MWSPC	**9,710,469**	11,660,377
MGBM	**2,739**	123,564
MFC	**1,288,311**	4,274,633
IMC	**181**	-
Total	**1,106,924,244**	1,116,243,353
Raw material feedstock purchased from:		
MRC	**1,833,530,756**	1,797,479,645
MBAC	**2,656,705,861**	1,718,078,722
Total	**4,490,236,617**	3,515,558,367
Finance cost incurred on long term borrowings from PIF	**210,920,325**	252,358,475
Rentals and services charged by MIC to the Company under Land Use and Service Agreement ("LUSA") and the agreement for Provision of Facilities at Ras Al-Khair (RAK)	**223,656,956**	201,894,790
Saudi Aramco-fuel costs	**789,415,365**	544,722,847

(All amounts in Saudi Riyals unless otherwise stated)

33 Related party transactions and balances (continued)

33.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:

	Notes	31 December 2024	31 December 2023
Due from a shareholder			
Ma'aden	16.1	**49,164,724**	70,468,466
Due to a shareholder			
Ma'aden	16.2	**105,489,180**	93,567,433
Due from fellow subsidiaries			
MBAC	17.1	**121,457,311**	223,006,847
MRC	17.1	**49,995,097**	288,928,465
MGBM	17.1	**1,667**	60,068
MPC	17.1	**4,136,581**	8,987,597
MIC	17.1	**2,477,038**	1,139,590
MWSPC	17.1	**4,904,623**	2,389,788
MFC	17.1	**342,590**	233,187
Total		**183,314,907**	524,745,542
Due to fellow subsidiaries			
MIC	17.2	**39,222,593**	84,152,456
MGBM	17.2	**-**	1,158,504
MPC	17.2	**104,471**	579,443
MRC	17.2	**525,325**	2,207,325
MBAC	17.2	**11,717,032**	12,689,161
MWSPC	17.2	**-**	127
MFC	17.2	**53,074**	47,771
Total		**51,622,495**	100,834,787
Trade and other receivables			
MRC	20	**710,725,918**	539,276,487
Ma'aden	20	**731,676,621**	655,297,300
Alcoa Inespal, S.A.	20	**250,933,760**	221,865,958
Total		**1,693,336,299**	1,416,439,745
Long-term borrowing from a majority shareholder of Ma'aden			
Due to PIF for financing the MAC facility	25.2	**3,161,009,128**	3,330,371,241
Trade payables to fellow subsidiaries			
MRC	31	**342,079,692**	232,023,672
MBAC	31	**317,106,926**	150,991,698
Total		**659,186,618**	383,015,370

33.3 Key management personnel compensation

	31 December 2024	31 December 2023
Short-term employee benefits	**1,885,467**	944,317
Employees' end of service termination benefits	**139,706**	67,804
Total	**2,025,173**	1,012,121

(All amounts in Saudi Riyals unless otherwise stated)

34 Dividends

On January 30, 2023, the Board of Managers of the Company had the Annual General Meeting of the shareholders and approved cash dividend distribution amounting of SAR 226 million from the retained earnings to the shareholders. The cash dividend distribution was paid during the first quarter of the year 2023.

35 Commitments and contingent liabilities

35.1 Capital commitments

	31 December 2024	31 December 2023
Capital expenditure contracted for:		
Property, plant and equipment	**15,526,369**	63,260,182

35.2 Guarantees

	31 December 2024	31 December 2023
Guarantee in favor of Saudi Aramco	**174,219,611**	108,210,938
Guarantee in favor of Saudi Ports Authority	**6,671,580**	6,671,580
Guarantee in favor of Ras Al Khair Port	**309,925**	-
Total	**181,201,116**	114,882,518

36 Financial risk management

The Company's activities expose it to a variety of financial risks such as:

- market risk
- credit risk and
- liquidity risk

36.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- foreign currency risk,
- interest rate risk and
- commodity price risk

Financial instruments affected by market risk includes loans and borrowings, trade and other receivables, time deposits, cash and cash equivalents, trade payables and accrued liabilities and derivatives financial instruments.

The sensitivity analysis in the following sections relate to the positions as at 31 December 2024.

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 the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The Company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Company's financial performance.

36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.1 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Saudi Riyal. The Company's transactions are principally in Saudi Riyals, US Dollars and Euros. Management monitor the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75: USD 1 therefore, the Company is not exposed to any risk from USD denominated financial instruments.

All commodity sales contracts are USD price and so is the bulk of the procurement and capital expenditure contracts.

Foreign currency exposure

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in SAR, was as follows:

	31 December 2024	31 December 2023
Trade payables – AED	**30,226**	82,537
Trade payables – EUR	**13,007,481**	11,343,531
Trade payables – CAD	**-**	239,698
Trade payables – CHF	**260**	235,349
Trade payables – BHD	**335**	13,334
Trade payables – GBP	**-**	494,186
Total	**13,038,302**	12,408,635

Amount recognized in financial statements

During the year, the following foreign-exchange related amounts were recognised in the statement of profit or loss and other comprehensive income:

	Note	31 December 2024	31 December 2023
Foreign exchange loss included in other operating income, net	9	**(912,930)**	4,962,629

Foreign currency sensitivity analysis

As shown in the table above, the Company is primarily exposed to changes in SAR/AED, SAR/EURO, SAR/CAD, SAR/CHF, SAR/BHD and SAR/GBP exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from AED and EURO denominated balances.

Impact on post zakat and tax profit of increase / (decrease) in foreign exchange rate:

	31 December 2024	31 December 2023
SAR/AED exchange rate - increase 10%	**(3,023)**	(8,254)
- decrease (10%)	**3,023**	8,254
SAR/EURO exchange rate - increase 10%	**(1,300,748)**	(1,134,353)
- decrease (10%)	**1,300,748**	1,134,353
SAR/CAD exchange rate - increase 10%	**-**	(23,969)
- decrease (10%)	**-**	23,969
SAR/CHF exchange rate - increase 10%	**(26)**	(23,535)
- decrease (10%)	**26**	23,535
SAR/BHD exchange rate - increase 10%	**(34)**	(1,333)
- decrease (10%)	**34**	1,333
SAR/GBP exchange rate - increase 10%	**-**	(49,419)
- decrease (10%)	**-**	49,419

The Company's exposure to other foreign exchange movements is not material.

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.2 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing which expose the Company to cash flow interest rate risk.

The Company's receivables and fixed rate borrowings carried at 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 Company is not exposed to fair value interest rate risk.

The exposure of the Company's borrowing to interest rate changes and the contractual re-pricing dates of the fixed interest rate borrowings at the end of the reporting period are as follows:

Interest rate exposure

	31 December 2024	31 December 2023
Variable rate borrowings	**7,618,116,728**	7,753,306,696

Cash flow hedge

The Company 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:

	Note	31 December 2024	31 December 2023
Notional amount hedged	29	**-**	1,810,000,000

Other comprehensive income is sensitive to higher / lower interest expense from net settled derivative as a result of changes in interest rates. The Company's other comprehensive income is affected as follows:

	31 December 2024	31 December 2023
Interest rate – increase by 100 basis points	**-**	35,968,100
Interest rate – decrease by 100 basis points	**-**	(35,968,100)

Interest rate sensitivity analysis

Profit or loss is sensitive to higher / lower interest expense from long term borrowings as a result of changes in interest rates. The Company's profit before tax is affected as follows:

	31 December 2024	31 December 2023
Interest rate – increase by 100 basis points	**76,857,117**	83,752,941
Interest rate – decrease by 100 basis points	**(76,857,117)**	(83,752,941)

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.2 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is exposed to credit risk if counterparties fail to make payments as they fall due in respect of receivables.

	Notes	Category	31 December 2024	31 December 2023	Impairment model approach
Financial assets class					
Trade and other receivable (less VAT)	20	Amortised cost	**1,709,124,803**	1,417,175,962	**Simplified**
Time deposits	21	Amortised cost	**-**	14,990,108	**General**
Cash and cash equivalents	22	Amortised cost	**1,065,489,378**	444,375,071	**General**
Total			**2,774,614,181**	1,876,541,141	

ECL approaches

The Company uses staging criteria to determine the ECL on its financial instruments. Following are the stages which are being used by the Company to determine ECL:

Stage	Description	Loss Recognition
1	Performing	12 months ECL
2	Significant increase in credit risk	Lifetime ECL
3	Credit impaired	Lifetime ECL

Credit risk exposure

The Company ensures that the cash collection is made at time of sales delivery and from its financing activities, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade and other receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and short-term investments are substantially placed with commercial banks with sound credit ratings.

The Company calculates life time ECL through an internally developed model. Life time ECL is computed based on days past due and rating grade of the counterparty.

Stage-1 - Performing or low credit risk

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	0	0
2	External rating (where applicable) *	Investment Grade	Investment Grade

*External ratings present classification of the rating grades, issued by the External Credit Assessment Institutions (ECAI), into those considered as "investment grades", "non-investment grades" and "in default". If Counterparty does not have external rating, the Company uses Sovereign Rating. Where Sovereign Rating is Investment Grade, Counterparty's rating should be one notch downgraded (vis a vis Sovereign rating). While, where Sovereign Rating is Non-Investment Grade, Counterparty's rating should be two notches downgraded (vis a vis Sovereign Rating).

The Company uses "low credit risk" practical expedient for the following financial instruments categories:

- Cash and cash equivalents and
- Time deposits; and

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition, and therefore the ECL is estimated at an amount equal to the expected credit losses for a period of 12 months, as these financial instruments are determined to have low credit risk at the reporting date.

36 Financial risk management (continued)

36.2 Credit risk (continued)

Stage-2 - Significant increase in credit risk ("SICR")

The Company considers the following indicators to be determinants of the SICR:

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	1-6	1-6
2	External rating (where applicable) *	Investment Grade	Investment Grade

To identify SICR, where applicable, the Company undertakes a holistic analysis of various factors, including those which are specific to a particular financial instrument or to a Counterparty.

Stage-3 - Credit impaired or definition of default

The Company considers the following indicators to be determinants of a credit impaired financial asset:

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	7+	7+
2	External rating (where applicable)	In default	

* If the Company has reasonable and supporting information to demonstrate that the counterparty is not impaired, but has crossed DPD of 90+, then it would be classed as Stage 2 exposure and the Company applies stage-2 for ECL estimation.

Similarly, where the counterparty balance does not go beyond DPD of 90+, but the Company has reasonable and supporting information to demonstrate that counterparty will face significant financial difficulty:

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- other information.

In this case, ECL would be applied as follows:

a) The Company estimates definition of default at the counterparty's level and includes all financial instruments to Stage 2, if the balance amount of the exposure in default is not more than 5% from the total receivables amount from the counterparty; and
b) The Company evaluates definition of default at the counterparty's level and includes all financial instruments for Stage 3, if the balance amount of exposure in default exceeds 5% of the total receivable amount from the counterparty.

General approach for estimating ECL:

The Company uses the following staging criteria when using the general approach for estimating ECL:

a) At initial recognition, Stage 1 is assigned to the financial asset;

b) At subsequent measurement date, a financial asset would be classed in:

- **Stage 1**, if at the reporting date it is not credit-impaired and credit risk has not increased significantly since initial recognition or it belongs to a low credit risk portfolio;
- **Stage 2**, if at the reporting date it is not credit-impaired and credit risk has increased significantly since initial recognition; or
- **Stage 3**, if at the reporting date it is credit-impaired.

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.2 Credit risk (continued)

Simplified approach for estimating ECL:

The Company uses a simplified approach for estimating ECL of trade and other receivables using the credit ratings for the counterparties.

The Company has limited number of customers and have no history of defaults. The Company does not use any groupings for the counterparties for the assessment of credit risk. The Company calculates life time ECL through an internally developed model. Life time ECL is computed based on days past due and rating grade of the counterparty. An allowance for life time ECL is reported either as "not impaired" or "impaired" exposure accordingly.

Where the receivable is credit impaired, the indicators for which include the receivable being 90 days overdue or the credit rating for the counterparty being downgraded to NIG relative to IG as of initial recognition date, the probability of default for ECL determination is considered as 100%. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment, based on which, the Company does not have any history of material write-offs. The Company ensures that the cash collection is made on time from its counterparties, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Credit risk exposure

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.

The Company 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 Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In addition to the use of credit ratings, it considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Company and changes to the operating results of the borrower.

	Note	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Trade and other receivable (less VAT)		**1,709,124,803**	-	**1,417,175,962**
Less: Allowance for expected credit losses				
Secured		-	-	-
Unsecured		-	-	-
Total	20	**1,709,124,803**	-	**1,417,175,962**

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.2 Credit risk (continued)

Trade receivables

The analysis of trade receivables that were past due but not impaired are as follows:

	Note	31 December 2024	31 December 2023
Neither past due nor impaired		**1,693,336,299**	1,389,455,420
Past due not impaired			
< 30 days		**-**	26,984,325
Total	20	**1,693,336,299**	1,416,439,745

Based on the above analysis for the trade receivables under ECL method, credit risk was considered minimal and therefore no provision was recorded.

As of 31 December 2024 and 31 December 2023, the amount due for other receivables are neither past due and nor impaired.

For receivable from related parties, since there is no history of default in collection, the credit risk is minimal.

36.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

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 Company held the following deposits and cash and cash equivalents that are expected to readily generate cash inflows for managing liquidity risk. Further, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

	Notes	31 December 2024	31 December 2023
Unrestricted time deposits	21	**-**	14,990,108
Unrestricted cash and cash equivalents	22	**1,065,489,378**	395,959,236
Total		**1,065,489,378**	410,949,344

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.3 Liquidity risk (continued)

Contractual maturities of non-derivatives	Notes	1st Year	2nd year	3 – 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
31 December 2024							
Due to shareholder	16.2	105,489,180	-	-	-	105,489,180	105,489,180
Due to fellow subsidiaries	17.2	51,622,495	-	-	-	51,622,495	51,622,495
Long-term borrowings	25.3	1,369,918,403	1,166,640,308	4,349,190,200	3,856,946,087	10,742,694,998	8,703,551,647
Lease liabilities	27	72,358,126	72,169,066	216,115,296	1,288,955,985	1,649,598,473	1,027,835,627
Trade and other payables	31	997,619,455	-	-	-	997,619,455	997,619,455
Accrued expenses	32	1,221,139,822	-	-	-	1,221,139,822	1,221,139,822
Total		**3,818,147,481**	**1,238,809,374**	**4,565,305,496**	**5,145,902,072**	**14,768,164,423**	**12,107,258,226**
31 December 2023							
Due to shareholder	16.2	93,567,433	-	-	-	93,567,433	93,567,433
Due to fellow subsidiaries	17.2	100,834,787	-	-	-	100,834,787	100,834,787
Long-term borrowings	25.3	2,158,863,390	1,176,546,257	4,239,521,293	3,388,335,880	10,963,266,820	8,838,649,803
Lease liabilities	27	76,300,630	72,358,126	216,339,240	1,360,901,107	1,725,899,103	1,062,303,545
Trade and other payables	31	1,168,640,961	-	-	-	1,168,640,961	1,168,640,961
Accrued expenses	32	1,157,372,406	-	-	-	1,157,372,406	1,157,372,406
Total		4,755,579,607	1,248,904,383	4,455,860,533	4,749,236,987	15,209,581,510	12,421,368,935

37 Capital management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company relies on the shareholders' support when necessary.

The net debts of the Company are as follows:

	Notes	31 December 2024	31 December 2023
Net debt			
Cash and cash equivalents (unrestricted)	22	**1,065,489,378**	444,375,071
Long-term borrowings – payable within one year	25.2	**(853,215,810)**	(1,566,269,805)
Long-term borrowings – payable after one year	25.2	**(7,850,335,837)**	(7,272,379,998)
Lease liabilities – payable within one year	27	**(31,817,230)**	(31,850,583)
Lease liabilities – payable after one year	27	**(996,018,397)**	(1,030,452,962)
Net debt		**(8,665,897,896)**	(9,456,578,277)

(All amounts in Saudi Riyals unless otherwise stated)

37 Capital management (continued)

The movement in net debt is as follows:

	Other assets				
	Cash and cash equivalents (Note 22)	Borrowings (Note 25.2)	Lease liability – payable within one year (Note 27)	Lease liability - payable after one year (Note 27)	Total
1 January 2023	792,036,570	(8,945,904,058)	(35,808,502)	(1,061,454,446)	(9,251,130,436)
Cash flows for the year	(347,661,499)	176,827,404	-	35,939,251	(134,894,844)
Interest expense	-	(620,743,739)	-	(43,275,971)	(664,019,710)
Interest paid	-	551,170,590	-	43,275,971	594,446,561
Transfers/adjustments	-	-	3,957,919	(4,937,767)	(979,848)
31 December 2023	444,375,071	(8,838,649,803)	(31,850,583)	(1,030,452,962)	(9,456,578,277)
Cash flows for the year	621,114,307	99,750,503	-	34,467,918	755,332,728
Interest expense	-	(612,411,886)	-	(41,832,712)	(654,244,598)
Interest paid	-	647,759,539	-	41,832,712	689,592,251
Transfers	-	-	33,353	(33,353)	-
31 December 2024	**1,065,489,378**	**(8,703,551,647)**	**(31,817,230)**	**(996,018,397)**	**(8,665,897,896)**

Consistent with others in the industry, the Company 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 statement of financial position, including non-controlling interests)."

The gearing ratios as at the end of the year were as follows:

	Note	31 December 2024	31 December 2023
Borrowings	25	**8,703,551,647**	8,838,649,803
Total equity		**6,059,695,893**	5,947,017,394
Total		**14,763,247,540**	14,785,667,197
Gearing ratio		**0.59**	0.60

38 Financial assets and financial liabilities

The Company holds the following classes of financial instruments:

	Notes	31 December 2024	31 December 2023
Financial assets measured at amortized cost			
Due from a shareholder	16.1	**49,164,724**	70,468,466
Due from fellow subsidiaries	17.1	**183,314,907**	524,745,542
Trade and other receivables (excluding vat)	20	**1,709,124,803**	1,417,175,962
Time deposits		**-**	14,990,108
Cash and cash equivalents	22	**1,065,489,378**	444,375,071
Total		**3,007,093,812**	2,471,755,149

(All amounts in Saudi Riyals unless otherwise stated)

38 Financial assets and financial liabilities (continued)

Financial liabilities measured at amortized cost			
Due to a shareholder	16.2	**105,489,180**	93,567,433
Due to fellow subsidiaries	17.2	**51,622,495**	100,834,787
Long-term borrowings	25.2	**8,703,551,647**	8,838,649,803
Lease liabilities	27	**1,027,835,627**	1,062,303,545
Trade and other payables	31	**997,619,455**	1,168,640,961
Accrued expenses	32	**1,221,139,822**	1,157,372,406
Total		**12,107,258,226**	12,421,368,935
Financial Asset at fair value through OCI			
Derivative financial instruments	30	**-**	31,432,286

39 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

Financial instruments are carried at fair value, using the following different levels of valuation methods:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

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 Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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 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.

Derivatives:

On the basis of its analysis of the nature, characteristics and risks of the derivatives, the Company has determined that presenting them as a single class is appropriate.

The fair value of the derivatives is determined with reference to an active market index and is classified as level 2 in the fair value hierarchy. The fair values for the derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves for the interest rate swaps. There was no transfer between any levels during the period.

40 Events after the reporting date

No events have arisen subsequent to 31 December 2024 and before the date of signing the auditor's review report, that could have a significant effect on the financial statements as at 31 December 2024.

Appendix (2)

MBAC's 2021G Financial Statements, 2022G Financial Statements, 2023G Financial Statements and 2024G Financial Statements

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)

Financial statements for the year ended 31 December 2021

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MA'ADEN ALUMINIUM

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Administration and contact details as at 31 December 2021

Commercial registration number	:	2055012955	
Board of Managers	:	Mr. Riyadh S. Al-Nassar	Chairman
		Mr. Hamad Al-Rashidi	
		Mr. Yaser A. Barri	
		Mr. Vidar Bruland	
		Mr. William Oplinger	
Registered address	:	Ma'aden Bauxite and Alumina Company Ras Al-Khair Industrial City Kingdom of Saudi Arabia	
Postal address	:	P.O. Box 11342 Al-Jubail Industrial City 31961 Kingdom of Saudi Arabia	
Bankers	:	The Saudi British Bank (SABB)	
Auditors	:	PricewaterhouseCoopers 19^{th} floor, Al-Hugayet Tower, P.O. Box 467 Dhahran 31932 Kingdom of Saudi Arabia	

معادن للألمنيوم
MA'ADEN ALUMINIUM

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of Managers' responsibilities for the preparation and approval of the financial statements for the year ended 31 December 2021

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on pages 4-5, is made with a view to distinguish the responsibilities of the Board of Managers and those of the independent auditors in relation to the financial statements of Ma'aden Bauxite and Alumina Company (the "Company").

The Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2021, its financial performance, changes in shareholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

In preparing the financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- stating whether IFRS as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, have been followed, subject to any material departures disclosed and explained in the financial statements and
- preparing and presenting the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Company,
- maintaining statutory accounting records in compliance with local legislation and IFRS in the respective jurisdictions in which the Company operates,
- taking steps to safeguard the assets of the Company and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2021 set out on pages 6 to 61, were approved and authorized for issue by the Board of Managers and signed on its behalf by:

Riyadh S. Al-Nassar	Ali Saeed Al-Qahtani	Aamir Altaf Hussain
Chairman of the Board	President	Director Budgeting and Costing and Vice President (A)

7 February 2022
Ras Al-Khair Industrial City
Kingdom of Saudi Arabia

Independent auditor's report to the shareholders of Ma'aden Bauxite and Alumina Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ma'aden Bauxite and Alumina Company (the "Company") as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2021;
- the statement of financial position as at that date;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements from 1 to 38, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Managers, are responsible for overseeing the Company's financial reporting process.

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Independent auditor's report to the shareholders of Ma'aden Bauxite and Alumina Company (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

24 February 2022

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Sales	5	**2,271,087,793**	1,794,883,204
Cost of sales	6	**(1,936,163,660)**	(1,825,952,001)
Gross profit / (loss)		**334,924,133**	(31,068,797)
Operating expenses			
General and administrative expenses	7	**(59,364,565)**	(57,829,547)
Operating profit / (loss)		**275,559,568**	(88,898,344)
Other income / (expenses)			
Finance cost	8	**(208,418,264)**	(273,043,933)
Finance income		**4,641,545**	11,112,913
Finance cost, net		**(203,776,719)**	(261,931,020)
Other income, net	9	**(42,402)**	(466,043)
Profit / (loss) before zakat and income tax		**71,740,447**	(351,295,407)
Zakat	15.2	**(18,004,532)**	(17,046,409)
Income tax (expense) / credit	15.3	**(11,514,243)**	3,662,265
Profit / (loss) for the year		**42,221,672**	(364,679,551)
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss in subsequent periods			
Cash flow hedge – changes in fair value and transfer to profit / (loss), net	30	**48,791,643**	(55,398,225)
Items not to be reclassified to profit or loss in subsequent periods			
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	29.1	**(93,191)**	(1,198,536)
Other comprehensive income / (loss) for the year		**48,698,452**	(56,596,761)
Total comprehensive income / (loss) for the year		**90,920,124**	(421,276,312)

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of financial position as at 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets			
Mine properties	10	**1,342,852,269**	1,351,117,868
Property, plant and equipment	11	**9,564,921,508**	9,783,262,525
Right-of-use assets	12	**269,882,204**	290,221,639
Capital work-in-progress	13	**250,552,932**	368,683,044
Intangible assets	14	**9,885,061**	13,529,975
Deferred tax assets	15.4	**156,750,574**	153,489,250
Employees' home owners program receivable	16	**35,888,172**	39,127,611
Total non-current assets		**11,630,732,720**	11,999,431,912
Current assets			
Current portion of employees' home owners program receivable	16	**3,971,470**	4,261,065
Due from a shareholder	17.1	**26,745,249**	5,492,821
Due from a fellow subsidiary	18.1	**4,791,766**	1,057,551
Advances and prepayments	19	**21,749,470**	24,354,591
Inventories	20	**464,846,019**	368,316,615
Trade and other receivables	21	**213,625,635**	169,031,384
Time deposits	22	**-**	300,821,667
Cash and cash equivalents	23	**1,130,604,931**	631,958,454
Total current assets		**1,866,334,540**	1,505,294,148
Total assets		**13,497,067,260**	13,504,726,060
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	24.1	**4,828,464,412**	4,828,464,412
Payments to increase share capital	24.2	**271,535,587**	271,535,587
Statutory reserve			
Transfer of net income	25	**3,153,947**	3,153,947
Cash flow hedge reserve	30	**(34,006,958)**	(82,798,601)
Accumulated losses		**(269,414,101)**	(311,542,582)
Net shareholders' equity		**4,799,732,887**	4,708,812,763
Liabilities			
Non-current liabilities			
Long-term borrowings	26.2	**6,823,433,233**	7,149,966,511
Provision for decommissioning, site rehabilitation and dismantling obligations	27	**197,205,076**	140,928,037
Lease liabilities	28	**272,863,561**	288,164,086
Employees' benefits	29	**72,719,063**	65,465,134
Derivative financial instruments	30	**34,006,958**	94,537,948
Deferred tax liabilities	15.5	**223,463,126**	208,687,560
Total non-current liabilities		**7,623,691,017**	7,947,749,276
Current liabilities			
Trade and other payables	31	**81,100,700**	217,114,013
Accrued expenses	32	**453,153,520**	159,790,707
Current portion of long-term borrowings	26.2	**341,689,807**	399,516,160
Current portion of lease liabilities	28	**21,317,126**	19,711,622
Zakat payable	15.2	**19,309,445**	18,396,698
Due to a shareholder	17.2	**20,409,789**	7,625,042
Due to fellow subsidiaries	18.2	**136,662,969**	26,009,779
Total current liabilities		**1,073,643,356**	848,164,021
Total liabilities		**8,697,334,373**	8,795,913,297
Total shareholders' equity and liabilities		**13,497,067,260**	13,504,726,060
Commitments and contingent liabilities	34		

MA’ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of changes in shareholders’ equity as at 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Saudi Arabian shareholder Saudi Arabian Mining Company (Ma’aden)						**Foreign shareholder AWA Saudi Limited**						
	Share capital (Note 24.1)	**Payments to increase share capital* (Note 24.2)**	**Statutory reserve - Transfer of net income (Note 25)**	**Cash flow hedge reserve (Note 30)**	**(Accumulated losses) / retained earnings**	**Sub-total**	**Share capital (Note 24.1)**	**Payments to increase share capital* (Note 24.2)**	**Statutory reserve - Transfer of net income (Note 25)**	**Cash flow hedge reserve (Note 30)**	**Accumulated losses**	**Sub-total**	**Total equity**
1 January 2020	3,616,519,845	203,380,155	2,560,638	(20,522,882)	74,575,471	3,876,513,227	1,211,944,567	68,155,432	593,309	(6,877,494)	(20,239,966)	1,253,575,848	5,130,089,075
Loss for the year before zakat and income tax	-	-	-	-	(263,120,260)	(263,120,260)	-	-	-	-	(88,175,147)	(88,175,147)	(351,295,407)
Zakat and income tax	-	-	-	-	(17,046,409)	(17,046,409)	-	-	-	-	3,662,265	3,662,265	(13,384,144)
Cash flow hedge – changes in fair value and transfer to profit / (loss), net (Note 30)	-	-	-	(41,493,271)	-	(41,493,271)	-	-	-	(13,904,954)	-	(13,904,954)	(55,398,225)
Loss attributable to the re-measurements of employees’ end of service termination benefits obligation (Note 29.1)	-	-	-	-	(897,703)	(897,703)	-	-	-	-	(300,833)	(300,833)	(1,198,536)
Total comprehensive loss for the year	-	-	-	(41,493,271)	(281,064,372)	(322,557,643)	-	-	-	(13,904,954)	(84,813,715)	(98,718,669)	(421,276,312)
31 December 2020	3,616,519,845	203,380,155	2,560,638	(62,016,153)	(206,488,901)	3,553,955,584	1,211,944,567	68,155,432	593,309	(20,782,448)	(105,053,681)	1,154,857,179	4,708,812,763
Income for the year before zakat and income tax	-	-	-	-	53,733,595	53,733,595	-	-	-	-	18,006,852	18,006,852	71,740,447
Zakat and income tax (Note 15)	-	-	-	-	(18,004,532)	(18,004,532)	-	-	-	-	(11,514,243)	(11,514,243)	(29,518,775)
Cash flow hedge – changes in fair value and transfer to profit / (loss), net (Note 30)	-	-	-	36,544,941	-	36,544,941	-	-	-	12,246,702	-	12,246,702	48,791,643
Loss attributable to the re-measurements of employees’ end of service termination benefits obligation (Note 29.1)	-	-	-	-	(69,800)	(69,800)	-	-	-	-	(23,391)	(23,391)	(93,191)
Total comprehensive income for the year	-	-	-	36,544,941	35,659,263	72,204,204	-	-	-	12,246,702	6,469,218	18,715,920	90,920,124
31 December 2021	**3,616,519,845**	**203,380,155**	**2,560,638**	**(25,471,212)**	**(170,829,638)**	**3,626,159,788**	**1,211,944,567**	**68,155,432**	**593,309**	**(8,535,746)**	**(98,584,463)**	**1,173,573,099**	**4,799,732,887**

* These payments, to ultimately increase share capital of the Company over a period, are treated as part of the total equity of the Company. No shares have been issued yet, and the Commercial Registration certificate has not yet been amended, but it will be once these payments have been converted into share capital.

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of cash flows for the year ended 31 December 2021
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Operating activities			
Profit / (loss) before zakat and income tax		**71,740,447**	(351,295,407)
Adjustments for non-cash flow items:			
Finance cost	8	**208,418,264**	273,043,933
Depreciation - mine properties	10	**61,721,617**	63,854,296
Reversal of depreciation on mine properties	10	**-**	(1,680,000)
Depreciation - property, plant and equipment	11	**426,222,372**	421,754,157
Depreciation - right-of-use assets	12	**24,555,618**	24,088,489
Amortization of intangible assets	14	**3,644,914**	3,644,913
Employees' home owners program receivable	16	**3,529,034**	3,260,361
Charge for / (reversal of) allowance for slow moving spare parts and consumable materials	20.1	**43,693**	(20,705)
Provision for employees' termination benefits obligation	29.1	**8,403,052**	8,266,631
Employees' saving plan	29.2	**3,234,569**	2,025,305
Changes in working capital:			
Due from a shareholder	17.1	**(21,252,428)**	(1,810,071)
Due to a shareholder	17.2	**12,784,747**	2,996,672
Due from fellow subsidiaries	18.1	**(3,734,215)**	(776,822)
Due to fellow subsidiaries	18.2	**110,653,190**	(64,098,314)
Advances and prepayments	19	**2,605,121**	3,590,651
Inventories	20	**(96,573,097)**	(33,855,106)
Trade and other receivables	21	**(44,594,251)**	422,529,411
Trade and other payables	31	**(136,013,313)**	20,718,549
Accrued expenses	32	**299,505,540**	(69,473,343)
Net cash generated from operations		**934,894,874**	726,763,600
Finance cost paid		**(171,544,845)**	(252,442,379)
Zakat paid	15.2	**(17,091,785)**	(20,454,869)
Employees' termination benefits paid	29.1	**(5,911,535)**	(2,852,934)
Payment for net settlement of interest rate swap	30	**(36,891,391)**	(1,937,235)
Net cash generated from operating activities		**703,455,318**	449,076,183
Investing activities			
Additions to mine properties	10	**(1,233,804)**	(458,209)
Additions to capital work-in-progress	13	**(88,024,375)**	(90,501,700)
Income receivable from time deposits	22	**821,667**	(821,667)
Time deposits	22	**300,000,000**	(300,000,000)
Movement in restricted cash	23	**(3,234,569)**	(2,025,305)
Net cash generated from (utilized in) investing activities		**208,328,919**	(393,806,881)
Financing activities			
Repayment of long-term borrowings	26.2	**(398,461,125)**	(275,639,625)
Repayment of principal portion of lease liabilities	28.1	**(17,911,204)**	(17,069,311)
Net cash utilized in financing activities		**(416,372,329)**	(292,708,936)
Net change in cash and cash equivalents		**495,411,908**	(237,439,634)
Unrestricted cash and cash equivalents at the beginning of the year	23	**621,875,792**	859,315,426
Unrestricted cash and cash equivalents at the end of the year	23	**1,117,287,700**	621,875,792

Continued

(All amounts in Saudi Riyals unless otherwise stated)

Non-cash flow transactions

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Adjustment / Transfer to property, plant and equipment from capital work-in-progress	11,13	**214,024,082**	2,209,062
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	13,8	**7,869,595**	8,096,967
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations transferred to mine properties	10,27	**52,222,214**	14,644,592
Reversal of property, plant and equipment and the corresponding accrual	11	**6,142,727**	-
Additions of right-of-use asset and the corresponding lease liability.	12,28	**4,216,183**	558,540

1 General information

Ma'aden Bauxite and Alumina Company (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration ("CR") number 2055012955 dated 18th of Safar 1432H (corresponding to 22 January 2011), and a branch CR number 1131037372 dated 12th of Thul Qa'adah 1432H (Corresponding to 10 October 2011) with an authorized share capital of Saudi Arabian Riyals ("SAR") 5,100,000,000 comprising 510,000,000 ordinary shares at a nominal value of SAR 10 each (Note 24.1).

The Company is owned:

- Saudi Arabian shareholder
  74.9% by Saudi Arabian Mining Company ("Ma'aden") the parent Company and a
- Foreign shareholder
  25.1% by AWA Saudi Limited ("AWA"), which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party.

The objectives of the Company are to mine and refine bauxite and produce and sell alumina.

The Company has started its initial production as part of its commissioning activities in the fourth quarter of 2014. The Company has declared achieving commercial production on 1 October 2016.

Pursuant to a shareholders' agreement, the shareholders have agreed to fund the Company as required. The Company has also arranged financing facilities as described in Note 26.

In response to the spread of the Covid-19 pandemic in the GCC and other territories where the Company operates and its consequential disruption to the social and economic activities in those markets, Company's management continues to proactively assess its impacts on its operations and has taken a series of proactive and preventative measures, including activation of the crisis management committee and associated processes to:

- ensure the health and safety of its employees and contractors as well as the wider community where it is operating
- minimize the impact of the pandemic on its operations and product supply to the market

Notwithstanding these challenges, and aside from the global commodity price deterioration particularly during the year ended 31 December 2020, the Company was successful in maintaining stable operations via successfully maintaining the production levels. The Company's management believes that the Covid-19 pandemic, by itself, has had limited direct material effects on Company's reported results for the year ended 31 December 2021. Company's management continues to monitor the situation closely.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These financial statements have been prepared on the historical cost basis except where IFRS requires other measurement basis as disclosed in the applicable accounting policies in Note 3 – Summary of significant accounting policies.

These financial statements are presented in SAR which is both the functional and reporting currency of the Company.

New IFRS standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB") that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(All amounts in Saudi Riyals unless otherwise stated)

2 Basis of preparation (continued)

New and amended IFRS standards adopted by the Company

There are no new standards applicable to the Company, however, the Company has applied the following amendments to the standards for the first time for their reporting periods commencing on or after 1 January 2021:

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark (IBOR) reform – Phase 2

IBOR reform represents the reform and replacement of interest rate benchmarks by global regulators. The Company has a number of contracts, primarily referenced to USD London Interbank offer rates ("USD LIBOR") and Saudi Interbank offer rates (SIBOR). For USD LIBOR, the most applicable tenor (6-month USD LIBOR) for the Company is expected to cease to be published on 30 June 2023.

The amendments provide temporary reliefs which address the financial reporting effects when an IBOR is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company as at the reporting date. The Company intends to use the practical expedients in future periods when they become applicable.

The Company is currently analyzing the exposure to IBOR benchmarks and evaluating the potential impact of the transition. As per the initial transition plan, all contracts and agreements that are based on USD LIBOR and are expiring at the cessation dates, will be renegotiated with counterparties to reflect the alternative benchmarks (Also see Note 3.14).

The following table contains details of all financial instruments of the Company which are based on USD LIBOR as at 31 December 2021 and are currently in process of transitioning to an alternative benchmark:

Financial instruments:	
Non-derivative financial liabilities	3,062,884,813
Derivative financial liabilities	34,006,958

Amendment to IFRS 16, 'Leases', Covid 19 - Related rent concessions

The amendment provides the lessees with option to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; and
- there is no substantive change to other terms and conditions of the lease.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, the IASB extended the period of application of the practical expedient to 30 June 2022. However, the Company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

(All amounts in Saudi Riyals unless otherwise stated)

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

3.1 Foreign currency translation

Foreign currency transactions are translated into SAR at the spot rates of exchange prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into SAR at the spot exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

3.2 Revenue recognition

Revenue comprises of sales of alumina and is measured based on the considerations specified in contracts with customers. Revenue is recognized either at a point in time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

Interest income on time deposits is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

3.3 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.4 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales of the Company. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

3.5 Mine properties and property, plant and equipment

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 the mine, in which case the straight-line method is applied.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilization or to throughput rather than production, are depreciated at varying rates on a straight-line basis over their economic useful lives or the life-of-mine ("LOM"), whichever is the shorter.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition and development of the assets and includes:

- the purchase price
- costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of any mine closure, rehabilitation and decommissioning obligation and
- for qualifying assets, that take a substantial period to get ready for their intended use, the applicable borrowing costs.

Depreciation is charged to the 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**
Civil works	4 – 50
Buildings	9 – 40
Mobile and workshop equipment	5 – 40
Plant and heavy equipment	3 – 40
Other equipment	4 – 20
Office equipment	4 – 10
Motor vehicles	4

3 Summary of significant accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the 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 statement of profit or loss.

Borrowing costs related to qualifying assets that take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the qualifying assets until substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

Capital spare parts are treated as property, plant and equipment when they can be used only in connection with an item of property, plant and equipment and are expected to have a service life period of more than one year. Depreciation of capital spare parts is based on the shorter of the expected useful life of the spare part while in use, or the useful life of the larger asset to which it relates.

Exploration and evaluation assets

Exploration expenditures relates 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.

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 feasibilities studies.

All exploration and evaluation costs are expensed until a 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 expenditure.

3 Summary of significant accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

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 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 accumulated impairment. 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 asset 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 and reversal of impairment on exploration and evaluation assets.

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".

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".

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the statement of cash flows.

Stripping activity asset and stripping activity expense

The Company incurs stripping (waste removal) costs during the development and production stage of its open pit mining operations.

Stripping costs incurred during the development stage of an open pit mine, in order to access ore deposits, are capitalized prior to the commencement of commercial production. Such costs are then amortized over the remaining life of the component of the ore body (for which access has improved) using the UOP method over economically recoverable proven and probable reserves.

Stripping activities during the production phase generally create two types of benefits, being as follows:

- production of inventory or
- improved access to the ore to be mined in the future.

Where the benefits are realized in the form of inventory produced during the period end under review, the production stripping costs are accounted for as part of the cost of producing those inventories.

3 Summary of significant accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

Stripping activity asset and stripping activity expense (continued)

Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a 'Stripping activity asset', if all the following criteria 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 access will be 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 criteria are not met, the production stripping costs are charged to the 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 asset, being either a tangible or an intangible asset (based upon the nature of existing asset) in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value of cash generating unit may not be recoverable.

The stripping activity asset is subsequently amortized to cost of sales 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 amortization and any impairment losses.

3.6 Right of use assets and lease liabilities

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes 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 Company recognizes 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 (RoU)

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related RoU asset, unless those costs are incurred to produce inventories.

RoU assets are depreciated over the shorter period of lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Company expects to exercise a purchase option, the related RoU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The RoU assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 Impairment of Assets to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in Note 3.9.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the RoU asset. The related payments are 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 statement of profit or loss.

3 Summary of significant accounting policies (continued)

3.6 Right of use assets and lease liabilities (continued)

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
-
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related 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 liabilities are 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 liabilities are 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 liabilities are remeasured by discounting the revised lease payments using a revised discount rate.

3.7 Capital work-in-progress

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in property, plant and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work-in-progress comprises its purchase price, construction / development cost and any other directly attributable to the construction or acquisition of an item intended by management. Costs associated with commissioning the items (prior to its being available for use) are capitalized net of proceeds from the sale of any production during the commissioning period.

Borrowing costs related to qualifying assets that take a substantial period of time to get ready for their intended use are capitalized to capital work-in-progress as part of the cost of the qualifying assets until substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

Capital work-in-progress is measured at cost less any recognized impairment. Capital work-in-progress is not depreciated or amortized.

Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

3 Summary of significant accounting policies (continued)

3.8 Intangible assets

Internally generated intangibles, excluding capitalized development costs, are not capitalized. Instead, the related expenditure is recognized in the 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 on intangible assets with finite lives is recognized in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortizes intangible assets with a limited economic useful life using the straight-line method over ten years.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually, or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from 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 statement of profit or loss when the asset is derecognized.

3.9 Asset impairment

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment 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 Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the 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 to determine the asset / 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 statement of profit or loss.

3.10 Employees' home owners program receivable

The Company has established an employees' home owners program (HOP) that offer 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 upon completion of full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners' 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.

3 Summary of significant accounting policies (continued)

3.11 Inventories

Finished goods

Saleable finished goods are measured at the lower of unit cost of production or net realizable value. Cost of saleable finished goods is determined by using the unit cost of production for the period. The unit cost of production is determined as the total cost of production divided by the saleable unit output.

Production costs include:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore and the Amortization of any deferred stripping assets,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- direct production overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Work-in-process

The cost of work-in-process is determined using unit cost of production for the period based on percentage of completion at the applicable stage, based on the estimated recoverable content:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore and production activities,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore, and the Amortization of any deferred stripping assets 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.

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. Cost of ore stockpile is determined by using the weighted-average 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 or 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 or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow-moving items, if any, is estimated at each reporting date.

Net realizable value is the estimated selling price less selling expenses.

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

Net realizable value is the estimated selling price less selling expenses.

3 Summary of significant accounting policies (continued)

3.12 Trade and other receivables

The Company assesses on a forward-looking basis the allowance for doubtful debts using an expected credit losses (ECL) approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the statement of profit or loss and reported under "General and administrative expenses".

When a trade and other receivable is uncollectible, it is written-off against the allowance for doubtful debts in the statement of profit or loss. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

3.13 Time deposits

Time deposits include placements with banks and other short term highly liquid instruments, with original maturities of more than 3 months but not more than one year from the date of acquisition. Term 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 credit risk of the counter party.

3.14 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash and cash equivalents is related to employees' savings plan obligation.

3.15 Financial instruments, financial assets and liabilities

The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. The Company recognizes all of its contractual rights and obligations under derivatives in its statement of financial position as assets and liabilities.

Derivative instruments

The Company utilizes derivative instruments to manage certain market risk exposures. The Company does not use derivative financial instruments for speculative purposes, however, it may choose not to designate certain derivatives as hedges for accounting purposes.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Interest rate swaps and cash flow hedges

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Derivative instruments (continued)

Interest rate swaps and cash flow hedges (continued)

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 exchange rates. The Saudi Riyal is pegged at SAR 3.75: USD 1, therefore the Company is not exposed to any risks from USD denominated financial instruments.

The Company's transactions are principally in SAR and US Dollars. Virtually all commodity sales contracts with customers and are USD priced and equally so is the bulk of the procurement and capital expenditure contracts.

The Company does not use forward exchange contracts.

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces. The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Financial assets

The Company's principal financial assets include:

- due from fellow subsidiaries
- due from a shareholder
- trade and other receivable excluding pre-payments and zakat / tax receivable (Accounting policy 3.11)
- time deposits (Accounting policy 3.12)
- cash and cash equivalents (Accounting policy 3.13)

Initial recognition 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 at transaction price.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

Subsequently, financial assets are carried at fair value or at amortized cost less impairment.

Classification of financial assets

Financial assets are classified one of the following three categories, based on the business model in which the financial asset and its contractual cash flow characteristics are managed:

- measured at amortized cost ("AC")
- fair value through profit or loss ("FVTPL") and
- fair value through other comprehensive income ("FVOCI")

Impairment and uncollectibility of financial assets

At each reporting date, the Company measures the loss allowance for a financial asset (using the expected credit loss model) at an amount equal to the lifetime expected credit losses, if the credit risk on that financial asset has increased significantly since initial recognition.

However, if at the reporting date, the credit risk on that financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial assets (continued)

Impairment and uncollectibility of financial assets (continued)

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 statement of profit or loss.

De-recognition of financial assets

The Company derecognizes financial assets only when the contractual rights to receive cash flows from the financial assets expire or when it transfers the financial assets and substantially all the risks and rewards of ownership to another entity.

Gains and losses on de-recognition are generally recognized in the statements of profit or loss.

Financial liabilities

The Company's principal financial liabilities comprise of
- due to fellow subsidiaries
- due to a shareholder
- long -term borrowings (Accounting policy 3.15)
- trade and other payables and accrued expenses (Accounting policy 3.19)

Initial recognition of financial liabilities

Financial liabilities are initially recognized at fair value of 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 effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the separate statement of profit or loss over the period of long-term borrowings using effective interest rate method.

Classification of financial liabilities

Financial liabilities are classified as 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.

De-recognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of profit or loss.

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial liabilities (continued)

De-recognition of financial liabilities (continued)

Long-term borrowings are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss as other income or finance cost.

Offsetting a financial asset and a financial liability

A financial asset and liability is offset and net amount reported in the financial statements, when the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

3.16 Long-term borrowings

Long-term borrowings are initially recognized at the fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the redemption amount is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of 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 derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred in the statement of profit or loss.

3.17 Provisions

Provisions are recognized when the Company has:

- a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of economic resources will be required to settle the obligation in the future and
- the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance costs in the statement of profit or loss.

3 Summary of significant accounting policies (continued)

3.18 Provision for decommissioning, site rehabilitation and dismantling obligations

The mining, extraction and processing activities of the Company normally give rise to obligations for mine closure decommissioning, site rehabilitation and plant dismantling (collectively referred to as "decommissioning site rehabilitation and dismantling obligations"). Decommissioning and site restoration work can include facility decommissioning and dismantling of plant and buildings; removal or treatment of waste materials, site and land rehabilitation. The extent of the work required and the associated costs are dependent on the requirements of current laws and regulations work.

The full estimated cost is discounted to its present value and capitalized as part of "Mining properties" and once commercial production is achieved, it is then depreciated as an expense over the expected life-of-mine using UOP method.

Costs included in the provision includes all decommissioning obligations expected to occur over the life-of-mine and at the time of closure in connection with the mining activities being undertaken at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual decommissioning expenditure is dependent upon a number of factors such as:

- the life-of-mine,
- developments in technology,
- the operating license conditions,
- the environment in which the mine operates and
- changes in economic sustainability.

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase in liability and a corresponding increase in the mine 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.

3.19 Employees' benefits

Employees' savings plan program

In accordance with Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation, approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to 19 July 1999), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Company to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Company.

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SAR 300 per month.

This is a defined contribution plan, where the Company will contribute an amount equaling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Company's portion is charged to statement of profit or loss on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

3 Summary of significant accounting policies (continued)

3.19 Employees' benefits (continued)

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 statement of financial position.

Furniture loan

The Company 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 statement of financial position in respect of the defined employees' end of service termination benefits plan, is the present value of the defined benefits obligation at the end of the reporting period. The defined 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 defined benefit obligation by discounting the estimated future cash outflows.

The net finance cost is calculated by applying the discount rate to the net balance of the defined benefits obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in shareholders' equity and in the statement of financial position.

Changes in the present value of the defined benefits obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

3.20 Trade and other payables and accrued expenses

Liabilities in respect of trade and other payables are recognized as amounts to be paid for goods and services received. The amount recognized is discounted to the present value of the future obligations using the Company's incremental borrowing rate; unless they are due in less than one year.
Liabilities in respect of other payables are recognized at amounts to be paid for goods and services received.

3.21 Zakat, income tax, withholding tax and deferred tax

The Company is subject to zakat for Saudi shareholders and income tax for foreign shareholders in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"). A provision for zakat and income tax for the Company is charged to the statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

The income tax includes the current tax and deferred tax charge recognized in the statement of profit of loss.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

3 Summary of significant accounting policies (continued)

3.21 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 deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to shareholders' equity.

Further, the amounts for zakat and income tax expense for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

3.21 Severance fees

Effective from 1 January 2021 onwards, as per Article No.111 of the Saudi Mining Investment Code issued based on the Royal Decree No. 140/M dated 19 Shawwal 1441H (corresponding to 11 June 2020), the Company is required to pay to the Government of Saudi Arabia severance fee representing equivalent of 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction. This supersedes the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), which required the Company to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of 20% of hypothetical income, whichever was lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the statement of profit or loss (Notes 6 and 39).

4 Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS and other standards and pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accounting disclosures, and the disclosures of contingent liabilities at the date of the financial statements.

Estimates and assumptions are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

However, as explained in Note 1, Management, through the crisis management committee, continues to proactively assess the potential of the Covid-19 pandemic for any further regulatory and government restrictions both locally and in the market in which the Company operates that could adversely affect our supply chain and our production capabilities, demand of our products, as well as our sales distribution network that could cause a negative impact on our financial performance. Management has concluded that the critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances.

4.1 Critical accounting judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts realized in the financial statements:

- right-of-use assets and lease liabilities; and
- stripping cost

4 Critical accounting judgments, estimates and assumptions (continued)

4.1 Critical accounting judgements in applying accounting standards (continued)

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company'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 Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Stripping costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Once the Company has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations.

An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan.

The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Company considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

4.2 Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

- impairment and the reversal of impairment;
- economic useful lives of mine properties, property, plant and equipment;
- zakat and income taxes;
- Mineral resource and ore reserve estimates;
- mine decommissioning obligation;
- allowances for obsolete and slow-moving spare parts and consumable materials; and
- contingencies

Impairment and the reversal of impairment

The Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous years may no longer exist or may have decreased.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.2 Key sources of estimation uncertainty (continued)

Economic useful lives of mine properties, property, plant and equipment

The Company'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, 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.

The Company's assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their estimated economic useful lives.

The economic useful lives of property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

Zakat and income taxes

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. No zakat assessments were finalized by the ZATCA and where the final zakat outcome of an assessment is different from the amounts that were initially recorded, such differences will impact and be recorded in the zakat provisions in the period in which such determinations are made.

Mineral resource and ore reserve estimates

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. Further, the quantity of ore reserves and mineral resources may vary depending on, amongst other things, metal prices and currency exchange rates.

The ore reserve estimates of the Company have been determined based on long-term commodity price and forecasts 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 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 Company's ability to extract these ore reserves, could have a material adverse effect on the Company's business, prospects, financial condition and operating results.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.2 Key sources of estimation uncertainty (continued)

Mine decommissioning obligation

The Company's mining and exploration activities are subject to various environmental laws and regulations. The Company estimates environmental obligations based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the license agreements and engineering estimates. Provision is made for decommissioning as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

Allowances for obsolete and slow-moving spare parts and consumable materials

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date (Note 20.1).

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 judgement and estimates of the outcome of future events.

(All amounts in Saudi Riyals unless otherwise stated)

5 Sales

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Domestic sales to Ma'aden Aluminium Company ("MAC")	33.1	**1,876,301,352**	1,534,907,892
International third-party sales to Gulf Co-operation Council / Middle East and North Africa		**394,786,441**	259,975,312
Total		**2,271,087,793**	1,794,883,204

6 Cost of sales

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Salaries and staff related benefits		**242,545,463**	268,062,954
Contracted services		**216,059,519**	220,983,030
Raw materials and utilities consumed		**578,980,872**	438,529,271
Consumables		**172,339,235**	145,760,981
Overheads		**250,679,587**	264,260,253
Charge for / (reversal of) allowance for slow moving spare parts and consumable materials	20.1	**43,693**	(20,705)
Total cash operating costs		**1,460,648,369**	1,337,575,784
Depreciation mine properties	10	**61,721,617**	62,174,296
Depreciation property, plant and equipment	11	**426,222,372**	421,754,157
Depreciation – right-of-use assets	12	**24,555,618**	24,088,489
Amortization	14	**3,644,914**	3,644,913
Total operating costs		**1,976,792,890**	1,849,237,639
Change in inventory	20	**(40,629,230)**	(23,285,638)
Total		**1,936,163,660**	1,825,952,001

7 General and administrative expenses

	Year ended 31 December 2021	Year ended 31 December 2020
Salaries and staff related benefits	**7,505,639**	6,848,515
Contracted services	**24,935,148**	26,534,098
Consumables	**90,638**	409,353
Overheads	**26,833,140**	24,037,581
Total	**59,364,565**	57,829,547

(All amounts in Saudi Riyals unless otherwise stated)

8 Finance cost

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Public Investment Fund		**56,438,528**	91,330,683
Riyal Wakala		**5,093,578**	7,008,666
Riyal Murabaha		**6,239,912**	9,702,729
Murabaha Riyal Tranche A		**51,515,823**	72,763,191
Murabaha Riyal Tranche B		**38,349,385**	52,724,284
Others		**1,647,608**	770,050
Sub-total		**159,284,834**	234,299,603
Accretion of lease liabilities	28.2	**12,011,157**	12,566,964
Amortization of transaction cost	26.2	**14,350,347**	14,661,526
Accretion of provision for mine closure and reclamation	27	**4,054,825**	4,060,447
Accretion of provision for employees' termination benefits obligation	29.1	**1,434,652**	1,875,778
Accrual of derivative interest	30	**25,152,044**	13,676,582
Sub-total		**216,287,859**	281,140,900
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress	13	**(7,869,595)**	(8,096,967)
Total		**208,418,264**	273,043,933

9 Other income / (expenses), net

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Foreign exchange gains, net	35.1.1	**112,308**	465,600
Others, net		**(154,710)**	(931,643)
Total		**(42,402)**	(466,043)

(All amounts in Saudi Riyals unless otherwise stated)

10 Mine properties

	Notes	Operating mine								
		Mine closure and rehabilitation provision	**Plant and heavy equipment**	**Buildings**	**Civil works**	**Mobile and workshop equipment**	**Office equipment**	**Stripping activity asset**	**Mining capital work-in-progress**	**Total**
Cost										
1 January 2020		111,766,320	485,300,296	503,629,568	465,218,789	44,556,906	6,707,050	3,097,752	2,364,265	1,622,640,946
Additions		-	-	-	-	-	-	-	458,209	458,209
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations	27	14,644,592	-	-	-	-	-	-	-	14,644,592
Transfers within mine properties		-	-	2,352,654	-	-	-	-	(2,352,654)	-
Reversals		-	-	-	(11,200,000)	-	-	-	-	(11,200,000)
31 December 2020		126,410,912	485,300,296	505,982,222	454,018,789	44,556,906	6,707,050	3,097,752	469,820	1,626,543,747
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations	27	52,222,214	-	-	-	-	-	-	-	52,222,214
Additions		-	-	2,388,372	-	-	-	-	44,422	2,432,794
Reversal / Adjustment		-	(7,739,686)	-	-	(1,198,990)	-	-	-	(8,938,676)
31 December 2021		**178,633,126**	**477,560,610**	**508,370,594**	**454,018,789**	**43,357,916**	**6,707,050**	**3,097,752**	**514,242**	**1,672,260,079**
Accumulated depreciation										
1 January 2020		(5,810,816)	(78,981,546)	(46,123,736)	(50,092,502)	(28,976,468)	(2,685,685)	(580,830)	-	(213,251,583)
Charge for the year	6	(2,716,808)	(23,315,951)	(16,376,537)	(15,130,554)	(5,586,971)	(603,563)	(123,912)		(63,854,296)
Reversals		-	-	-	1,680,000	-	-	-	-	1,680,000
31 December 2020		(8,527,624)	(102,297,497)	(62,500,273)	(63,543,056)	(34,563,439)	(3,289,248)	(704,742)	-	(275,425,879)
Charge for the year	6	(3,102,192)	(22,225,639)	(16,615,820)	(14,417,769)	(4,724,027)	(594,400)	(41,770)	-	(61,721,617)
Reversal / Adjustment		-	7,739,686	-	-	-	-	-	-	7,739,686
31 December 2021		**(11,629,816)**	**(116,783,450)**	**(79,116,093)**	**(77,960,825)**	**(39,287,466)**	**(3,883,648)**	**(746,512)**	**-**	**(329,407,810)**
Net book value as at										
31 December 2020		117,883,288	383,002,799	443,481,949	390,475,733	9,993,467	3,417,802	2,393,010	469,820	1,351,117,868
31 December 2021		**167,003,310**	**360,777,160**	**429,254,501**	**376,057,964**	**4,070,450**	**2,823,402**	**2,351,240**	**514,242**	**1,342,852,269**

(All amounts in Saudi Riyals unless otherwise stated)

11 Property, plant and equipment

	Notes	Civil works	Buildings	Mobile and workshop equipment	Plant and heavy equipment	Other equipment	Office equipment	Motor Vehicles	Total
Cost									
1 January 2020		929,027,505	4,610,209,824	123,609,397	5,560,052,527	366,520,837	10,281,028	6,012,683	11,605,713,801
Transfer from capital work-in-progress	13	1,598,034	340,256	-	270,772	-	-	-	2,209,062
31 December 2020		930,625,539	4,610,550,080	123,609,397	5,560,323,299	366,520,837	10,281,028	6,012,683	11,607,922,863
Transfer from capital work-in-progress	13	206,467,817	(2,578,047)	(7,976)	310,786	6,267,007	3,564,495	-	214,024,082
Adjustment		-	-	-	(6,142,727)	-	-	-	(6,142,727)
31 December 2021		**1,137,093,356**	**4,607,972,033**	**123,601,421**	**5,554,491,358**	**372,787,844**	**13,845,523**	**6,012,683**	**11,815,804,218**
Accumulated depreciation									
1 January 2020		(105,500,402)	(447,886,196)	(45,702,698)	(722,549,264)	(72,420,861)	(2,834,077)	(6,012,683)	(1,402,906,181)
Charge for the year	6	(28,449,165)	(136,952,964)	(12,657,593)	(220,608,158)	(22,208,122)	(878,155)	-	(421,754,157)
31 December 2020		(133,949,567)	(584,839,160)	(58,360,291)	(943,157,422)	(94,628,983)	(3,712,232)	(6,012,683)	(1,824,660,338)
Charge for the year	6	(28,447,102)	(137,044,071)	(13,265,859)	(222,459,003)	(24,061,516)	(944,821)	-	(426,222,372)
31 December 2021		**(162,396,669)**	**(721,883,231)**	**(71,626,150)**	**(1,165,616,425)**	**(118,690,499)**	**(4,657,053)**	**(6,012,683)**	**(2,250,882,710)**
Net book value									
31 December 2020		796,675,972	4,025,710,920	65,249,106	4,617,165,877	271,891,854	6,568,796	-	9,783,262,525
31 December 2021		**974,696,687**	**3,886,088,802**	**51,975,271**	**4,388,874,933**	**254,097,345**	**9,188,470**	**-**	**9,564,921,508**

(All amounts in Saudi Riyals unless otherwise stated)

12 Right-of-use assets

	Notes	Motor vehicles	Use of Industrial Land	Total
Cost				
1 January 2020		12,279,460	324,913,454	337,192,914
Additions during the year		558,540	-	558,540
31 December 2020		12,838,000	324,913,454	337,751,454
Additions during the year		4,216,183	-	4,216,183
31 December 2021		**17,054,183**	**324,913,454**	**341,967,637**
Accumulated depreciation				
1 January 2020		(2,479,168)	(20,962,158)	(23,441,326)
Charge for the year	6	(3,126,331)	(20,962,158)	(24,088,489)
31 December 2020		(5,605,499)	(41,924,316)	(47,529,815)
Charge for the year	6	(3,593,460)	(20,962,158)	(24,555,618)
31 December 2021		**(9,198,959)**	**(62,886,474)**	**(72,085,433)**
Net book value				
31 December 2020		7,232,501	282,989,138	290,221,639
31 December 2021		**7,855,224**	**262,026,980**	**269,882,204**

For short-term leases (a lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other cost if sales in the statement of profit or loss and other comprehensive income.

13 Capital work-in-progress

	Notes	Refinery
1 January 2020		272,293,439
Additions during the year		98,598,667
Transfer to property, plant and equipment during the year	11	(2,209,062)
31 December 2020		368,683,044
Additions during the year		95,893,970
Transfer to property, plant and equipment during the year	11	(214,024,082)
31 December 2021		**250,552,932**

The Company has capitalized as part of capital work-in-progress the following:

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Borrowing cost attributable to qualifying assets	8	**7,869,595**	8,096,967
Capitalization rate		**2.45%**	2.52%

The capitalization rate used is the weighted average interest rate applicable for the entity's general borrowings as of year end.

(All amounts in Saudi Riyals unless otherwise stated)

14 Intangible assets

	Notes	Software
Cost		
1 January 2020		36,449,137
31 December 2020		36,449,137
31 December 2021		**36,449,137**
Accumulated amortization		
1 January 2020		(19,274,249)
Charge for the year	6	(3,644,913)
31 December 2020		(22,919,162)
Charge for the year	6	(3,644,914)
31 December 2021		**(26,564,076)**
Net book value		
31 December 2020		13,529,975
31 December 2021		**9,885,061**

15 Zakat and income taxes

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Zakat payable	15.2	**19,309,445**	18,396,698

15.1 Components of zakat base

The significant components of the zakat base for the Company attributable to the Saudi Arabian shareholders in proportion with their direct shareholding of 74.9% (Notes 1 and 24), under the zakat and the income tax regulations, are:

	Notes	31 December 2021	31 December 2020
Shareholders' equity at the beginning of the year		**3,615,971,736**	3,897,036,108
Provisions at the beginning of the year		**152,348,565**	133,624,689
Long-term borrowings	26.2	**5,366,677,157**	5,653,772,299
Lease liabilities and right-of-use assets, net	12, 28	**18,199,564**	13,222,898
Provision for decommissioning, site rehabilitation and dismantling obligations	27	**39,114,438**	10,968,799
Other		**977,380**	1,011,366
Sub-total		**9,193,288,840**	9,709,636,159
Mine properties, property, plant and equipment and Intangible assets	10,11, 14	**(8,176,941,302)**	(8,349,784,866)
Capital work-in-progress	13	**(187,664,146)**	(276,143,600)
Spare parts and consumables	20	**(162,636,319)**	(163,163,215)
Employees' home owners program receivable, non-current portion	16	**(26,880,241)**	(29,306,581)
Net Zakat base for the year		**639,166,832**	891,237,897
Zakat due at 2.578% on Zakat base for 2021 (2020: Zakat due at 2.585%)		**16,493,207**	22,990,858
Zakat Calculation based on adjusted net income / (loss):			
Adjusted net income / (loss) for the year	15.2	**60,453,003**	(237,777,963)
Zakat rate applicable to the Company		**2.5%**	2.5%
Zakat due at 2.5% on adjusted income / (loss) for the year		**1,511,325**	(5,944,449)
Net Zakat due on zakat base and on adjusted net income / (loss)	15.3	**18,004,532**	17,046,409

Zakat is only payable by the Saudi Arabian shareholders at 2.578% (2020: 2.585%) on all components of zakat base except for adjusted net income for the year which is subject to zakat at the rate of 2.5% (2020: 2.5%).

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat and income taxes (continued)

15.2 Adjusted income / (losses) calculation for zakat provision

	Notes	31 December 2021	31 December 2020
Accounting income / (loss) for the year		**71,740,447**	(351,295,407)
Add/less: Disallowable expenses			
Depreciation – right-of-use assets	12	**24,555,618**	24,088,489
Provision for employees' end of service termination benefits	29.1	**9,837,704**	10,142,409
Provision for / (reversal of) allowance for slow moving spare parts and consumable materials	20.1	**43,693**	(20,705)
Accretion of provision for mine closure and reclamation	8	**4,054,825**	4,060,447
Accretion of lease liabilities	8	**12,011,157**	12,566,964
Net accrual for settlement of derivative interest		**-**	11,739,347
Other		**129,883**	1,014,639
Sub-total		**122,373,327**	(287,703,817)
Less:			
Net accrual for settlement of derivative interest	30	**(11,739,347)**	-
Repayment of lease liabilities during the year	28.1	**(29,922,361)**	(29,756,748)
Adjusted income / (loss) for zakat calculations		**80,711,619**	(317,460,565)
Add/less adjustment for tax calculation:			
Depreciation differential		**(288,386,258)**	(448,426,660)
Payments of employees' end of service termination benefits	29.1	**(5,911,535)**	(2,852,934)
Interest charges in excess of the allowable limit		**165,765,586**	240,864,162
Other		**-**	(387,147)
Adjusted loss for Tax calculations		**(47,820,588)**	(528,263,144)
Allocation of adjusted income / (loss):			
Saudi Arabian shareholder (74.9%)	15.1	**60,453,003**	(237,777,963)
Foreign shareholder (25.1%)	15.4	**(12,002,968)**	(132,594,049)

The ZATCA and Ministry of Finance issued MR no. 2216 dated 7/7/1440H, for the new zakat and income tax regulations and became effective from 1 January 2019.

15.3 Zakat payable attributable to Saudi Arabian shareholders

	Notes	31 December 2021	31 December 2020
1 January		**18,396,698**	21,805,158
Provision for zakat for the year	15.1	**18,004,532**	17,046,409
Paid during the year		**(17,091,785)**	(20,454,869)
31 December	15	**19,309,445**	18,396,698

15.4 Income tax payable attributable to foreign shareholder

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. During the years ended 31 December 2021 and 2020, no provision for income tax has been recorded by the Company due to adjusted net loss for such years.

	Notes	31 December 2021	31 December 2020
Adjusted income / (loss) for tax calculations	15.2	**(47,820,588)**	(528,263,144)
Foreign shareholders' 25.1% proportionate share		**25.1%**	25.1%
Taxable income / (loss) on foreign shareholder	15.2	**(12,002,968)**	(132,594,049)
Income tax rate applicable to the Company		**20%**	20%
Income tax provision for the year	15	**-**	-

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat and income taxes (continued)

Income tax (credit) / expense

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Deferred tax (expense) / credit-net		**(11,514,243)**	3,662,265
Credit to profit or loss arising from deferred tax asset	15.4	**3,261,324**	25,969,348
Charge to profit or loss arising from deferred tax liabilities	15.5	**(14,775,567)**	(22,307,083)
Total income tax (expense) / credit		**(11,514,243)**	3,662,265

	31 December 2021	31 December 2020
Accounting profit / (loss) for the year	**71,740,447**	(351,295,407)
Income tax rate applicable to the Company	**20%**	20%
Foreign shareholders' 25.1% proportionate share of the year accounting profit / (loss)	**18,006,852**	(88,175,147)
Income tax on foreign shareholder	**(3,601,370)**	(17,635,029)
Tax effect of expenses disallowed (includes temporary differences, depreciation differential)	**399,819**	7,714,518
Tax effect of permanent differences	**(8,312,692)**	13,582,776
Income tax (charge) / credit for the year	**(11,514,243)**	3,662,265

15.5 Deferred tax assets

The balance comprises temporary differences attributable to:

	31 December 2021	31 December 2020
Tax losses carried forward	**153,123,539**	150,022,441
Allowance for slow moving spare parts and consumable materials	**472,974**	472,974
Employees' benefits	**3,154,061**	2,993,835
Total deferred tax assets	**156,750,574**	153,489,250

Movements	**Notes**	**Tax losses carried forward**	**Allowance for slow moving spare parts and Consumable materials**	**Employees' benefits**	**Total**
1 January 2020		124,536,958	481,733	2,501,211	127,519,902
Credited to profit or loss for the year	15.3	25,485,483	(8,759)	492,624	25,969,348
31 December 2020		150,022,441	472,974	2,993,835	153,489,250
Credited to profit or loss for the year	15.3	3,101,098	-	160,226	3,261,324
31 December 2021		**153,123,539**	**472,974**	**3,154,061**	**156,750,574**

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat and income taxes (continued)

15.6 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 December 2021	31 December 2020
Mine properties, property, plant and equipment and intangible assets	**223,463,126**	208,687,560

Movements	Notes	Mine properties, property, plant and equipment and intangible assets
1 January 2020		186,380,476
Charged to profit or loss for the year	15.3	22,307,083
31 December 2020		208,687,559
Charged to profit or loss for the year	15.3	14,775,567
31 December 2021		**223,463,126**

15.7 Status of final certificate and assessments

The Company has filed its zakat and income tax returns for the years 2011 through 2020. During 2020, ZATCA issued zakat assessments for the years 2015, 2016 and 2018 amounting to SAUDI RIYALS 37 million. The Company has accepted an assessment of SAUDI RIYALS 0.2 million and filed an appeal with ZATCA against the remaining assessments of SAUDI RIYALS 36.8 million. During the year ended 31 December 2021, ZATCA issued a revised assessments for the years 2015, 2016 and 2018 amounting to Saudi Riyals 34.1 million. The Company has filed an appeal against the revised assessments to the General Secretariat of Tax Committees which is still pending review. Management believes that such additional assessments are not adequately supported, and no material liability will arise upon ultimate resolution of the above appeal. Also, no material uncertain tax provisions are required to be made for the years 2011 through 2014 and the years 2019 through 2021 based on the zakat and income tax assessment received for the years 2015, 2016 and 2018.

The ZATCA has finalized the zakat assessments for the Company for 2017. Assessments for the years 2011 through 2014, 2019 and 2020 are currently under review by the ZATCA.

16 Employees' home owners program receivable

	31 December 2021	31 December 2020
1 January	**43,388,676**	46,649,037
Less: Employees' repayment during the year	**(3,529,034)**	(3,260,361)
	39,859,642	43,388,676
Less: Current portion of employees' home owners program receivable	**(3,971,470)**	(4,261,065)
Non-current portion of employees' home owners program receivable	**35,888,172**	39,127,611

17 Due from / (to) a shareholder

	Notes	31 December 2021	31 December 2020
17.1 Due from a shareholder			
Ma'aden	33.2	**26,745,249**	5,492,821
17.2 Due to a shareholder			
Ma'aden	33.2, 35	**20,409,789**	7,625,042

(All amounts in Saudi Riyals unless otherwise stated)

18 Due from / (to) fellow subsidiaries

	Notes	31 December 2021	31 December 2020
18.1 Due from a fellow subsidiary			
Ma'aden Aluminium Company ("MAC")	33.2	**2,812,672**	1,057,551
Ma'aden Fertilizer Company ("MFC")	33.2	**1,979,094**	-
		4,791,766	1,057,551
18.2 Due to fellow subsidiaries			
Ma'aden Aluminium Company ("MAC")	33.2	**80,627,180**	22,505,877
Ma'aden Rolling Company ("MRC")	33.2	**51,380,430**	291,523
Ma'aden Infrastructure Company ("MIC")	33.2	**4,655,359**	2,267,404
Ma'aden Phosphate Company ("MPC")	33.2	**-**	944,975
Total		**136,662,969**	26,009,779

19 Advances and prepayments

	31 December 2021	31 December 2020
Advances to employees	**2,288,915**	2,594,862
Advances to vendor	**6,125,000**	10,250,000
Prepaid housing	**2,650,812**	1,328,632
Prepaid insurance and other	**10,684,743**	10,181,097
Total	**21,749,470**	24,354,591

20 Inventories

	Notes	31 December 2021	31 December 2020
Finished goods - ready for sale		**29,208,936**	20,533,221
Stockpiles		**43,778,086**	34,498,713
Work-in-process		**119,203,136**	96,528,994
Sub-total	6	**192,190,158**	151,560,928
Raw materials		**65,137,188**	8,489,855
Spare parts and consumables		**217,137,943**	217,841,409
Allowance for slow moving spare parts and consumable materials	20.1	**(9,619,270)**	(9,575,577)
Sub-total		**272,655,861**	216,755,687
		65,137,188	
Total		**217,137,943**	368,316,615

20.1 Movement in the allowance for slow moving spare parts and consumable materials is as follows:

	Notes	31 December 2021	31 December 2020
1 January		**9,575,577**	9,596,282
Charge / (reversal) for the year	6	**43,693**	(20,705)
31 December	20	**9,619,270**	9,575,577

(All amounts in Saudi Riyals unless otherwise stated)

21 Trade and other receivables

	Notes	31 December 2021	31 December 2020
Trade receivables			
MAC	33.2	**200,281,248**	124,282,098
Third parties		**12,721,459**	37,136,680
Sub-total	37	**213,002,707**	161,418,778
Other receivables			
Value added tax receivable and other		**622,928**	7,612,606
Total		**213,625,635**	169,031,384

22 Time deposits

	Note	31 December 2021	31 December 2020
Time deposits with original maturities of more than three months and less than a year at the date of acquisition - unrestricted		**-**	300,000,000
Income receivable from time deposits		**-**	821,667
Total	37	**-**	**300,821,667**

23 Cash and cash equivalents

	Notes	31 December 2021	31 December 2020
Time deposits with original maturities equal to or less than three months at the date of acquisition			
- unrestricted		**200,000,000**	230,000,000
Investment income receivable			
- unrestricted		**364,167**	391,000
Cash and bank balances			
- unrestricted		**916,923,533**	391,484,792
- restricted	29.2	**13,317,231**	10,082,662
Sub-total		**930,240,764**	401,567,454
Total unrestricted cash and cash equivalents		**1,117,287,700**	621,875,792
Total restricted cash and cash equivalents		**13,317,231**	10,082,662
Total	37	**1,130,604,931**	631,958,454

The restricted cash and cash equivalents relates to employees' savings plan obligation (Note 29.2).

(All amounts in Saudi Riyals unless otherwise stated)

24 Share capital

	Note	31 December 2021	31 December 2020
24.1 Share capital			
Authorized share capital			
510,000,000 ordinary shares, with a nominal value of SAR 10 per share	1	**5,100,000,000**	5,100,000,000
Issued and partly paid up share capital			
510,000,000 ordinary shares, with a nominal value of SAR 10 per share partly paid up at SAR 9.47, (31 December 2020: SAR 9.47) per share, approximately.		**4,828,464,412**	4,828,464,412

The shareholding is distributed as follows:

Shareholders	Number of shares	% Holding		
Saudi Arabian				
Ma'aden	381,990,000	74.90%	**3,616,519,845**	3,616,519,845
Foreign				
AWA Saudi Limited	128,010,000	25.10%	**1,211,944,567**	1,211,944,567
Total	**510,000,000**	100.00%	**4,828,464,412**	4,828,464,412

24.2 Payments to increase share capital

Ma'aden	**203,380,155**	203,380,155
AWA Saudi Limited	**68,155,432**	68,155,432
Total	**271,535,587**	271,535,587

The Company is ultimately owned by Public Investment Fund ("PIF") (a sovereign wealth fund of the Kingdom of Saudi Arabia).
Pursuant to a shareholders' agreement, the shareholders have agreed to fund the project as required. Capital contributions for which the legal formalities were not completed are reported as shareholders' equity and disclosed separately in the statement of changes in shareholders' equity.

25 Transfer of net income

	31 December 2021	31 December 2020
1 January	**3,153,947**	3,153,947
31 December	**3,153,947**	3,153,947

Shareholders	% Participation		
Saudi Arabian			
Ma'aden	74.9%	**2,560,638**	2,560,638
Foreign			
Awa Saudi Limited	25.1%	**593,309**	593,309
Total	**100.0%**	**3,153,947**	3,153,947

In accordance with the Company's Articles of Association, the Company is required to establish a statutory reserve by apportioning 4% of its annual net income to the statutory reserve after adjusting accumulated losses, until the statutory reserve equals or exceed 50% of the Company's paid up share capital. Such transfer is to be made on an annual basis and the statutory reserve so created is not available for distribution as dividends.

(All amounts in Saudi Riyals unless otherwise stated)

26 Long-term borrowings

26.1 Facilities approved

On 27 November 2011, the "Company" entered into the Common Terms Agreement ('CTA") and other agreements (collectively referred to as "Financing Agreements") with a group of financial institutions. On 16 July 2018, the Company had entered into a CTA with PIF, SIDF a consortium of financial institutions. On 31 July 2018 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Riyal Murabaha and Riyal Wakala facilities to replace the balance of the facilities. Consequently, the Company's financing facilities comprised:

Financial institutions	Date of approval	Facilities approved
PIF – Amendment to the existing Agreement	16 July 2018	**3,506,250,000**
Islamic and commercial banks	16 July 2018	
Riyal Murabaha Tranche A		**2,370,000,000**
Riyal Murabaha Tranche B		**1,655,000,000**
Riyal Wakala		**220,000,000**
Sub-total		**4,245,000,000**
Murabaha Riyal	9 January 2019	**750,000,000**
Total		**8,501,250,000**

The new financing agreements imposed some financial covenants including:

- maintenance of financial ratios as per financial covenants clause;
  - debt will not, at any time, exceed 4 times of total tangible net worth and
  - financing cost will not exceed 50 % of Earnings before Interest, Tax, Depreciation and Amortization ('EBITDA")
- restriction on dividend distribution to shareholders

In addition to scheduled repayments, the restructured PIF facility and the Riyal Murabaha and Riyal Wakala facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Riyal Murabaha and Riyal Wakala facilities.

Compliance with loan covenants

The Company complied with these covenants throughout the reporting period. As at 31 December 2021, the net debt was 1.56 times of total tangible net worth and the financing cost was 26.33% of EBITDA.

Facility agents:

- The Saudi National Bank formerly "National Commercial Bank" acts as Intercreditor Agent and as Riyal Murabaha Facility Agent,
- The HSBC Saudi Arabia acts as Riyal Wakala Facility Agent.

(All amounts in Saudi Riyals unless otherwise stated)

26 Long-term borrowings (continued)

26.2 Facilities utilized

	Notes	31 December 2021	31 December 2020
PIF		**3,291,316,875**	3,431,917,500
Less: Repaid during the year		**(139,198,125)**	(140,600,625)
Sub-total	33.2	**3,152,118,750**	3,291,316,875
Less: Unamortized transaction costs		**(89,233,940)**	(98,242,623)
Sub-total		**3,062,884,810**	3,193,074,252

The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.

The repayment of the loan started on 30 June 2019, on a six-monthly basis, starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 393 million on 31 July 2031. In addition, MBAC is required to make certain prepayments as described above.

The upfront transaction cost incurred is amortized over the term of the loan. The transaction cost amortized over the term of the loan during the year ended 31 December 2021 amounted to SAR 9.00 million (31 December 2020: SAR 9.39 million)

Islamic and commercial banks

	Notes	31 December 2021	31 December 2020
Riyal Murabaha Tranche A		**2,238,228,000**	2,326,392,000
Riyal Murabaha Tranche B		**1,589,296,500**	1,630,671,500
Riyal Wakala		**211,266,000**	216,766,000
Sub-total		**4,038,790,500**	4,173,829,500
Less: Repaid during the year		**(259,263,000)**	(135,039,000)
Sub-total		**3,779,527,500**	4,038,790,500
Less: Unamortized transaction costs		**(23,426,053)**	(28,087,009)
Sub-total		**3,756,101,447**	4,010,703,491

The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is SIBOR plus a margin (mark-up in case of Wakala facilities) of 1.45% for Riyal Murabaha Tranche A and 1.55% for Riyal Murabaha Tranche B and Riyal Wakala.

Repayment of the principal amounts of total approved facilities commenced from 30 June 2019. The repayments started at SAR 34 million and will increase over the term of the loan with the final repayment of SAR 223 million on 31 December 2030.

The upfront transaction cost incurred is amortized over the term of the loan. The transaction cost amortized over the term of the loan during the year ended 31 December 2021 amounted to SAR 4.66 million (31 December 2020: SAR 4.82 million).

	Notes	31 December 2021	31 December 2020
Riyal Murabaha		**346,693,750**	346,693,750
Less: Unamortized transaction costs		**(1,363,149)**	(2,043,857)
Sub-total		**345,330,601**	344,649,893
Total Borrowings		**7,164,316,858**	7,548,427,636
Accrued finance cost		**806,182**	1,055,035
Sub-total carried forward	37	**7,165,123,040**	7,549,482,671

(All amounts in Saudi Riyals unless otherwise stated)

26 Long-term borrowings (continued)

26.2 Facilities utilized (continued)

	31 December 2021	31 December 2020
Sub-total brought forward	**7,165,123,040**	7,549,482,671

The rate of profit on the purchase price (i.e., principal amount of the loan drawn for each commission period) is SIBOR plus 0.95% and SIBOR plus 0.8% on the facilities repaid and drawn down during the year respectively.

Murabaha Riyal facility as on 31 December 2018 amounting to SAR 340,000,000 was repaid and new Murabaha Riyal facility was drawn down amounting to SAR 347 million during January 2019. The new Murabaha Riyal facility will be due in January 2024.

The transaction cost amortized over the term of the loan during the year ended 31 December 2021 amounted to SAR 0.68 million (31 December 2020: SAR 0.45 million)

	31 December 2021	31 December 2020
Less: Current portion of long-term borrowings	**(340,883,625)**	(398,461,125)
Less: Accrued finance cost	**(806,182)**	(1,055,035)
Sub-total - Current portion of borrowings shown under current liabilities	**(341,689,807)**	(399,516,160)
Long-term portion	**6,823,433,233**	7,149,966,511

26.3 Maturity profile of long-term borrowings

	31 December 2021	31 December 2020
2021	**-**	399,516,160
2022	**341,689,807**	340,883,625
2023	**330,531,750**	330,531,750
2024	**701,062,750**	701,062,750
2025	**424,561,875**	424,561,875
2026	**400,471,875**	400,471,875
2027 onwards	**5,080,828,125**	5,080,828,125
Total (Note 34.3)	**7,279,146,182**	7,677,856,160

The above maturities are subject to prepayment provisions as defined in the CTA (Note 26.1).

26 Long-term borrowings (continued)

26.4 Facilities' currency denomination

Essentially 43% of the Company's facilities have been contracted in SAR and 57% in United States dollars (US$) and the drawdown balances in US$ are shown below:

	31 December 2021 (US$)	31 December 2020 (US$)
PIF (US$)	**840,565,000**	877,684,500
Unamortized transaction cost	**(23,795,717)**	(26,198,033)
Sub-total	**816,769,283**	851,486,467
Islamic and commercial banks		
Riyal Murabaha Tranche A (SAR)	**549,524,000**	596,860,800
Riyal Murabaha Tranche B (SAR)	**404,570,267**	423,812,400
Riyal Wakala (SAR)	**53,779,733**	56,337,600
Sub-total	**1,007,874,000**	1,077,010,800
Unamortized transaction cost	**(6,246,947)**	(7,489,869)
Sub-total	**1,001,627,053**	1,069,520,931
Riyal Murabaha (SAR)	**92,451,667**	92,451,667
Unamortized transaction cost	**(363,506)**	(545,029)
Sub-total	**92,088,161**	91,906,638
Add: accrued finance cost	**214,982**	281,343
Total borrowings	**1,910,699,479**	2,013,195,379
Less: Current portion of long-term borrowings	**(90,902,300)**	(106,256,300)
Less: accrued finance cost	**(214,982)**	(281,343)
Sub-total - Current portion of borrowings shown under current liabilities	**(91,117,282)**	(106,537,643)
Long-term portion	**1,819,582,197**	1,906,657,736

26.5 Security

Borrowings from Islamic and commercial banks are secured through promissory notes.

27 Provision for decommissioning, site rehabilitation and dismantling obligations

	Notes	Al-Baitha Mine
1 January 2020		122,222,998
Accretion of provision during the year	8	4,060,447
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations	10	14,644,592
31 December 2020		140,928,037
Accretion of provision during the year	8	4,054,825
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations	10	52,222,214
31 December 2021		**197,205,076**
Commenced production in		2014
Expected closure date in		2063

Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mine and the related plants and infrastructure. These obligations are expected to be occur in the year in which the mine is expected to be closed. Management estimates the provision based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the mining license agreement and engineering estimates.

The provision for decommissioning, site rehabilitation and dismantling obligations represents the full amount of the estimated closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized prospectively when determined.

(All amounts in Saudi Riyals unless otherwise stated)

27 Provision for decommissioning, site rehabilitation and dismantling obligations (continued)

During the current year, the life of mine was revised from 2058 to 2063. The net effect of this change in the current year was a decrease in the provision for mine closure, reclamation and dismantling costs and corresponding mine closure asset under the mine properties by SAR 6,412,159. This change in estimates will result in a decrease in accretion of provision for mine decommissioning obligations and depreciation of mine closure asset for future years, however the net effect of this change is not material for individual years.

28 Lease liabilities

	Notes	31 December 2021	31 December 2020
Future minimum lease payment	28.1	**373,176,348**	398,672,615
Less: Future finance cost not yet due	28.2	**(78,995,661)**	(90,796,907)
Net present value of minimum lease payment		**294,180,687**	307,875,708
Less: Current portion of lease liabilities shown under current liabilities	35	**(21,317,126)**	(19,711,622)
Long term portion of lease liabilities	35	**272,863,561**	288,164,086

The future minimum lease payments have been discounted, using the Company's incremental borrowing rate as at the date of the transition which approximates 4% per annum, to its present value

Maturity profile

Future minimum lease payments are falling due during the following years:

	31 December 2021	31 December 2020
2021	**-**	31,604,081
2022	**32,592,464**	28,315,150
2023	**29,574,992**	28,116,992
2024	**30,755,197**	30,382,697
2025	**29,535,427**	29,535,427
2026	**29,496,267**	29,496,267
2027 and thereafter	**221,222,001**	221,222,001
Total	**373,176,348**	398,672,615

28.1 Movement in future minimum lease payments

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
1 January		**398,672,615**	427,812,181
Additions during the year	12	**4,426,094**	617,182
Sub-total		**403,098,709**	428,429,363
Payments during the year		**(29,922,361)**	(29,756,748)
31 December	28	**373,176,348**	398,672,615

28.2 Movement in future finance cost

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
1 January		**(90,796,907)**	(103,305,229)
Additions during the year	12	**(209,911)**	(58,642)
Sub-total		**(91,006,818)**	(103,363,871)
Accretion of future finance cost during the year	8	**12,011,157**	12,566,964
31 December	28	**(78,995,661)**	(90,796,907)

(All amounts in Saudi Riyals unless otherwise stated)

29 Employees' benefits

	Notes	31 December 2021	31 December 2020
Employees' end of service termination benefits obligation	29.1	**59,401,832**	55,382,472
Employees' savings plan	29.2	**13,317,231**	10,082,662
Total		**72,719,063**	65,465,134

29.1 Employees' end of service termination benefits obligation

	Notes	31 December 2021	31 December 2020
1 January		**55,382,472**	46,894,461
Current service cost		**8,403,052**	8,266,631
Interest expense	8	**1,434,652**	1,875,778
Total amount recognized in profit or loss		**9,837,704**	10,142,409
Loss from change in financial assumptions		**89,791**	1,154,805
Experience loss		**3,400**	43,731
Re-measurements recognized in other comprehensive income		**93,191**	1,198,536
Settlements / transfers		**(5,911,535)**	(2,852,934)
31 December	29	**59,401,832**	55,382,472

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia.

Employees' end of service benefit plans are unfunded plans and the benefit payment obligation are met when they become due.

Significant actuarial assumptions

The significant actuarial assumptions used in determining employees' end of service benefits obligation were as follows:

	31 December 2021	31 December 2020
Withdrawal rate	**5.00%**	5.00%
Mortality rate	**AM(80) Table**	AM(80) Table
Salary growth rate – next five years	**2.70%**	2.60%
Salary growth rate – after five years	**2.70%**	2.60%
Discount rate	**2.70%**	2.60%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level %		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
31 December 2021				
Withdrawal rate	**10%**	**10%**	**(218,505)**	**227,110**
Mortality rate	**10%**	**10%**	**(11,932)**	**11,968**
Salary growth rate	**1%**	**1%**	**9,446,158**	**(7,826,681)**
Discount rate	**1%**	**1%**	**(7,757,931)**	**9,548,261**
31 December 2020				
Withdrawal rate	10%	10%	(234,518)	243,859
Mortality rate	10%	10%	(12,623)	12,659
Salary growth rate	1%	1%	8,821,856	(7,309,164)
Discount rate	1%	1%	(7,244,899)	8,917,308

(All amounts in Saudi Riyals unless otherwise stated)

29 Employees' benefits (continued)

29.1 Employees' end of service termination benefits obligation (continued)

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 defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability summarized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Effect of defined benefit plan on the Company's future cash flows

The Company expects to contribute SAR 9,837,704 to the defined benefits plan during 2021. The weighted average duration of the defined benefit obligation is 14.65 years. The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	31 December 2021	31 December 2020
2021	**-**	2,630,019
2022	**2,664,495**	2,343,710
2023	**2,196,994**	1,827,300
2024	**2,300,148**	1,914,371
2025	**2,120,064**	1,846,187
2026	**1,863,030**	1,836,291
2027 and thereafter	**79,645,400**	70,876,030
Total	**90,790,131**	83,273,908

29.2 Employees' savings plan

	Note	31 December 2021	31 December 2020
1 January		**10,082,662**	8,057,357
Contribution for the year		**3,234,569**	2,025,305
31 December	23	**13,317,231**	10,082,662

30 Derivative financial instruments

	Note	31 December 2021	31 December 2020
1 January		**94,537,948**	27,400,376
Net accrual for settlement of derivative interest		**(11,739,347)**	11,739,347
Accrual during the year	8	**25,152,044**	13,676,582
Paid during the year		**(36,891,391)**	(1,937,235)
(Gain) / loss in fair value of hedge instrument charged to other comprehensive income		**(48,791,643)**	55,398,225
31 December		**34,006,958**	94,537,948

On 16 May 2019, the Company 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 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 on 31 December 2021, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the year. The agreement entered into, by the company was as follows:

Effective date	Notional amount	Maturity date	Weighted average hedge rate for the year LIBOR
30 June 2019	SAR 1,227 million	28 June 2024	2.23%

The swap contracts require settlement of net interest receivable or payable every six months ending 30 June and 31 December. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

(All amounts in Saudi Riyals unless otherwise stated)

30 Derivative financial instruments (continued)

	Note	31 December 2021	31 December 2020
Carrying amount (liability)		**34,006,958**	94,537,948
Notional amount	35.1.2	**1,227,187,500**	1,227,187,500
Maturity date		**28-Jun-24**	28 June 2024
Hedge ratio		**1:1**	1:1
Gain / (loss) in fair value of outstanding hedging instruments since 1 January		**48,791,643**	(55,398,225)
Gain / (loss) in value of hedged item used to determine hedge effectiveness		**48,791,643**	(55,398,225)

Accumulated loss in fair value of outstanding hedging instruments

	Year ended 31 December 2021	Year ended 31 December 2020
1 January	**82,798,601**	27,400,376
Change in fair value of hedging instrument recognized in OCI	**(23,639,599)**	69,074,807
Transferred from OCI to profit / (loss)	**(25,152,044)**	(13,676,582)
Changes in fair value and transfer to profit / (loss), net	**(48,791,643)**	55,398,225
31 December	**34,006,958**	82,798,601

Cash flow hedge reserve split between shareholders (Notes 24.1, 24.2 and 25)

Shareholders	Number of shares	% Holding	31 December 2021	31 December 2020
Saudi Arabian				
Ma'aden	381,990,000	74.90%	**25,471,212**	62,016,153
Foreign				
AWA Saudi Limited	128,010,000	25.10%	**8,535,746**	20,782,448
Total	**510,000,000**	**100.00%**	**34,006,958**	82,798,601

31 Trade and other payables

	Note	31 December 2021	31 December 2020
Trade and other payables	37	**81,100,700**	217,114,013

32 Accrued expenses

	Notes	31 December 2021	31 December 2020
Trade and project		**267,764,508**	114,511,997
Due to Alcoa Corporation	33.2	**4,906,661**	5,471,449
Trade accruals Ma'aden	33.2	**155,293,669**	9,553,698
Employee related		**25,188,682**	30,253,563
Total	37	**453,153,520**	159,790,707

Accruals represent goods and services received by the Company for which invoices have not been received. Due to Alcoa Corporation relates to seconded employees' salaries and other costs.

(All amounts in Saudi Riyals unless otherwise stated)

33 Related party transactions and balances

33.1 Related party transactions

Transactions with related parties carried out during the year, in the normal course of business, are summarized below:

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Sales made to MAC	5	**1,876,301,352**	1,534,907,892
Cost of seconded employees from Alcoa Corporation		**12,021,490**	21,874,020
Support function, development and other costs paid by MAC and charged to the Company		**290,773,633**	132,699,903
Costs paid by the Company on behalf of:			
Ma'aden		**26,747,208**	5,492,822
MAC		**3,754,650**	5,632,234
Total		**30,501,858**	11,125,056
Costs paid on behalf of the Company and other costs allocations by:			
Ma'aden			
MRC		**22,149,663**	9,225,189
		61,298,623	815,585
Total		**83,448,286**	10,040,774
Finance cost incurred on long term borrowings from PIF		**56,438,528**	91,330,683
Rentals and services charged by MIC to the Company under Land Use and Service Agreement ("LUSA") and the agreement for Provision of Facilities at Ras Al-Khair (RAK)		**24,828,657**	31,551,337
Purchases of caustic soda from SAMAPCO (Ma'aden acting as agent)		**289,477,030**	182,621,913

Development cost includes rentals paid by MAC to MIC under Land Use and Service Agreement ("LUSA") on behalf of the Company and recharged to the Company.

33.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:

	Notes	31 December 2021	31 December 2020
Due from a shareholder			
Ma'aden	17.1	**26,745,249**	5,492,821
Due to a shareholder / ultimate shareholder			
Ma'aden	17.2	**20,409,789**	7,625,042
Ma'aden – Trade accruals (as an agent for SAMAPCO)	32	**155,293,669**	9,553,698
Sub-total		**175,703,458**	17,178,740
Alcoa Corporation – Trade accruals	32	**4,906,661**	5,471,449
Total		**129,339,454**	22,650,189
Due from fellow subsidiaries			
MAC	18.1	**2,812,672**	1,057,551
MFC	18.1	**1,979,094**	-
Total		**4,791,766**	1,057,551

(All amounts in Saudi Riyals unless otherwise stated)

33 Related party transactions and balances (continued)

33.2 Related party balances (continued)

	Notes	31 December 2021	31 December 2020
Due to fellow subsidiaries			
MAC	18.2	**80,627,180**	22,505,877
MRC	18.2	**51,380,430**	291,523
MIC	18.2	**4,655,359**	2,267,404
MPC	18.2	**-**	944,975
Total	18.2	**136,662,969**	26,009,779
Trade and other receivables			
MAC	21	**200,281,248**	124,282,098
Long-term borrowing from a majority shareholder of Ma'aden			
PIF for financing MBAC	26.2	**3,152,118,750**	3,291,316,875

34 Commitments and contingent liabilities

34.1 Capital commitments

	31 December 2021	31 December 2020
Capital expenditure contracted for:		
Property, plant and equipment and mining properties	**25,962,081**	24,363,979

34.2 Guarantees

	31 December 2021	31 December 2020
Guarantee in favor of Saudi Aramco	**6,010,200**	6,010,200
Total	**6,010,200**	6,010,200

34.3 Contingent liabilities

The Company is not anticipating that any material liabilities will be incurred as a result of any contingent liabilities. There are no environmental obligations or decommissioning liabilities as at the reporting date.

35 Financial risk management

The Company's activities expose it to a variety of financial risks such as:

- market risk
- credit risk and
- liquidity risk

35 Financial risk management (continued)

35.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- foreign currency risk,
- interest rate risk and
- commodity price risk

Financial instruments affected by market risk includes loans and borrowings, trade and other receivables, trade payables, accrued liabilities.

The sensitivity analysis in the following sections relate to the positions as at 31 December 2021 and 31 December 2020.

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 the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The Company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Company's financial performance.

35.1.1 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Saudi Riyal. The Company's transactions are principally in Saudi Riyals, US Dollars, Euros, British Pounds, Emirati Dirham and Australian Dollars. Management monitor the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75: USD 1 therefore, the Company is not exposed to any risk from USD denominated financial instruments.

All commodity sales contracts are USD price and so is the bulk of the procurement and capital expenditure contracts.

Foreign currency exposure

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in SAR, was as follows:

	31 December 2021	31 December 2020
Trade payables – EUR	**1,837,519**	1,278,374
Trade payables – GBP	**5,811**	85,422
Trade payables – CHF	**-**	14,628
Trade payables – AUD	**19,250**	-
Total	**1,862,580**	1,378,424

Amount recognised in financial statements

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Foreign exchange gain included in other income	9	**112,308**	465,600

(All amounts in Saudi Riyals unless otherwise stated)

35 Financial risk management (continued)

35.1 Market risk (continued)

35.1.1 Foreign currency risk (continued)

Foreign currency sensitivity analysis

As shown in the table above, the Company is primarily exposed to changes in SAR/EURO and SAR/GBP exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from Euro and GBP denominated balances.

Impact on post tax profit / equity of increase / (decrease) in foreign exchange rate:

	31 December 2021	31 December 2020
SAR/EURO exchange rate - increase 10%	**(183,752)**	(127,837)
- decrease (10%)	**183,752**	127,837
SAR/GBP exchange rate - increase 10%	**(581)**	(8,542)
- decrease (10%)	**581**	8,542
SAR/CHF exchange rate - increase 10%	**-**	(1,463)
- decrease (10%)	**-**	1,463
SAR/AUD exchange rate - increase 10%	**(1,925)**	-
- decrease (10%)	**1,925**	-

35.1.2 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing which expose the Company to cash flow interest rate risk.

The Company's receivables and fixed rate borrowings carried at 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 Company is not exposed to fair value interest rate risk.

The exposure of the Company's borrowing to interest rate changes and the contractual re-pricing dates of the fixed interest rate borrowings at the end of the reporting period are as follows:

Interest rate exposure

	31 December 2021	31 December 2020
Variable interest rate	**7,278,340,000**	7,676,801,125
Total	**7,278,340,000**	7,676,801,125

Cash flow hedge

The Company 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 and the sensitivity of the interest rate swap covered under the hedging arrangement:

	Note	31 December 2021	31 December 2020
Notional amount hedged	30	**1,227,187,500**	1,227,187,500

(All amounts in Saudi Riyals unless otherwise stated)

35 Financial risk management (continued)

35.1 Market risk (continued)

35.1.2 Interest rate risk (continued)

Other comprehensive income / (loss) is sensitive to higher / lower interest expense from net settled derivative as a result of changes in interest rates. The Company's other comprehensive income is affected as follows:

	31 December 2021	31 December 2020
Interest rate – increase by 100 basis points	**30,561,158**	44,369,250
Interest rate – decrease by 100 basis points	**(30,561,158)**	(44,369,250)

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 Company's profit before tax is affected as follows:

	31 December 2021	31 December 2020
Interest rate – increase by 100 basis points	**(74,775,706)**	(78,146,209)
Interest rate – decrease by 100 basis points	**74,775,706**	78,146,209

Transition from IBORs to risk free rates

The Company is assessing the impact and next steps to ensure a smooth transition from IBORs to the new benchmark rates. Further details are explained in Note 2 of these financial statements

35.1.3 Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the aluminium products it produces.

Commodity price sensitivity analysis

The table below shows the impact on profit before tax and zakat for changes in commodity prices. The analysis is based on the assumption alumina prices move 10% on the reporting date with all other variables held constant.

	31 December 2021	31 December 2020
Trade and other receivable (less VAT)	**213,002,707**	161,418,778
Increase / (decrease) in alumina prices		
Increase of 10% in USD per tonne	**21,300,271**	16,141,878
Decrease of 10% in USD per tonne	**(21,300,271)**	(16,141,878)

The Company 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.

(All amounts in Saudi Riyals unless otherwise stated)

35 Financial risk management (continued)

35.2 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is exposed to credit risk on the following financial instruments, while it uses two types of ECL approaches for its financial instruments;

Financial assets class	Notes	Category	December 31 2021	December 31 2020	Impairment model approach
Trade and other receivable (less VAT)	21	Amortised cost	**213,002,707**	161,418,778	**Simplified**
Time deposits	23	Amortised cost	**200,364,167**	230,391,000	**General**
Cash and cash equivalents	23	Amortised cost	**930,240,764**	401,567,454	**General**
Total			**1,343,607,638**	793,377,232	

ECL approaches

The Company uses staging criteria to determine the ECL on its financial instruments. Following are the stages which are being used by the Company to determine ECL:

Stage	Description	Loss Recognition
1	Performing	12 months ECL
2	Significant increase in credit risk	Lifetime ECL
3	Credit impaired	Lifetime ECL

Stage-1 - Performing or low credit risk

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	0	0
2	External rating (where applicable)*	Investment Grade	Investment Grade

*External ratings present classification of the rating grades, issued by the External Credit Assessment Institutions (ECAI), into those considered as "investment grades", "non-investment grades" and "in default". If Counterparty does not have external rating, the Company uses Sovereign Rating. Where Sovereign Rating is Investment Grade, Counterparty's rating should be one notch downgraded (vis a vis Sovereign rating). While, where Sovereign Rating is Non-Investment Grade, Counterparty's rating should be two notches downgraded (vis a vis Sovereign Rating).

The Company uses "low credit risk" practical expedient for the following financial instruments categories:

- Cash & Cash equivalents;
- Time deposits; and
- Other investments.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition, and therefore the ECL is estimated at an amount equal to the expected credit losses for a period of 12 months, as these financial instruments are determined to have low credit risk at the reporting date.

Stage-2 - Significant increase in credit risk ("SICR")

The Company considers the following indicators to be determinants of the SICR:

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	1-6	1-6
2	External rating	External rating for the counterparty downgraded to "Non-Investment Grade" (NIG) relative to "Investment Grade" (IG) as of initial recognition date.	

To identify SICR, where applicable, the Company undertakes a holistic analysis of various factors, including those which are specific to a particular financial instrument or to a Counterparty.

35 Financial risk management (continued)

35.2 Credit risk (continued)

Stage-3 - Credit impaired or definition of default

The Company considers the following indicators to be determinants of a credit impaired financial asset:

Sr. no	Indicators	Cash and cash equivalents	Time deposits	Other investments	Trade and other receivables*
1	Days past due (DPD)	7+	7+	30+	90+
2	External rating (where applicable)		In default		

* If the Company has reasonable and supporting information to demonstrate that the counterparty is not impaired, but has crossed DPD of 90+, then it would be classed as Stage 2 exposure and the Company applies stage-2 for ECL estimation.

Similarly, where the counterparty balance does not go beyond DPD of 90+, but the Company has reasonable and supporting information to demonstrate that counterparty will face significant financial difficulty:

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- other information.

In this case, ECL would be applied as follows:

a) The Company estimates definition of default at the counterparty's level and includes all financial instruments to Stage 2, if the balance amount of the exposure in default is not more than 5% from the total receivables amount from the counterparty; and
b) The Company evaluates definition of default at the counterparty's level and includes all financial instruments for Stage 3, if the balance amount of exposure in default exceeds 5% of the total receivable amount from the counterparty.

General approach for estimating ECL:

The Company uses the following staging criteria when using the general approach for estimating ECL:

a) At initial recognition, Stage 1 is assigned to the financial asset;

b) At subsequent measurement date, a financial asset would be classed in:

- **Stage 1**, if at the reporting date it is not credit-impaired and credit risk has not increased significantly since initial recognition or it belongs to a low credit risk portfolio;
- **Stage 2**, if at the reporting date it is not credit-impaired and credit risk has increased significantly since initial recognition; or
- **Stage 3**, if at the reporting date it is credit-impaired.

Simplified approach for estimating ECL:

The Company uses a simplified approach for estimating ECL of trade and other receivables using the credit ratings for the counterparties.

(All amounts in Saudi Riyals unless otherwise stated)

35 Financial risk management (continued)

35.2 Credit risk (continued)

Simplified approach for estimating ECL (continued)

Where the receivable is credit impaired, the indicators for which include the receivable being 90 days overdue or the credit rating for the counterparty being downgraded to NIG relative to IG as of initial recognition date, the probability of default for ECL determination is considered as 100%. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment, based on which, the Company does not have any history of write-offs. 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 Company ensures that the cash collection is made on time from its counterparties, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management.

The Company has limited number of customers and have no history of defaults. The Company calculates life time ECL through an internally developed model Life time ECL is computed based on days past due and rating grade of the counterparty. An allowance for life time ECL is reported either as "not impaired" or "impaired" exposure accordingly.

Cash and short-term investments are substantially placed with commercial banks with sound credit ratings. For banks and time deposits, only independently rated parties with a minimum credit of Baa3 are accepted. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence provision is recognised at an amount equal to 12 month ECL unless there is evidence of significant increase in credit risk of the counter party.

	Note	Life time ECL not credit impaired	Life time ECL Credit impaired	Total
Trade and other receivable (less VAT)	21	213,002,707	-	213,002,707
Less: Allowance for expected credit losses				
Secured		-	-	-
Unsecured		-	-	-
Carrying amount		**213,002,707**	**-**	**213,002,707**

	Note	12 month ECL	Life time ECL not credit impaired	Life time ECL credit impaired	Total
Time deposits	23	200,000,000	-	-	200,000,000
Less: Credit loss allowance		-	-	-	-
Carrying amount		**200,000,000**	**-**	**-**	**200,000,000**

(All amounts in Saudi Riyals unless otherwise stated)

35 Financial risk management (continued)

35.2 Credit risk (continued)

Trade and other receivables

The analysis of trade receivables that were past due but not impaired are as follows:

	Note	31 December 2021	31 December 2020
Neither past due nor impaired		**207,361,008**	161,418,778
Past due not impaired < 30 days		**5,641,699**	-
Total	21	**213,002,707**	161,418,778

Based on the above analysis for the receivable from third parties under ECL method, credit risk was considered minimal and therefore no provision was recorded.

35.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Notes	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at : 31 December 2021							
Due to a shareholder	17.2	20,409,789	-	-	-	20,409,789	20,409,789
Due to fellow subsidiaries	18.2	136,662,969	-	-	-	136,662,969	136,662,969
Long-term borrowings	26.3	341,689,807	570,672,832	2,347,630,960	5,723,345,490	8,983,339,089	7,165,123,040
Lease liabilities	28	32,592,464	29,574,992	89,786,891	221,222,001	373,176,348	294,180,687
Trade and other payables	31	81,100,700	-	-	-	81,100,700	81,100,700
Accrued expenses	32	401,882,855	-	-	-	401,882,855	401,882,855
Total		**1,014,338,584**	**600,247,824**	**2,437,417,851**	**5,944,567,491**	**9,996,571,750**	**8,099,360,040**
Derivatives as at: 31 December 2021							
Derivative financial instruments (Note 30)		**63,199,486**	-	-	-	**63,199,486**	**34,006,958**
Non-derivatives as at 31 December 2020							
Due to a shareholder	17.2	7,625,042	-	-	-	7,625,042	7,625,042
Due to fellow subsidiaries	18.2	26,009,779	-	-	-	26,009,779	26,009,779
Long-term borrowings	26.3	610,686,370	562,414,732	2,086,535,368	6,213,734,554	9,473,371,024	7,549,482,671
Lease liabilities	28	31,604,081	28,315,150	88,035,116	250,718,268	398,672,615	307,875,708
Trade and other payables	31	217,114,013	-	-	-	217,114,013	217,114,013
Accrued expenses	32	159,790,707	-	-	-	159,790,707	159,790,707
Total		1,052,829,992	590,729,882	2,174,570,484	6,464,452,822	10,282,583,180	8,267,897,920
Derivatives as at: 31 December 2020							
Derivative financial instruments (Note 30)		-	-	102,260,732	-	102,260,732	94,537,948

(All amounts in Saudi Riyals unless otherwise stated)

36 Capital management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company relies on the shareholders' support.

The net debts of the Company are as follows:

	Notes	31 December 2021	31 December 2020
Cash and cash equivalents (unrestricted)	23	**1,117,287,700**	621,875,792
Long-term borrowings – payable within one year	26.2	**(341,689,807)**	(399,516,160)
Long-term borrowings – payable after one year	26.2	**(6,823,433,233)**	(7,149,966,511)
Lease liabilities – payable within one year	28	**(21,317,126)**	(19,711,622)
Lease liabilities – payable after one year	28	**(272,863,561)**	(288,164,086)
Net debt		**(6,342,016,027)**	(7,235,482,587)

The movement in net debt is as follows:

	Other assets	Liabilities from financing activities				
	Cash and cash equivalents	Long-term borrowings - payable within one year	Long-term borrowings - payable after one year	Lease liability – payable within one year	Lease liability - payable after one year	Total
1 January 2020	859,315,426	(282,149,999)	(7,533,766,110)	(19,847,109)	(304,659,843)	(7,281,107,635)
Cash flows for the year	(237,439,634)	515,394,567	-	29,756,748	-	307,711,681
Adjustments / transfers	-	(632,760,728)	383,799,599	(29,621,261)	16,495,757	(262,086,633)
31 December 2020	621,875,792	(399,516,160)	(7,149,966,511)	(19,711,622)	(288,164,086)	(7,235,482,587)
Cash flows for the year	495,411,908	557,994,812	-	29,870,265		1,083,276,985
Adjustments / transfers	-	(500,168,459)	326,533,278	(31,475,769)	15,300,525	(189,810,425)
31 December 2021	**1,117,287,700**	**(341,689,807)**	**(6,823,433,233)**	**(21,317,126)**	**(272,863,561)**	**(6,342,016,027)**

37 Financial assets and financial liabilities

The Company holds the following classes of financial instruments:

	Notes	31 December 2021	31 December 2020
Financial assets measured at amortized cost			
Due from a shareholder	17.1	**26,745,249**	5,492,821
Due from fellow subsidiaries	18.1	**4,791,766**	1,057,551
Trade and other receivables (excluding VAT)	21	**213,002,707**	161,418,778
Time deposit	22	**-**	300,821,667
Cash and cash equivalents	23	**1,130,604,931**	631,958,454
Total		**1,375,144,653**	1,100,749,271

(All amounts in Saudi Riyals unless otherwise stated)

37 Financial assets and financial liabilities (continued)

Financial liabilities measured at amortized cost

Due to a shareholder	17.2	**20,409,789**	7,625,042
Due to fellow subsidiaries	18.2	**136,662,969**	26,009,779
Long-term borrowings	26.2	**7,165,123,040**	7,549,482,671
Lease liabilities	28	**294,180,687**	307,875,708
Trade and other payables	31	**81,100,700**	217,114,013
Accrued expenses	32	**401,882,855**	159,790,707
Total		**8,099,360,040**	8,267,897,920
Financial liability at fair value through OCI			
Derivative financial instruments	30	**34,006,958**	94,537,948

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values with the exception of derivative financial instruments and long-term borrowings which are discussed below.

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 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.

Derivatives

On the basis of its analysis of the nature, characteristics and risks of the derivatives, the Company has determined that presenting them as a single class is appropriate.

The fair value of the derivatives is determined with reference to an active market index and is classified as level 2 in the fair value hierarchy. The fair values for the derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves for the interest rate swaps. There was no transfer between any levels during the year.

Financial instruments are carried at fair value, using the following different levels of valuation methods:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

38 Events after the reporting date

No events have arisen subsequent to 31 December 2021 and before the date of signing the auditors' report, that could have a significant effect on the financial statements as at 31 December 2021.

(All amounts in Saudi Riyals unless otherwise stated)

39 Supplementary information

39.1 Proforma statement of income for Al-Ba'itha mine for the purpose of calculating provision for severance fees

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Internal sales related to mining activity only		**27,226,035**	26,522,534
Actual cost related to internal sales			
Personnel cost		**(27,042,277)**	(32,078,228)
Contracted services		**(96,334,301)**	(94,227,373)
Repairs and maintenance		**(39,170)**	(703,323)
Consumables		**(29,120,417)**	(20,498,349)
Overheads		**(3,321,190)**	(2,586,770)
Transportation expenses		**(180,542,140)**	(163,157,614)
Total cash operating costs		**(336,399,495)**	(313,251,657)
Depreciation	10	**(61,804,263)**	(63,854,296)
Total operating costs		**(398,203,758)**	(377,105,953)
Gross loss		**(370,977,723)**	(350,583,419)
Operating expenses			
General and administrative expenses		**(9,514,595)**	(11,396,377)
Operating loss		**(380,492,318)**	(361,979,796)
Finance cost		**(27,339,045)**	(34,749,228)
Net loss before severance fees and zakat for the year	39.2	**(407,831,363)**	(396,729,024)

39.2 Calculation of the provision for severance fees

In accordance with the Saudi Mining Investment Code based on the Royal Decree No. 140/M dated 19 Shawwal 1441H (corresponding to 11 June 2020), the Company is required to pay to the Government of Saudi Arabia severance fees, representing equivalent of 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction effective from 1 January 2021 which supersedes the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), which required the Company to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of 20% of hypothetical income, whichever was lower.

The provision of severance fees is calculated as follows:

	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Net loss from operating mine before severance fees for the year	39.1	**(407,831,363)**	(396,729,024)
Less: Provision for zakat attributable to the Saudi Arabian shareholder	15	**(17,264,787)**	(18,396,698)
Net severance fees provision			-

The provision severance fees has not been recorded due to net operating loss from mine for the year ended 31 December 2021.

MA’ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)

Financial statements for the year ended 31 December 2022

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Commercial registration number	:	2055012955	
Board of Managers	:	Ali Saeed Abdullah Al-Orayj Wesam Yousef Alghamdi Louis Irvine Vidar Bruland Renato Bacchi	Chairman
Registered address	:	Ma'aden Bauxite and Alumina Company Ras Al-Khair Industrial City Kingdom of Saudi Arabia	
Postal address	:	P.O. Box 11342 Al-Jubail Industrial City 31961 Kingdom of Saudi Arabia	
Bankers	:	The Saudi British Bank (SABB)	
Auditors	:	PricewaterhouseCoopers 19th floor, Al-Hugayet Tower, P.O. Box 467 Dhahran 31932 Kingdom of Saudi Arabia	

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of Managers' responsibilities for the preparation and approval of the financial statements for the year ended 31 December 2022

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, set out on page 4-5, is made with a view to distinguish the responsibilities of the Board of Managers and those of the independent auditors in relation to the financial statements of Ma'aden Bauxite and Alumina Company (the "Company").

The Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2022, its financial performance, changes in shareholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

In preparing the financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- stating whether IFRS as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, have been followed, subject to any material departures disclosed and explained in the financial statements and
- preparing and presenting the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Company,
- maintaining statutory accounting records in compliance with local legislation and IFRS in the respective jurisdictions in which the Company operates,
- taking steps to safeguard the assets of the Company and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2022 set out on pages 6 to 62, were approved and authorized for issue by the Board of Managers and signed on its behalf by:

Ali Saeed Abdullah Al-Orayj Chairman of the Board	Abdullah A AlGhamdi Senior Vice President	Aamir Altaf Hussain Senior Director, and Vice President Finance (Acting)

30 January 2023
Ras Al-Khair Industrial City
Kingdom of Saudi Arabia

Independent auditor's report to the shareholders of Ma'aden Bauxite and Alumina Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ma'aden Bauxite and Alumina Company (the "Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2022;
- the statement of financial position as at 31 December 2022;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements from 1 to 38, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Managers, are responsible for overseeing the Company's financial reporting process.

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Independent auditor's report to the shareholders of Ma'aden Bauxite and Alumina Company (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

12 February 2023

statement of profit or loss and other comprehensive income for the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year end 31 December 2022	Year end 31 December 2021
Sales	5	**2,362,768,332**	2,271,087,793
Cost of sales	6	**(2,675,066,577)**	(1,936,163,660)
Gross (loss) / profit		**(312,298,245)**	334,924,133
Operating expenses			
General and administrative expenses	7	**(76,755,308)**	(59,364,565)
Operating (loss) / profit		**(389,053,553)**	275,559,568
Other (expenses) income			
Finance cost	8	**(271,609,538)**	(208,418,264)
Finance income		**20,023,966**	4,641,545
Finance cost, net		**(251,585,572)**	(203,776,719)
Other income (expenses), net	9	**2,386,324**	(42,402)
(Loss) profit before zakat and income tax		**(638,252,801)**	71,740,447
Zakat	15.3	**(7,438,109)**	(18,004,532)
Income tax expense	15.4	**21,511,008**	(11,514,243)
(Loss) profit for the year		**(624,179,902)**	42,221,672
Other comprehensive gain (loss)			
Items that may be reclassified to profit or loss in subsequent periods			
Gain on cash flow hedge	30	**84,720,503**	48,791,643
Items not to be reclassified to profit or loss in subsequent periods			
Loss attributable to the re-measurements of employees' end of service termination benefits obligation	29.1	**(2,246,318)**	(93,191)
Other comprehensive gain for the year		**82,474,185**	48,698,452
Total comprehensive (loss) / income for the year		**(541,705,717)**	90,920,124

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets			
Mine properties	10	**1,147,214,122**	1,342,852,269
Property, plant and equipment	11	**9,239,495,750**	9,564,921,508
Right-of-use assets	12	**244,178,152**	269,882,204
Capital work-in-progress	13	**216,248,989**	250,552,932
Intangible assets	14	**15,835,886**	9,885,061
Deferred tax assets	15.5	**185,628,267**	156,750,574
Derivative financial instruments	30	**54,730,074**	-
Employees' home owners program receivable	17	**33,894,982**	35,888,172
Total non-current assets		**11,137,226,222**	11,630,732,720
Current assets			
Current portion of employees' home owners program receivable	17	**3,025,091**	3,971,470
Due from a shareholder	18.1	**72,176,906**	26,745,249
Due from fellow subsidiaries	19.1	**26,185,767**	4,791,766
Advances and prepayments	20	**22,038,095**	21,749,470
Inventories	21	**534,085,790**	464,846,019
Trade and other receivables	22	**151,317,974**	213,625,635
Cash and cash equivalents	23	**495,796,179**	1,130,604,931
Total current assets		**1,304,625,802**	1,866,334,540
Total assets		**12,441,852,024**	13,497,067,260
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	24.1	**4,828,464,412**	4,828,464,412
Payments to increase share capital	24.2	**271,535,587**	271,535,587
Statutory reserve			
Transfer of net income	25	**3,153,947**	3,153,947
Cash flow hedge reserve	30	**50,713,545**	(34,006,958)
Accumulated losses		**(895,840,321)**	(269,414,101)
Net shareholders' equity		**4,258,027,170**	4,799,732,887
Liabilities			
Non-current liabilities			
Long-term borrowings	26.2	**6,007,021,584**	6,823,433,233
Provision for decommissioning, site rehabilitation and dismantling obligations	27	**60,548,978**	197,205,076
Lease liabilities	28	**253,363,699**	272,863,561
Employees' benefits	29	**81,133,538**	72,719,063
Derivative financial instruments	30	**-**	34,006,958
Deferred tax liabilities	15.6	**230,829,811**	223,463,126
Total non-current liabilities		**6,632,897,610**	7,623,691,017
Current liabilities			
Trade and other payables	31	**219,645,465**	81,100,700
Accrued expenses	32	**691,246,157**	453,153,520
Current portion of long-term borrowings	26.2	**321,075,900**	341,689,807
Current portion of lease liabilities	28	**17,847,555**	21,317,126
Zakat and income tax payable	15	**8,080,198**	19,309,445
Due to a shareholder	18.2	**46,835,207**	20,409,789
Due to fellow subsidiaries	19.2	**246,196,762**	136,662,969
Total current liabilities		**1,550,927,244**	1,073,643,356
Total liabilities		**8,183,824,854**	8,697,334,373
Total shareholders' equity and liabilities		**12,441,852,024**	13,497,067,260

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of changes in shareholders' equity as at 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Saudi Arabian shareholder Saudi Arabian Mining Company (Ma'aden)						Foreign shareholder AWA Saudi Limited						
	Share capital (Note 24.1)	**Payments to increase share capital* (Note 24.2)**	**Statutory reserve - Transfer of net income (Note 25)**	**Cash flow hedge reserve (Note 30)**	**Accumulated losses**	**Sub-total**	**Share capital (Note 24.1)**	**Payments to increase share capital* (Note 24.2)**	**Statutory reserve - Transfer of net income (Note 25)**	**Cash flow hedge reserve (Note 30)**	**Accumulated losses**	**Sub-total**	**Total equity**
1 January 2021	3,616,519,845	203,380,155	2,560,638	(62,016,153)	(206,488,901)	3,553,955,584	1,211,944,567	68,155,432	593,309	(20,782,448)	(105,053,681)	1,154,857,179	4,708,812,763
Income for the year before zakat and income tax	-	-	-	-	53,733,595	53,733,595	-	-	-	-	18,006,852	18,006,852	71,740,447
Zakat and income tax (Note 15)	-	-	-	-	(18,004,532)	(18,004,532)	-	-	-	-	(11,514,243)	(11,514,243)	(29,518,775)
Cash flow hedge - changes in fair value and transfer to profit (note 30)	-	-	-	36,544,941		36,544,941	-	-	-	12,246,702		12,246,702	48,791,643
Loss attributable to the re-measurements of employees' end of service termination benefits obligation (Note 29.1)	-	-	-	-	(69,800)	(69,800)	-	-	-	-	(23,391)	(23,391)	(93,191)
Total comprehensive income for the year	-	-	-	36,544,941	35,659,263	72,204,204	-	-	-	12,246,702	6,469,218	18,715,920	90,920,124
31 December 2021	3,616,519,845	203,380,155	2,560,638	(25,471,212)	(170,829,638)	3,626,159,788	1,211,944,567	68,155,432	593,309	(8,535,746)	(98,584,463)	1,173,573,099	4,799,732,887
Loss for the year before zakat and income tax	-	-	-	-	(478,051,348)	(478,051,348)	-	-	-	-	(160,201,453)	(160,201,453)	(638,252,801)
Zakat and income tax (Note 15)	-	-	-	-	(7,438,109)	(7,438,109)	-	-	-	-	21,511,008	21,511,008	14,072,899
Cash flow hedge - changes in fair value and transfer to profit (note 30)	-	-	-	63,455,657	-	63,455,657	-	-	-	21,264,846	-	21,264,846	84,720,503
Loss attributable to the re-measurements of employees' end of service termination benefits obligation (Note 29.1)	-	-	-	-	(1,682,492)	(1,682,492)	-	-	-	-	(563,826)	(563,826)	(2,246,318)
Total comprehensive loss for the year	-	-	-	63,455,657	(487,171,949)	(423,716,292)	-	-	-	21,264,846	(139,254,271)	(117,989,425)	(541,705,717)
31 December 2022	**3,616,519,845**	**203,380,155**	**2,560,638**	**37,984,445**	**(658,001,587)**	**3,202,443,496**	**1,211,944,567**	**68,155,432**	**593,309**	**12,729,100**	**(237,838,734)**	**1,055,583,674**	**4,258,027,170**

* These payments, to ultimately increase share capital of the Company over a period, are treated as part of the total equity of the Company. No shares have been issued yet, and the Commercial Registration certificate has not yet been amended, but it will be once these payments have been converted into share capital.

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of cash flows for the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Operating activities			
(Loss) / profit before zakat and income tax		**(638,252,801)**	71,740,447
Adjustments for non-cash flow items:			
Finance cost	8	**271,609,538**	208,418,264
Depreciation – mine properties	10	**57,793,036**	61,721,617
Depreciation – property, plant and equipment	11	**437,235,683**	426,222,372
Depreciation – right-of-use assets	12	**23,054,173**	24,555,618
Amortization of intangible assets	14	**4,586,910**	3,644,914
Employees' home owners program receivable	17	**2,939,569**	3,529,034
Allowance for slow moving spare parts and consumable materials	21.1	**7,622,797**	43,693
Write down of inventories to net realizable value	21	**57,808,026**	-
Provision for employees' termination benefits obligation	29.1	**7,007,857**	8,403,052
Employees' saving plan	29.2	**(281,724)**	3,234,569
Loss on terminated leases		**1,032,165**	-
Changes in working capital:			
Due from a shareholder	18.1	**(45,431,657)**	(21,252,428)
Due to a shareholder	18.2	**26,425,418**	12,784,747
Due from fellow subsidiaries	19.1	**(21,394,001)**	(3,734,215)
Due to fellow subsidiaries	19.2	**109,533,793**	110,653,190
Advances and prepayments	20	**(288,625)**	2,605,121
Inventories	21	**(134,670,594)**	(96,573,097)
Trade and other receivables	22	**62,307,661**	(44,594,251)
Trade and other payables	31	**138,544,765**	(136,013,313)
Accrued expenses	32	**238,092,637**	299,505,540
Net cash generated from operations		**605,274,626**	934,894,874
Finance cost paid		**(245,247,971)**	(171,544,845)
Zakat paid	15.3	**(18,667,356)**	(17,091,785)
Employees' termination benefits paid	29.1	**(2,138,732)**	(5,911,535)
Payment for net settlement of interest rate swap		**(15,607,663)**	(36,891,391)
Net cash generated from operating activities		**323,612,904**	703,455,318
Investing activities			
Additions to mine properties	10	**(2,376,529)**	(1,233,804)
Additions to capital work-in-progress	13	**(82,739,583)**	(88,024,375)
Income receivable from time deposits	23	**-**	821,667
Time deposits	23	**-**	300,000,000
Movement in restricted cash	23	**281,724**	(3,234,569)
Net cash (utilized in) generated from investing activities		**(84,834,388)**	208,328,919
Financing activities			
Repayment of long-term borrowings	26.2	**(851,953,825)**	(398,461,125)
Repayment of principal portion of lease liabilities		**(21,351,719)**	(17,911,204)
Net cash utilized in financing activities		**(873,305,544)**	(416,372,329)
Net change in cash and cash equivalents		**(634,527,028)**	495,411,908
Unrestricted cash and cash equivalents at the beginning of the year	36	**1,117,287,700**	621,875,792
Unrestricted cash and cash equivalents at the end of the year	23	**482,760,672**	1,117,287,700

(All amounts in Saudi Riyals unless otherwise stated)

Non-cash flow transactions

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Adjustment/Transfer to property, plant and equipment from capital work-in-progress	11,13	**111,809,925**	214,024,082
Terminated / expired leases	28	**(1,617,714)**	-
Adjustment/Transfer to intangible assets from capital work-in-progress	14	**10,537,735**	-
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	13,8	**5,304,134**	7,869,595
Adjustment to the decommissioning, site rehabilitation and dismantling obligations	10,27	**(140,221,640)**	52,222,214
Reversal of property, plant and equipment and the corresponding accruals	11	**-**	6,142,727
Additions of right-of-use asset and the corresponding lease liability	12,28	**-**	4,216,183

1 General information

Ma'aden Bauxite and Alumina Company (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration ("CR") number 2055012955 dated 18thof Safar 1432H (corresponding to 22 January 2011), and a branch CR number 1131037372 dated 12th of Thul Qa'adah 1432H (Corresponding to 10 October 2011) with an authorized share capital of Saudi Arabian Riyals ("SAR") 5,100,000,000 comprising 510,000,000 ordinary shares at a nominal value of SAR 10 each (Note 24.1).

The Company is owned:

- Saudi Arabian shareholder
  74.9% by Saudi Arabian Mining Company ("Ma'aden") the parent Company and a
- Foreign shareholder
  25.1% by AWA Saudi Limited ("AWA"), which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party.

The objectives of the Company are to mine and refine bauxite and produce and sell alumina.

The Company has started its initial production as part of its commissioning activities in the fourth quarter of 2014. The Company has declared achieving commercial production on 1 October 2016.

Pursuant to a shareholders' agreement, the shareholders have agreed to fund the Company as required. The Company has also arranged financing facilities as described in Note 26.

At 31 December 2022, the Company's current liabilities exceeded its current assets by Saudi Riyals 246.3 million. The net current liability position is primarily due to the accelerated payments of long-term borrowings made during the year resulting in decrease in cash and cash equivalents balance. Management has taken the initiatives to improve the Company's working capital cycle and has forecasted significant positive operating cash flows in its business plan for the next five years based on the realistic prices, cost and production assumptions which are aligned with the Company's historical performance. Moreover, historically, the Company has generated significant operating cash flows and has always settled its current liabilities within the credit period of 60 days. Based on the above, management believes that the Company will be able to repay its liabilities for the next twelve months, as they become due, in the normal course of business. Accordingly, these financial statements have been prepared under the going concern basis.

The Company's management believes that the Covid-19 pandemic and war in Ukraine by itself, has had limited direct material effects on the Company's reported results for the years ended 31 December 2022 and 31 December 2021. The Company's management continues to monitor the situation closely.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These financial statements have been prepared on the historical cost basis except where IFRS requires other measurement basis as disclosed in the applicable accounting policies in Note 3 – Summary of significant accounting policies.

These financial statements are presented in SAR which is the reporting currency of the Company.

New IFRS standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB") that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Company. The management is in the process of assessing the impact of the new standards and interpretations on its financial statements..

2 Basis of preparation (continued)

New and amended IFRS standards adopted by the Company

There are no new standards applicable to the Company, however, the Company has applied the following amendments to the standards for the first time for their reporting periods commencing on or after 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16,
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37,
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

Except for amendments to IAS 16 as explained below, other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16:

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity needs to recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss.

As a result of adopting these amendments to IAS 16, no retrospective adjustments were required. Also refer Note 3.5 for amended accounting policies.

A number of other amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

3.1 Foreign currency translation

Foreign currency transactions are translated into SAR at the spot rates of exchange prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into SAR at the spot exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

3.2 Revenue recognition

Revenue comprises of sales of alumina and is measured based on the considerations specified in contracts with customers. Revenue is recognized either at a point in time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

Interest income on time deposits is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

3.3 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.4 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales of the Company. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

3 Summary of significant accounting policies (continued)

3.5 Mine properties and property, plant and equipment

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 the mine, in which case the straight-line method is applied.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilization or to throughput rather than production, are depreciated at varying rates on a straight-line basis over their economic useful lives or the life-of-mine ("LOM"), whichever is the shorter.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition and development of the assets and includes:

- the purchase price
- costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of any mine closure, rehabilitation and decommissioning obligation and
- for qualifying assets, that take a substantial period to get ready for their intended use, the applicable borrowing costs.

Depreciation is charged to the 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**
Land and buildings	4 – 50
Plant and equipment	3 – 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the 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 statement of profit or loss.

Borrowing costs related to qualifying assets that take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the qualifying assets until substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

Capital spare parts are treated as property, plant and equipment when they can be used only in connection with an item of property, plant and equipment and are expected to have a service life period of more than one year. Depreciation of capital spare parts is based on the shorter of the expected useful life of the spare part while in use, or the useful life of the larger asset to which it relates.

Exploration and evaluation assets

Exploration expenditures relates 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

3 Summary of significant accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

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 feasibilities studies.

All exploration and evaluation costs are expensed until a 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 expenditure.

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 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 accumulated impairment. 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 asset 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 and reversal of impairment on exploration and evaluation assets.

3 Summary of significant accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

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".

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".

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the statement of cash flows.

Stripping activity asset and stripping activity expense

The Company incurs stripping (waste removal) costs during the development and production stage of its open pit mining operations.

Stripping costs incurred during the development stage of an open pit mine, in order to access ore deposits, are capitalized prior to the commencement of commercial production. Such costs are then amortized over the remaining life of the component of the ore body (for which access has improved) using the UOP method over economically recoverable proven and probable reserves.

Stripping activities during the production phase generally create two types of benefits, being as follows:

- production of inventory or
- improved access to the ore to be mined in the future.

Where the benefits are realized in the form of inventory produced during the period end 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 ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a 'Stripping activity asset', if all the following criteria 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 access will be 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 criteria are not met, the production stripping costs are charged to the 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 asset, being either a tangible or an intangible asset (based upon the nature of existing asset) in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value of cash generating unit may not be recoverable.

The stripping activity asset is subsequently amortized to cost of sales 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 amortization and any impairment losses.

3 Summary of significant accounting policies (continued)

3.6 Right of use assets and lease liabilities

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes 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 Company recognizes 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 (RoU)

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related RoU asset, unless those costs are incurred to produce inventories.

RoU assets are depreciated over the shorter period of lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Company expects to exercise a purchase option, the related RoU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The RoU assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 Impairment of Assets to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in Note 3.9.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the RoU asset. The related payments are 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 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 Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related 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 liabilities are 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 liabilities are 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 liabilities are remeasured by discounting the revised lease payments using a revised discount rate.

3 Summary of significant accounting policies (continued)

3.7 Capital work-in-progress

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in 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.

3.8 Intangible assets

Internally generated intangibles, excluding capitalized development costs, are not capitalized. Instead, the related expenditure is recognized in the 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 on intangible assets with finite lives is recognized in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortizes intangible assets with a limited economic useful life using the straight-line method over ten years.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually, or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from 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 statement of profit or loss when the asset is derecognized.

3.9 Asset impairment

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment 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 Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the statement of profit or loss.

3 Summary of significant accounting policies (continued)

3.9 Asset impairment (continued)

Assets or CGUs (other than the goodwill component) for which an impairment loss had been previously recorded, could reverse the impairment loss allocated if, and only if, there has been a change in the estimates used to determine the asset / 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 statement of profit or loss.

3.10 Employees' home owners program receivable

The Company has established an employees' home owners program (HOP) that offer 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 upon completion of full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners' 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.

3.11 Inventories

Finished goods

Saleable finished goods are measured at the lower of unit cost of production or net realizable value. Cost of saleable finished goods is determined by using the unit cost of production for the period. The unit cost of production is determined as the total cost of production divided by the saleable unit output.

Production costs include:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore and the Amortization of any deferred stripping assets,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- direct production overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Work-in-process

The cost of work-in-process is determined using unit cost of production for the period based on percentage of completion at the applicable stage, based on the estimated recoverable content:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore and production activities,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore, and the Amortization of any deferred stripping assets 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.

3 Summary of significant accounting policies (continued)

3.11 Inventories (continued)

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. Cost of ore stockpile is determined by using the weighted-average 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 or 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 or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow-moving items, if any, is estimated at each reporting date.

Net realizable value is the estimated selling price less selling expenses.

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

Net realizable value is the estimated selling price less selling expenses.

3.12 Trade and other receivables

The Company assesses on a forward-looking basis the allowance for doubtful debts using an expected credit losses (ECL) approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the statement of profit or loss and reported under "General and administrative expenses".

When a trade and other receivable is uncollectible, it is written-off against the allowance for doubtful debts in the statement of profit or loss. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

3.13 Time deposits

Time deposits include placements with banks and other short term highly liquid instruments, with original maturities of more than 3 months but not more than one year from the date of acquisition. Term 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 credit risk of the counter party.

3.14 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash and cash equivalents is related to employees' savings plan obligation.

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities

The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. The Company recognizes all of its contractual rights and obligations under derivatives in its statement of financial position as assets and liabilities.

Derivative instruments

The Company utilizes derivative instruments to manage certain market risk exposures. The Company does not use derivative financial instruments for speculative purposes, however, it may choose not to designate certain derivatives as hedges for accounting purposes.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Interest rate swaps and cash flow hedges

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 exchange rates. The Saudi Riyal is pegged at SAR 3.75: USD 1, therefore the Company is not exposed to any risks from USD denominated financial instruments.

The Company's transactions are principally in SAR and US Dollars. Virtually all commodity sales contracts with customers and are USD priced and equally so is the bulk of the procurement and capital expenditure contracts.

The Company does not use forward exchange contracts.

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces. The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Financial assets

The Company's principal financial assets include:

- due from fellow subsidiaries
- due from a shareholder
- derivative financial instruments
- trade and other receivable excluding pre-payments and zakat / tax receivable (Accounting policy 3.12)
- time deposits (Accounting policy 3.13)
- cash and cash equivalents (Accounting policy 3.14)

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial assets (continued)

Initial recognition 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 at transaction price.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

Subsequently, financial assets are carried at fair value or at amortized cost less impairment.

Classification of financial assets

Financial assets are classified one of the following three categories, based on the business model in which the financial asset and its contractual cash flow characteristics are managed:

- measured at amortized cost ("AC")
- fair value through profit or loss ("FVTPL") and
- fair value through other comprehensive income ("FVOCI")

Impairment and uncollectibility of financial assets

At each reporting date, the Company measures the loss allowance for a financial asset (using the expected credit loss model) at an amount equal to the lifetime expected credit losses, if the credit risk on that financial asset has increased significantly since initial recognition.

However, if at the reporting date, the credit risk on that financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Regardless of the change in credit risk, loss allowances on trade receivables 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 statement of profit or loss.

De-recognition of financial assets

The Company derecognizes financial assets only when the contractual rights to receive cash flows from the financial assets expire or when it transfers the financial assets and substantially all the risks and rewards of ownership to another entity.

Gains and losses on de-recognition are generally recognized in the statements of profit or loss.

Financial liabilities

The Company's principal financial liabilities comprise of

- due to fellow subsidiaries
- due to a shareholder
- long -term borrowings (Accounting policy 3.16)
- trade and other payables and accrued expenses (Accounting policy 3.20)

3 Summary of significant accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial liabilities (continued)

Initial recognition of financial liabilities

Financial liabilities are initially recognized at fair value of 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 effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the separate statement of profit or loss over the period of long-term borrowings using effective interest rate method.

Classification of financial liabilities

Financial liabilities are classified as 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.

De-recognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of profit or loss.

Long-term borrowings are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss as other income or finance cost.

Offsetting a financial asset and a financial liability

A financial asset and liability is offset and net amount reported in the financial statements, when the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

3.16 Long-term borrowings

Long-term borrowings are initially recognized at the fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the redemption amount is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of 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.

3 Summary of significant accounting policies (continued)

3.16 Long-term borrowings (continued)

Borrowings are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred in the statement of profit or loss.

3.17 Provisions

Provisions are recognized when the Company has:

- a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of economic resources will be required to settle the obligation in the future and
- the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance costs in the statement of profit or loss.

3.18 Provision for decommissioning, site rehabilitation and dismantling obligations

The mining, extraction and processing activities of the Company normally give rise to obligations for mine closure decommissioning, site rehabilitation and plant dismantling (collectively referred to as "decommissioning site rehabilitation and dismantling obligations"). Decommissioning and site restoration work can include facility decommissioning and dismantling of plant and buildings; removal or treatment of waste materials, site and land rehabilitation. The extent of the work required and the associated costs are dependent on the requirements of current laws and regulations work.

The full estimated cost is discounted to its present value and capitalized as part of "Mining properties" and once commercial production is achieved, it is then depreciated as an expense over the expected life-of-mine using UOP method.

Costs included in the provision includes all decommissioning obligations expected to occur over the life-of-mine and at the time of closure in connection with the mining activities being undertaken at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual decommissioning expenditure is dependent upon a number of factors such as:

- the life-of-mine,
- developments in technology,
- the operating license conditions,
- the environment in which the mine operates and
- changes in economic sustainability.

3 Summary of significant accounting policies (continued)

3.18 Provision for decommissioning, site rehabilitation and dismantling obligations (continued)

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase or decrease in liability and a corresponding increase or decrease in the mine 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.

3.19 Employees' benefits

Employees' savings plan program

In accordance with Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation, approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to 19 July 1999), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Company to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Company.

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SAR 300 per month.

This is a defined contribution plan, where the Company will contribute an amount equaling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Company's portion is charged to statement of profit or loss on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

Other short-term obligations

Liabilities for wages and salaries, including non-monetary benefits 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 statement of financial position.

Furniture loan

The Company 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 statement of financial position in respect of the defined employees' end of service termination benefits plan, is the present value of the defined benefits obligation at the end of the reporting period. The defined 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 defined benefit obligation by discounting the estimated future cash outflows.

3 Summary of significant accounting policies (continued)

3.19 Employees' benefits (continued)

Employees' end-of-service termination benefits obligation (continued)

The net finance cost is calculated by applying the discount rate to the net balance of the defined benefits obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in shareholders' equity and in the statement of financial position.

Changes in the present value of the defined benefits obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

3.20 Trade and other payables and accrued expenses

Liabilities in respect of trade and other payables are recognized as amounts to be paid for goods and services received. The amount recognized is discounted to the present value of the future obligations using the Company's incremental borrowing rate; unless they are due in less than one year.
Liabilities in respect of other payables are recognized at amounts to be paid for goods and services received.

3.21 Zakat, income tax, withholding tax and deferred tax

The Company is subject to zakat for Saudi shareholders and income tax for foreign shareholders in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"). A provision for zakat and income tax for the Company is charged to the statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

The income tax includes the current tax and deferred tax charge recognized in the statement of profit of loss.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to shareholders' equity.

Further, the amounts for zakat and income tax expense for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

3 Summary of significant accounting policies (continued)

3.22 Severance fees

Effective from 1 January 2021 onwards, as per Article No.111 of the Saudi Mining Investment Code issued based on the Royal Decree No. 140/M dated 19 Shawwal 1441H (corresponding to 11 September 2020), the Company is required to pay to the Government of Saudi Arabia severance fee representing equivalent of 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction. This supersedes the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), which required the Company to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of 20% of hypothetical income, whichever was lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the statement of profit or loss (Notes 6 and 16).

4 Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS and other standards and pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accounting disclosures, and the disclosures of contingent liabilities at the date of the financial statements.

Estimates and assumptions are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

4.1 Critical accounting judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts realized in the financial statements:

- right-of-use assets and lease liabilities; and
- stripping cost

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company'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 Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

4 Critical accounting judgments, estimates and assumptions (continued)

4.1 Critical accounting judgements in applying accounting standards (continued)

Stripping costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Once the Company has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations.

An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan.

The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Company considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

4.2 Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

- impairment and the reversal of impairment;
- economic useful lives of mine properties, property, plant and equipment;
- zakat and income taxes;
- Mineral resource and ore reserve estimates;
- mine decommissioning obligation;
- allowances for obsolete and slow-moving spare parts and consumable materials; and
- contingencies

Impairment and the reversal of impairment

The Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous years may no longer exist or may have decreased.

Economic useful lives of mine properties, property, plant and equipment

The Company'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, 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.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.2 Key sources of estimation uncertainty (continued)

Economic useful lives of mine properties, property, plant and equipment (continued)

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.

The Company's assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their estimated economic useful lives.

The economic useful lives of property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

Zakat and income taxes

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. No zakat assessments were finalized by the ZATCA and where the final zakat outcome of an assessment is different from the amounts that were initially recorded, such differences will impact and be recorded in the zakat provisions in the period in which such determinations are made.

Mineral resource and ore reserve estimates

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. Further, the quantity of ore reserves and mineral resources may vary depending on, amongst other things, metal prices and currency exchange rates.

The ore reserve estimates of the Company have been determined based on long-term commodity price and forecasts 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 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 Company's ability to extract these ore reserves, could have a material adverse effect on the Company's business, prospects, financial condition and operating results.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.2 Key sources of estimation uncertainty (continued)

Mine decommissioning obligation

The Company's mining and exploration activities are subject to various environmental laws and regulations. The Company estimates environmental obligations based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the license agreements and engineering estimates. Provision is made for decommissioning as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

Allowances for obsolete and slow-moving spare parts and consumable materials

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date (Note 21.1).

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 judgement and estimates of the outcome of future events.

(All amounts in Saudi Riyals unless otherwise stated)

5 Sales

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Domestic sales to Ma'aden Aluminium Company ("MAC")	33.1	**2,061,254,688**	1,876,301,352
International sales to third parties		**301,513,644**	394,786,441
Total		**2,362,768,332**	2,271,087,793

6 Cost of sales

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Salaries and staff related benefits		**307,152,847**	242,545,463
Contracted services		**261,588,836**	216,059,519
Raw materials and utilities consumed		**1,204,371,374**	578,980,872
Consumables		**119,732,013**	172,339,235
Overheads		**322,860,362**	250,679,587
Allowance for slow moving spare parts and consumable materials	21.1	**7,622,797**	43,693
Severance fee	16	**13,974,533**	-
Total cash operating costs		**2,237,302,762**	1,460,648,369
Depreciation mine properties	10	**57,793,036**	61,721,617
Depreciation property, plant and equipment	11	**437,235,683**	426,222,372
Depreciation – right-of-use assets	12	**23,054,173**	24,555,618
Amortization	14	**4,586,910**	3,644,914
Total operating costs		**2,759,972,564**	1,976,792,890
Change in inventory	21	**(84,905,987)**	(40,629,230)
Total		**2,675,066,577**	1,936,163,660

7 General and administrative expenses

	Year ended 31 December 2022	Year ended 31 December 2021
Salaries and staff related benefits	**6,823,829**	7,505,639
Contracted services	**38,049,543**	24,935,148
Consumables	**133,946**	90,638
Overheads	**31,747,990**	26,833,140
Total	**76,755,308**	59,364,565

(All amounts in Saudi Riyals unless otherwise stated)

8 Finance cost

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Public Investment Fund		**85,523,018**	56,438,528
Riyal Wakala		**7,539,651**	5,093,578
Riyal Murabaha		**10,976,695**	6,239,912
Murabaha Riyal Tranche A		**72,936,633**	51,515,823
Murabaha Riyal Tranche B		**56,716,287**	38,349,385
Others		**1,537,883**	1,647,608
Sub-total		**235,230,167**	159,284,834
Accretion of lease liabilities	28.2	**11,222,276**	12,011,157
Amortization of transaction cost	26.2	**13,723,797**	14,350,347
Accretion of provision for mine closure and reclamation	27	**3,565,542**	4,054,825
Accretion of provision for employees' termination benefits obligation	29.1	**1,580,756**	1,434,652
Accrual of derivative interest	30	**11,591,134**	25,152,044
Sub-total		**276,913,672**	216,287,859
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress	13	**(5,304,134)**	(7,869,595)
Total		**271,609,538**	208,418,264

9 Other income (expenses), net

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Foreign exchange gains, net	35.1.1	**333,784**	112,308
Others, net		**2,052,540**	(154,710)
Total		**2,386,324**	(42,402)

(All amounts in Saudi Riyals unless otherwise stated)

10 Mine properties

	Notes	Mine closure and rehabilitation provision	Plant and equipment*	Land and buildings*	Motor vehicles	Office equipment	Stripping activity asset	Mining capital work-in-progress	Total
Cost									
1 January 2021		126,410,912	529,024,520	960,001,011	832,682	6,707,050	3,097,752	469,820	1,626,543,747
Additions		-	-	2,388,372	-	-	-	44,422	2,432,794
Reversal / Adjustment		-	(8,938,676)	-	-	-	-	-	(8,938,676)
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations	27	52,222,214	-	-	-	-	-		52,222,214
31 December 2021		178,633,126	520,085,844	962,389,383	832,682	6,707,050	3,097,752	514,242	1,672,260,079
Additions		-	-	-	-	-	-	2,376,529	2,376,529
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations	27	(140,221,640)	-	-	-	-	-	-	(140,221,640)
Adjustments		-	3,097,752	(3,097,752)	-	-	-	-	-
31 December 2022		**38,411,486**	**523,183,596**	**959,291,631**	**832,682**	**6,707,050**	**3,097,752**	**2,890,771**	**1,534,414,968**
Accumulated depreciation									
1 January 2021		(8,527,624)	(136,028,254)	(126,043,329)	(832,682)	(3,289,248)	(704,742)	-	(275,425,879)
Charge for the year	6	(3,102,192)	(26,949,666)	(31,033,589)	-	(594,400)	(41,770)	-	(61,721,617)
Charge for the year	6	-	7,739,686			-			7,739,686
31 December 2021	6	(11,629,816)	(155,238,234)	(157,076,918)	(832,682)	(3,883,648)	(746,512)	-	(329,407,810)
Charge for the year		(2,783,687)	(23,639,477)	(30,775,472)	-	(594,400)	-	-	(57,793,036)
Adjustment		-	(855,355)	3,206,595	-	-	(2,351,240)	-	-
31 December 2022		**(14,413,503)**	**(179,733,066)**	**(184,645,795)**	**(832,682)**	**(4,478,048)**	**(3,097,752)**	**-**	**(387,200,846)**
Net book value as at									
31 December 2021		167,003,310	364,847,610	805,312,465	-	2,823,402	2,351,240	514,242	1,342,852,269
31 December 2022		**23,997,983**	**343,450,530**	**774,645,836**	**-**	**2,229,002**	**-**	**2,890,771**	**1,147,214,122**

During the year, the Company has combined following previously presented asset categories, based on similar nature, to achieve better and uniform presentation as explained below:

a) "Buildings" and "Civil works" are combined and presented as "Land and buildings".
b) "Plant and heavy equipment" and "Mobile and workshop equipment" are combined and presented as "Plant and equipment".

(All amounts in Saudi Riyals unless otherwise stated)

11 Property, plant and equipment

	Notes	Land & Buildings*	Plant & Equipment*	Office equipment*	Furniture & fittings*	Motor Vehicles	Total
Cost							
1 January 2021		5,541,175,620	6,050,453,533	10,180,510	100,517	6,012,683	11,607,922,863
Transfer from capital work-in-progress	13	203,889,770	6,569,817	3,529,644	34,851	-	214,024,082
Adjustment		-	(6,142,727)	34,851	(34,851)	-	(6,142,727)
31 December 2021		5,745,065,390	6,050,880,623	13,745,005	100,517	6,012,683	11,815,804,218
Transfer from capital work-in-progress		111,809,925	-	-	-	-	111,809,925
Adjustments		3,417,347	(47,403)	(3,463,977)	94,033	-	-
31 December 2022		**5,860,292,662**	**6,050,833,220**	**10,281,028**	**194,550**	**6,012,683**	**11,927,614,143**
Accumulated depreciation							
1 January 2021		(718,788,727)	(1,096,166,153)	(3,611,714)	(81,061)	(6,012,683)	(1,824,660,338)
Charge for the year	6	(165,491,174)	(259,766,921)	(944,821)	(19,456)	-	(426,222,372)
31 December 2021		(884,279,901)	(1,355,933,074)	(4,556,535)	(100,517)	(6,012,683)	(2,250,882,710)
Charge for the year	6	(177,553,005)	(258,785,366)	(877,857)	(19,455)	-	(437,235,683)
Adjustments		-	33,850	(33,850)	-	-	-
31 December 2022		**(1,061,832,906)**	**(1,614,684,590)**	**(5,468,242)**	**(119,972)**	**(6,012,683)**	**(2,688,118,393)**
Net book value							
31 December 2021		4,860,785,489	4,694,947,549	9,188,470	-	-	9,564,921,508
31 December 2022		**4,798,459,756**	**4,436,148,630**	**4,812,786**	**74,578**	**-**	**9,239,495,750**

During the year, the Company has combined following previously presented asset categories, based on similar nature, to achieve better and uniform presentation as explained below:

a) "Civil works" and "Buildings" are combined and presented as "Land and buildings".
b) "Plant and heavy equipment", "Mobile and workshop equipment" and "Other equipment" are combined and presented as "Plant and equipment".
c) "Other equipment" has been segregated and presented as "Office equipment", "Furniture and fittings" and "Plant and equipment".

(All amounts in Saudi Riyals unless otherwise stated)

11 Property, plant and equipment (continued)

11.1 Impairment of CGU

As at 31 December 2022, management of the company performed an impairment assessment of the MBAC CGU, due to lower than budgeted results principally due to decrease in market prices of Alumina. The impairment assessment resulted in no impairment. The value-in-use of MBAC'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 include:

- a pretax discount rate of 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 3.5% 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 4.82%.

Management concluded that the recoverable amount for the capital work-in-progress, mine properties, property plant and equipment, right-of-use assets and intangible assets of the Company's CGU is higher than the carrying value of such assets. The estimated recoverable amount was based on approved five years business plan. The calculation involved an in-depth review of each key element of the 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 Alumina market prices.

The recoverable value of this CGU would equal its carrying amount if the following key assumption was to change as follows:

	31 December 2022	
	From	**To**
Discount rate	8.78%	10.06%

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 have not identified any instances that could cause the carrying amount of CGU to exceed its recoverable amount

12 Right-of-use assets

	Notes	Motor vehicles	Land and buildings*	Total
Cost				
1 January 2021		12,838,000	324,913,454	337,751,454
Additions for the year		4,216,183	-	4,216,183
31 December 2021		17,054,183	324,913,454	341,967,637
Expired / terminated leases		(9,227,054)	-	(9,227,054)
31 December 2022		**7,827,129**	**324,913,454**	**332,740,583**
Accumulated depreciation				
1 January 2021		(5,605,499)	(41,924,316)	(47,529,815)
Charge for the year	6	(3,593,460)	(20,962,158)	(24,555,618)
31 December 2021		(9,198,959)	(62,886,474)	(72,085,433)
Charge for the year	6	(2,092,015)	(20,962,158)	(23,054,173)
Expired / terminated leases	28	6,577,175	-	6,577,175
31 December 2022		**(4,713,799)**	**(83,848,632)**	**(88,562,431)**
Net book value				
31 December 2021		7,855,224	262,026,980	269,882,204
31 December 2022		**3,113,330**	**241,064,822**	**244,178,152**

(All amounts in Saudi Riyals unless otherwise stated)

12 Right-of-use assets (continued)

For short-term leases (a lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other cost of sales in the statement of profit or loss and other comprehensive income.

* During the year, the Company has presented the asset category “Use of industrial land” as “Land and buildings” to achieve better and uniform presentation.

The Company has used practical expedient available in IFRS 16 – Leases for short-term leases and leases of low-value assets. These are recognized on a straight-line basis as an expense in statement of profit or loss and other comprehensive income amounted to SAR 13,685,546 for the year ended 31 December 2022 (31 December 2021: SAR 9,681,913).

13 Capital work-in-progress

	Notes	Refinery
1 January 2021		368,683,044
Additions		95,893,970
Transfer to property, plant and equipment	11	(214,024,082)
31 December 2021		250,552,932
Additions/Reversal		88,043,717
Transfer to property, plant and equipment	11	(111,809,925)
Transfer to intangible asset	14	(10,537,735)
31 December 2022		**216,248,989**

The Company has capitalized as part of capital work-in-progress the following:

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Borrowing cost attributable to qualifying assets	8	**5,304,134**	7,869,595
Capitalization rate		**6.33%**	2.45%

The capitalization rate used is the weighted average interest rate applicable for the entity’s general borrowings as of year end.

(All amounts in Saudi Riyals unless otherwise stated)

14 Intangible assets

	Notes	Software
Cost		
1 January 2021		36,449,137
31 December 2021		36,449,137
Transfer from capital work-in-progress		10,537,735
31 December 2022		**46,986,872**
Accumulated amortization		
1 January 2021		(22,919,162)
Charge for the year	6	(3,644,914)
31 December 2021		(26,564,076)
Charge for the year	6	(4,586,910)
31 December 2022		**(31,150,986)**
Net book value		
31 December 2021		9,885,061
31 December 2022		**15,835,886**

15 Zakat and income taxes

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Zakat payable	15.3	**8,080,198**	19,309,445
Total		**8,080,198**	19,309,445

15.1 Components of zakat base

The significant components of the zakat base for the Company attributable to the Saudi Arabian shareholders in proportion with their direct shareholding of 74.9% (Notes 1 and 24), under the zakat and the income tax regulations, are:

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Shareholders' equity at the beginning of the year		**3,651,631,000**	3,615,971,736
Provisions at the beginning of the year		**207,565,092**	152,348,565
Long-term borrowings	26.2	**4,738,239,036**	5,366,677,157
Project payables and accruals		**13,668,877**	-
Lease liabilities and right-of-use assets, net	12, 28	**20,247,793**	18,199,564
Provision for decommissioning, site rehabilitation and dismantling obligations	27	**(105,026,008)**	39,114,438
Other		**10,817,280**	977,380
Sub-total		**8,537,143,070**	9,193,288,840
Mine properties, property, plant and equipment and Intangible assets	10,11, 14	**(7,789,341,585)**	(8,176,941,302)
Capital work-in-progress	13	**(164,135,680)**	(187,664,146)
Spare parts and consumables	21	**(178,867,951)**	(162,636,319)
Employees' home owners program receivable, non-current portion	17	**(25,387,342)**	(26,880,241)

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat and income taxes (continued)

15.1 Components of zakat base (continued)

		Year ended 31 December 2022	Year ended 31 December 2021
Others		**(1,275,138)**	-
Net Zakat base for the year		**378,135,374**	639,166,832
Zakat due at 2.578% on Zakat base for 2022 (2021: Zakat due at 2.578%)		**9,748,330**	16,493,207
Zakat Calculation based on adjusted net income / (loss):			
Adjusted net (loss) income for the year	15.2	**(464,971,653)**	60,453,003
Zakat rate applicable to the Company		**2.5%**	2.5%
Zakat due at 2.5% on adjusted net (loss) income for the year		**(11,624,291)**	1,511,325
Net Zakat due on zakat base and on adjusted net (loss) income	15.3	**(1,875,961)**	18,004,532

Zakat is only payable by the Saudi Arabian shareholders at 2.578% (2021: 2.578%) on all components of zakat base except for adjusted net income for the year which is subject to zakat at the rate of 2.5% (2021: 2.5%).

15.2 Adjusted income / (losses) calculation for zakat provision

	Notes	31 December 2022	31 December 2021
Accounting (loss) income for the year		**(638,252,801)**	71,740,447
Add/less: Disallowable expenses			
Depreciation – right-of-use assets	12	**23,054,173**	24,555,618
Provision for employees' end of service termination benefits	29.1	**8,588,613**	9,837,704
Allowance for slow moving spare parts and consumable materials	21.1	**7,622,797**	43,693
Accretion of provision for mine closure and reclamation	8	**3,565,542**	4,054,825
Accretion of lease liabilities	8	**11,222,276**	12,011,157
Other		**-**	129,883
Sub-total		**(584,199,400)**	122,373,327
Less:			
Net accrual for settlement of derivative interest	30	**(4,016,529)**	(11,739,347)
Repayment of lease liabilities during the year	28.1	**(32,573,995)**	(29,922,361)
Adjusted (loss) income for zakat calculations		**(620,789,924)**	80,711,619
Add/less adjustment for tax calculation:			
Depreciation differential		**(142,314,509)**	(288,386,258)
Payments of employees' end of service termination benefits	29.1	**(2,138,732)**	(5,911,535)
Interest charges in excess of the allowable limit		**243,649,830**	165,765,586
Adjusted loss for Tax calculations		**(521,593,335)**	(47,820,588)
Allocation of adjusted (loss) income:			
Saudi Arabian shareholder (74.9%)	15.1	**(464,971,653)**	60,453,003
Foreign shareholder (25.1%)	15.4	**(130,919,927)**	(12,002,968)

The ZATCA and Ministry of Finance issued MR no. 2216 dated 7/7/1440H, for the new zakat and income tax regulations and became effective from 1 January 2019.

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat and income taxes (continued)

15.3 Zakat payable attributable to Saudi Arabian shareholders

	Note	Year ended 31 December 2022	Year ended 31 December 2021
1 January		**19,309,445**	18,396,698
Provision for zakat		**7,438,109**	18,004,532
Paid during the year		**(18,667,356)**	(17,091,785)
31 December	15	**8,080,198**	19,309,445

15.4 Income tax payable attributable to foreign shareholder

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. During the year ended 31 December 2022 and year ended 31 December 2021, no provision for income tax has been recorded by the Company due to adjusted net loss for such years.

	Notes	31 December 2022	31 December 2021
Adjusted loss for tax calculations	15.2	**(521,632,970)**	(47,820,588)
Foreign shareholders' 25.1% proportionate share		**25.1%**	25.1%
Taxable loss on foreign shareholder	15.2	**(130,929,875)**	(12,002,968)
Income tax rate applicable to the Company		**20%**	20%
Income tax provision for the year		**-**	-

Income tax expense

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Deferred tax (expense) / credit-net		**21,511,008**	(11,514,243)
Credit to profit or loss arising from deferred tax asset	15.5	**28,877,693**	3,261,324
Charge to profit or loss arising from deferred tax liabilities	15.6	**(7,366,685)**	(14,775,567)
Total income tax (expense) / credit		**21,511,008**	(11,514,243)

	31 December 2022	31 December 2021
Accounting (loss) profit for the year	**(638,252,801)**	71,740,447
Income tax rate applicable to the Company	**20%**	20%
Foreign shareholders' 25.1% proportionate share of the year accounting (loss) / profit	**(160,201,453)**	18,006,852
Income tax on foreign shareholder	**(32,040,291)**	(3,601,370)
Tax effect of expenses disallowed (includes temporary differences, depreciation differential)	**(6,153,375)**	399,819
Tax effect of permanent differences	**59,704,674**	(8,312,692)
Income tax credit / (charge) for the year	**21,511,008**	(11,514,243)

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat and income taxes (continued)

15.5 Deferred tax assets

The balance comprises temporary differences attributable to:

	31 December 2022	31 December 2021
Tax losses carried forward	**179,050,339**	153,123,539
Allowance for slow moving spare parts and consumable materials	**865,552**	472,974
Right of use assets	**1,305,247**	-
Employees' benefits	**4,407,129**	3,154,061
Total deferred tax assets	**185,628,267**	156,750,574

Movements	Note	Tax losses carried forward	Allowance for slow moving spare parts and Consumable materials	Right of use assets	Employees' benefits	Total
1 January 2021		150,022,441	472,974	-	2,993,835	153,489,250
Credited to profit or loss for the year	15.4	3,101,098	-	-	160,226	3,261,324
31 December 2021		153,123,539	472,974	-	3,154,061	156,750,574
Credited to profit or loss for the year	15.4	25,926,800	392,578	1,305,247	1,253,068	28,877,693
31 December 2022		**179,050,339**	**865,552**	**1,305,247**	**4,407,129**	**185,628,267**

15.6 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 December 2022	31 December 2021
Mine properties, property, plant and equipment and intangible assets	**230,829,811**	223,463,126

Movements	Note	Mine properties, property, plant and equipment and intangible assets
1 January 2021		208,687,559
Charged to profit or loss for the year	15.4	14,775,567
31 December 2021		223,463,126
Charged to profit or loss for the year	15.4	7,366,685
31 December 2022		**230,829,811**

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat and income taxes (continued)

15.7 Status of final certificate and assessments

During 2020, the Zakat, Tax and Customs Authority ("ZATCA") issued zakat assessments for the years 2015, 2016, and 2018 amounting to Saudi Riyals 37 million. The Company has accepted an assessment of Saudi Riyals 0.2 million and filed an appeal with ZATCA against the remaining assessment of Saudi Riyals 36.8 million. During 2021, ZATCA issued revised assessments for the years 2015, 2016, and 2018 amounting to Saudi Riyals 34.1 million. The Company has filed an appeal against the revised assessments with the General Secretariat of Tax Committees "GSTC". During 2022, During 2022, GSTC issued revised assessments for the years 2015, 2016, and 2018 amounting to Saudi Riyals 5.3 million where the Company recognized additional zakat provision amounting to Saudi Riyals 0.4 million and has filed an appeal against the revised assessment to the GSTC which is still pending its review.
Based on the Company's assessment, it is not anticipated that any material liabilities, other than currently recognized, will be incurred as a result of outstanding assessments.

16. Severance fees payable

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
1 January		**-**	-
Provision for severance fee made during the year	6	**13,974,533**	-
Current charge for the year		**-**	-
Provision for the prior year		**13,974,533**	-
Paid during the year		**(13,974,533)**	-
31 December		**-**	-

In accordance with the Saudi Mining Investment Code based on the Royal Decree No. 140/M dated 19 Shawwal 1441H (corresponding to 11 December 2021), the Company is required to pay to the Government of Saudi Arabia severance fees, representing equivalent of 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction effective from 01 January 2021 which supersedes the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), which required the Company to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of 20% of hypothetical income, whichever was lower.

(All amounts in Saudi Riyals unless otherwise stated)

17 Employees' home owners program receivable

	31 December 2022	31 December 2021
1 January	**39,859,642**	43,388,676
Less: Employees' repayment during the year	**(2,939,569)**	(3,529,034)
	36,920,073	39,859,642
Less: Current portion of employees' home owners program receivable	**(3,025,091)**	(3,971,470)
Non-current portion of employees' home owners program receivable	**33,894,982**	35,888,172

18 Due from / (to) a shareholder

	Notes	31 December 2022	31 December 2021
18.1 Due from a shareholder			
Ma'aden	33.2, 37	**72,176,906**	26,745,249
18.2 Due to a shareholder			
Ma'aden	33.2, 37	**46,835,207**	20,409,789

19 Due from / (to) fellow subsidiaries

	Notes	31 December 2022	31 December 2021
19.1 Due from fellow subsidiaries			
MAC	33.2	**24,065,648**	2,812,672
MRC	33.2	**141,025**	-
MFC	33.2	**1,979,094**	1,979,094
		26,185,767	4,791,766
19.2 Due to fellow subsidiaries			
Ma'aden Aluminium Company ("MAC")	33.2	**240,605,511**	80,627,180
Ma'aden Rolling Company ("MRC")	33.2	**472,871**	51,380,430
Ma'aden Infrastructure Company ("MIC")	33.2	**4,900,961**	4,655,359
Ma'aden Phosphate Company ("MPC")	33.2	**217,419**	-
Total		**246,196,762**	136,662,969

20 Advances and prepayments

	31 December 2022	31 December 2021
Advances to employees	**-**	2,288,915
Advances to vendors	**1,625,000**	6,125,000
Prepaid housing	**1,227,381**	2,650,812
Prepaid insurance and other	**19,185,714**	10,684,743
Total	**22,038,095**	21,749,470

(All amounts in Saudi Riyals unless otherwise stated)

21 Inventories

	Note	31 December 2022	31 December 2021
Finished goods - ready for sale		**67,097,651**	29,208,936
Cost of finished goods		**93,624,681**	29,208,936
Less: FG Inventory written off to net realizable value		**(26,527,030)**	-
Stockpiles		**55,296,576**	43,778,086
Work-in-process		**166,220,408**	119,203,136
Cost of work-in-process		**197,501,404**	119,203,136
Less: work-in-process written off to net realizable value		**(31,280,996)**	-
Sub-total	6	**288,614,635**	192,190,158
Raw materials		**23,904,209**	65,137,188
Spare parts and consumables		**238,809,013**	217,137,943
Allowance for slow moving spare parts and consumable materials	21.1	**(17,242,067)**	(9,619,270)
Sub-total		**245,471,155**	272,655,861
Total		**534,085,790**	464,846,019

21.1 Movement in the allowance for slow moving spare parts and consumable materials is as follows:

	Notes	31 December 2022	31 December 2021
1 January		**9,619,270**	9,575,577
Additions for the year	6	**7,622,797**	43,693
31 December	21	**17,242,067**	9,619,270

22 Trade and other receivables

	Notes	31 December 2022	31 December 2021
Trade receivables			
MAC	33.2	**92,242,018**	200,281,248
Third parties		**50,143,665**	12,721,459
Sub-total	37	**142,385,683**	213,002,707
Other receivables			
Value added tax receivable		**8,843,766**	622,928
Others		**88,525**	-
Total	37	**151,317,974**	213,625,635

23 Cash and cash equivalents

	Notes	31 December 2022	31 December 2021
Time deposits with original maturities equal to or less than three months at the date of acquisition			
- unrestricted		**-**	200,000,000
Investment income receivable			
- unrestricted		**-**	364,167
Cash and bank balances			
- unrestricted		**482,760,672**	916,923,533
- restricted	29.2	**13,035,507**	13,317,231
Sub-total		**495,796,179**	930,240,764
Total unrestricted cash and cash equivalents		**482,760,672**	1,117,287,700
Total restricted cash and cash equivalents		**13,035,507**	13,317,231
Total	37	**495,796,179**	1,130,604,931

The restricted cash and cash equivalents relate to employees' savings plan obligation (Note 29.2)

(All amounts in Saudi Riyals unless otherwise stated)

24 Share capital

	Note	31 December 2022	31 December 2021
24.1 Share capital			
Authorized share capital			
510,000,000 ordinary shares, with a nominal value of SAR 10 per share	1	**5,100,000,000**	5,100,000,000
Issued and partly paid up share capital			
510,000,000 ordinary shares, with a nominal value of SAR 10 per share partly paid up at SAR 9.47, (31 December 2021: SAR 9.47) per share, approximately.		**4,828,464,412**	4,828,464,412

The shareholding is distributed as follows:

Shareholders	Number of shares	% Holding	31 December 2022	31 December 2021
Saudi Arabian				
Ma'aden	381,990,000	74.90%	**3,616,519,845**	3,616,519,845
Foreign				
ASSI	128,010,000	25.10%	**1,211,944,567**	1,211,944,567
Total	**510,000,000**	100.00%	**4,828,464,412**	4,828,464,412

24.2 Payments to increase share capital

	31 December 2022	31 December 2021
Ma'aden	**203,380,155**	203,380,155
ASSI	**68,155,432**	68,155,432
Total	**271,535,587**	271,535,587

(All amounts in Saudi Riyals unless otherwise stated)

25 Transfer of net income

	31 December 2022	31 December 2021
1 January	**3,153,947**	3,153,947
31 December	**3,153,947**	3,153,947

Shareholders	% Participation		
Saudi Arabian			
Ma'aden	74.9%	**2,560,638**	2,560,638
Foreign			
ASSI	25.1%	**593,309**	593,309
Total	**100.0%**	**3,153,947**	3,153,947

In accordance with the Company's Articles of Association, the Company is required to establish a statutory reserve by apportioning 4% of its annual net income to the statutory reserve after adjusting accumulated losses, until the statutory reserve equals or exceed 50% of the Company's paid up share capital. Such transfer is to be made on an annual basis and the statutory reserve so created is not available for distribution as dividends.

26 Long-term borrowings

26.1 Facilities approved

On 27 November 2011, the "Company" entered into the Common Terms Agreement ('CTA') and other agreements (collectively referred to as "Financing Agreements") with a group of financial institutions. On 16 July 2018, the Company had entered into a CTA with Public Investment Fund ('PIF'), Saudi Industrial Development Fund ('SIDF') a consortium of financial institutions. On 31 July 2018 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Riyal Murabaha and Riyal Wakala facilities to replace the balance of the facilities. Consequently, the Company's financing facilities comprised:

Financial institutions	Date of approval	Facilities approved
PIF – Amendment to the existing Agreement	16 July 2018	**3,506,250,000**
Islamic and commercial banks	16 July 2018	
Riyal Murabaha Tranche A		**2,370,000,000**
Riyal Murabaha Tranche B		**1,655,000,000**
Riyal Wakala		**220,000,000**
Sub-total		**4,245,000,000**
Murabaha Riyal	9 January 2019	**750,000,000**
Total		**8,501,250,000**

The new financing agreements imposed some financial covenants including:

- maintenance of financial ratios as per financial covenants clause;
  - debt will not, at any time, exceed 4 times of total tangible net worth and
  - financing cost will not exceed 50 % of Earnings before Interest, Tax, Depreciation and Amortization ('EBITDA")
- restriction on dividend distribution to shareholders

In addition to scheduled repayments, the restructured PIF facility and the Riyal Murabaha and Riyal Wakala facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Riyal Murabaha and Riyal Wakala facilities.

(All amounts in Saudi Riyals unless otherwise stated)

26 Long-term borrowings (continued)

26.1 Facilities approved (continued)

Compliance with loan covenants

The Company complied with these covenants throughout the reporting period. As at 31 December 2022, the net debt was 1.68 times of total tangible net worth and the financing cost was 174.08% of EBITDA.

Facility agents:

- The Saudi National Bank formerly “National Commercial Bank” acts as Intercreditor Agent and as Riyal Murabaha Facility Agent,
- The HSBC Saudi Arabia acts as Riyal Wakala Facility Agent.

26.2 Facilities utilized

		31 December 2022	31 December 2021
PIF		**3,152,118,750**	3,291,316,875
Less: Repaid during the year		**(568,923,325)**	(139,198,125)
Sub-total	33.2	**2,583,195,425**	3,152,118,750
Less: Unamortized transaction costs		**(79,950,845)**	(89,233,940)
Sub-total		**2,503,244,580**	3,062,884,810

The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate (“LIBOR”) plus 1.5%.

The repayment of the loan started on 30 June 2019, on a nine-monthly basis, starting at SAR 74 million and increasing over the term of the loan with the final repayment of SAR 328 million on 30 June 2032. In addition, MBAC is required to make certain prepayments as described above.

The upfront transaction cost incurred is amortized over the term of the loan. The transaction cost amortized over the term of the loan during the year ended 31 December 2022 amounted to SAR 9.3 million (31 December 2021: SAR 9.0 million)

	31 December 2022	31 December 2021
Islamic and commercial banks		
Riyal Murabaha Tranche A	**2,060,715,000**	2,238,228,000
Riyal Murabaha Tranche B	**1,517,138,500**	1,589,296,500
Riyal Wakala	**201,674,000**	211,266,000
Sub-total	**3,779,527,500**	4,038,790,500
Less: Repaid during the year	**(283,030,500)**	(259,263,000)
Sub-total	**3,496,497,000**	3,779,527,500
Less: Unamortized transaction costs	**(19,759,268)**	(23,426,053)
Sub-total	**3,476,737,732**	3,756,101,447

(All amounts in Saudi Riyals unless otherwise stated)

26 Long-term borrowings (continued)

26.2 Facilities utilized (continued)

The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is SIBOR plus a margin (mark-up in case of Wakala facilities) of 1.45% for Riyal Murabaha Tranche A and 1.55% for Riyal Murabaha Tranche B and Riyal Wakala. Repayment of the principal amounts of total approved facilities commenced from 30 September 2019. The repayments started at SAR 34 million and will increase over the term of the loan with the final repayment of SAR 223 million on 31 December 2030.

The upfront transaction cost incurred is amortized over the term of the loan. The transaction cost amortized over the term of the loan during the year 31 December 2022 amounted to SAR 3.6 million (31 December 2021: SAR 4.6 million).

Riyal Murabaha	**346,693,750**	346,693,750
Less: Unamortized transaction costs	**(589,232)**	(1,363,149)
Sub-total	**346,104,518**	345,330,601
Total Borrowings	**6,326,086,830**	7,164,316,858
Accrued finance cost	**2,010,654**	806,182
Sub-total	**6,328,097,484**	7,165,123,040

The rate of profit on the purchase price (i.e., principal amount of the loan drawn for each commission period) is SIBOR plus 0.95% and SIBOR plus 0.8% on the facilities repaid and drawn down during the year respectively.

Murabaha Riyal facility as on 31 December 2018 amounting to SAR 340,000,000 was repaid and new Murabaha Riyal facility was drawn down amounting to SAR 347 million during January 2019. The new Murabaha Riyal facility will be due in January 2024.

The transaction cost amortized over the term of the loan during the year ended 31 December 2022 amounted to SAR 0.7 million (31 December 2021: SAR 0.7 million)

Less: Current portion of long-term borrowings	**(319,065,246)**	(340,883,625)
Less: Accrued finance cost	**(2,010,654)**	(806,182)
Sub-total - Current portion of borrowings shown under current liabilities	**(321,075,900)**	(341,689,807)
Long-term portion	**6,007,021,584**	6,823,433,233

26 Long-term borrowings (continued)

26.3 Maturity profile of long-term borrowings

	31 December 2022	31 December 2021
2022	**-**	341,689,807
2023	**321,075,900**	330,531,750
2024	**688,785,483**	701,062,750
2025	**411,879,226**	424,561,875
2026	**390,568,985**	400,471,875
2027	**614,956,888**	614,956,888
2028 onwards	**4,001,130,346**	4,465,871,237
Total (Note 35.3)	**6,428,396,828**	7,279,146,182

The above maturities are subject to prepayment provisions as defined in the CTA (Note 26.1).

26.4 Facilities' currency denomination

Essentially 43% of the Company's facilities have been contracted in SAR and 57% in United States dollars (US$) and the drawdown balances in US$ are shown below:

	31 December 2022 (US$)	31 December 2021 (US$)
PIF (US$)	**688,852,113**	840,565,000
Unamortized transaction cost	**(21,320,225)**	(23,795,717)
Sub-total	**667,531,888**	816,769,283
Islamic and commercial banks		
Riyal Murabaha Tranche A	**518,084,533**	549,524,000
Riyal Murabaha Tranche B	**367,790,800**	404,570,267
Riyal Wakala	**46,523,867**	53,779,733
Sub-total	**932,399,200**	1,007,874,000
Unamortized transaction cost	**(5,269,138)**	(6,246,947)
Sub-total	**927,130,062**	1,001,627,053
Riyal Murabaha	**92,451,667**	92,451,667
Unamortized transaction cost	**(157,129)**	(363,506)
Sub-total	**92,294,538**	92,088,161
Add: accrued finance cost	**536,174**	214,982
Total borrowings	**1,687,492,662**	1,910,699,479
Less: Current portion of long-term borrowings	**(85,084,066)**	(90,902,300)
Less: accrued finance cost	**(536,174)**	(214,982)
Sub-total - Current portion of borrowings shown under current liabilities	**(85,620,240)**	(91,117,282)
Long-term portion	**1,601,872,422**	1,819,582,197

26.5 Security

Borrowings from Islamic and commercial banks are secured through promissory notes.

(All amounts in Saudi Riyals unless otherwise stated)

27 Provision for decommissioning, site rehabilitation and dismantling obligations

	Notes	Al-Baitha Mine
1 January 2021		140,928,037
Accretion of provision for the year	8	4,054,825
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations	10	52,222,214
31 December 2021		197,205,076
Accretion of provision for the year	8	3,565,542
Change in the estimate for decommissioning, site rehabilitation and dismantling obligations	10	(140,221,640)
31 December 2022		**60,548,978**

Commenced production in	2014
Expected closure date in	2063

Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mine and the related plants and infrastructure. These obligations are expected to be occur in the year in which the mine is expected to be closed. Management estimates the provision based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the mining license agreement and engineering estimates.

The provision for decommissioning, site rehabilitation and dismantling obligations represents the full amount of the estimated closure and reclamation costs for the various operational mining properties, based on information currently available including closure plans and applicable regulations. Future changes, if any, in regulations and cost assumptions may be significant and will be recognized prospectively when determined.

28 Lease liabilities

	Note	31 December 2022	31 December 2021
Future minimum lease payment	28.1	**338,899,282**	373,176,348
Less: Future finance cost not yet due	28.2	**(67,688,028)**	(78,995,661)
Net present value of minimum lease payment		**271,211,254**	294,180,687
Less: Current portion of lease liabilities shown under current liabilities	36	**(17,847,555)**	(21,317,126)
Long term portion of lease liabilities	36	**253,363,699**	272,863,561

The future minimum lease payments have been discounted, using the Company's incremental borrowing rate as at the date of the transition which approximates 4% per annum, to its present value.

Maturity profile

Future minimum lease payments are falling due during the following years:

	31 December 2022	31 December 2021
2022	**-**	32,592,464
2023	**28,371,159**	29,574,992
2024	**30,289,078**	30,755,197
2025	**29,520,778**	29,535,427
2026	**29,496,267**	29,496,267
2027	**29,496,267**	29,496,267
2028 and thereafter	**191,725,733**	191,725,734
Total (Note 35.3)	**338,899,282**	373,176,348

(All amounts in Saudi Riyals unless otherwise stated)

28 Lease liabilities (continued)

28.1 Movement in future minimum lease payments

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
1 January		**373,176,348**	398,672,615
Additions during the year	12	**-**	4,426,094
Leased expired / terminated		**(1,703,071)**	-
Sub-total		**371,473,277**	403,098,709
Payments during the year		**(32,573,995)**	(29,922,361)
31 December		**338,899,282**	373,176,348

28.2 Movement in future finance cost

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
1 January		**(78,995,661)**	(90,796,907)
Additions during the year	12	**-**	(209,911)
Adjustment		**85,357**	-
Sub-total		**(78,910,304)**	(91,006,818)
Accretion of future finance cost during the year	8	**11,222,276**	12,011,157
31 December		**(67,688,028)**	(78,995,661)

29 Employees' benefits

	Notes	31 December 2022	31 December 2021
Employees' end of service termination benefits obligation	29.1	**68,098,031**	59,401,832
Employees' savings plan	29.2	**13,035,507**	13,317,231
Total		**81,133,538**	72,719,063

29.1 Employees' end of service termination benefits obligation

	Notes	31 December 2022	31 December 2021
Opening		**59,401,832**	55,382,472
Total amount recognized in profit or loss		**8,588,613**	9,837,704
Current service cost		**7,007,857**	8,403,052
Interest expense	8	**1,580,756**	1,434,652
Re-measurements recognized in other comprehensive income		**2,246,318**	93,191
Gain due to financial assumptions		**(1,005,228)**	-
Loss due to experience adjustment		**3,251,546**	93,191
Settlements / transfers		**(2,138,732)**	(5,911,535)
31 December	29	**68,098,031**	59,401,832

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia.

(All amounts in Saudi Riyals unless otherwise stated)

29 Employees' benefits (continued)

29.1 Employees' end of service termination benefits obligation (continued)

Significant actuarial assumptions

The significant actuarial assumptions used in determining employees' end of service benefits obligation were as follows:

	31 December 2022	31 December 2021
Withdrawal rate	**5.00%**	5.00%
Mortality rate	**AM(80) Table**	AM(80) Table
Salary growth rate – next five years	**4.80%**	2.70%
Salary growth rate – after five years	**4.80%**	2.70%
Discount rate	**4.80%**	2.70%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level %		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
31 December 2022				
Withdrawal rate	**10%**	**10%**	**(222,389)**	**231,209**
Mortality rate	**10%**	**10%**	**(12,402)**	**12,440**
Salary growth rate	**1%**	**1%**	**10,636,605**	**(8,843,516)**
Discount rate	**1%**	**1%**	**(8,758,977)**	**10,737,917**
31 December 2021				
Withdrawal rate	10%	10%	(218,505)	227,110
Mortality rate	10%	10%	(11,932)	11,968
Salary growth rate	1%	1%	9,446,158	(7,826,681)
Discount rate	1%	1%	(7,757,931)	9,548,261

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 defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability summarized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Effect of defined benefit plan on the Company's future cash flows

The weighted average duration of the defined benefit obligation is 14.32 years. The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	31 December 2022	31 December 2021
2022	**-**	2,664,495
2023	**3,158,690**	2,196,994
2024	**2,867,949**	2,300,148
2025	**2,576,152**	2,120,064
2026	**2,654,580**	1,863,030
2027	**2,213,430**	2,298,574
2028 and thereafter	**136,081,944**	77,346,826
Total	**149,552,745**	90,790,131

(All amounts in Saudi Riyals unless otherwise stated)

29 Employees' benefits (continued)

29.2 Employees' savings plan

	Notes	31 December 2022	31 December 2021
1 January		**13,317,231**	10,082,662
Contribution for the period / year		**(281,724)**	3,234,569
31 December	23,29	**13,035,507**	13,317,231

30 Derivative financial instruments

	Note	31 December 2022	31 December 2021
1 January		**34,006,958**	94,537,948
Net accrual for settlement of derivative interest		**(4,016,529)**	(11,739,347)
Accrual during the period / year	8	**11,591,134**	25,152,044
Paid during the period / year		**(15,607,663)**	(36,891,391)
Gain in fair value of hedge instrument charged to other comprehensive income		**(84,720,503)**	(48,791,643)
31 December		**(54,730,074)**	34,006,958

On 16 May 2019, the Company 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 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 on 31 December 2022, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the period. The agreement entered into, by the company was as follows:

	Note	31 December 2022	31 December 2021
Carrying amount (asset) liability		**(54,730,074)**	34,006,958
Notional amount	35.1.2	**1,227,187,500**	1,227,187,500
Maturity date		**28-Jun-24**	28-Jun-24
Hedge ratio		**1:01**	1:1
Gain in fair value of outstanding hedging instruments since start of period / year		**84,720,503**	48,791,643
Gain in value of hedged item used to determine hedge effectiveness		**84,720,503**	48,791,643

Accumulated loss in fair value of outstanding hedging instruments

	31 December 2022	31 December 2021
1 January	**34,006,958**	82,798,601
Change in fair value of hedging instrument recognized in OCI	**(73,129,369)**	(23,639,599)
Transferred from OCI to profit / (loss)	**(11,591,134)**	(25,152,044)
Changes in fair value and transfer to profit / (loss), net	**(84,720,503)**	(48,791,643)
31 December	**(50,713,545)**	34,006,958

Cash flow hedge reserve split between shareholders (Notes 24.1, 24.2 and 25)

(All amounts in Saudi Riyals unless otherwise stated)

30 Derivative financial instruments (continued)

Shareholders	Number of shares	% Holding	31 December 2022	31 December 2021
Saudi Arabian				
Ma'aden	381,990,000	74.9%	**37,984,445**	(25,471,212)
Foreign				
ASSI	128,010,000	25.1%	**12,729,100**	(8,535,746)
Total	**510,000,000**	**100.0%**	**50,713,545**	(34,006,958)

31 Trade and other payables

	Note	31 December 2022	31 December 2021
Trade payables		**134,921,824**	81,100,700
Payable to Ma'aden		**82,772,113**	-
Others		**1,951,528**	-
Total	37	**219,645,465**	81,100,700

32 Accrued expenses

	Notes	31 December 2022	31 December 2021
Trade and project		**278,560,719**	267,764,508
Due to Alcoa Corporation		**1,616,821**	4,906,661
Trade accruals Ma'aden		**382,486,740**	155,293,669
Employee related		**28,581,877**	25,188,682
Total	37	**691,246,157**	453,153,520

Accruals represent goods and services received by the Company for which invoices have not been received. Due to Alcoa Corporation relates to seconded employees' salaries and other costs.

33 Related party transactions and balances

33.1 Related party transactions

Transactions with related parties carried out during the year, in the normal course of business, are summarized below:

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Sales made to MAC	5	**2,061,254,688**	1,876,301,352
Cost of seconded employees from Alcoa Corporation		**10,143,585**	12,021,490
Support function, development and other costs paid by MAC and charged to the Company		**201,052,472**	290,773,633
Costs paid by the Company on behalf of:			
Ma'aden		**159,668,637**	26,747,208
MAC		**291,395,681**	3,754,650
MRC		**679,124**	-
MPC		**640,617**	-
Total		**452,384,059**	30,501,858

(All amounts in Saudi Riyals unless otherwise stated)

33 Related party transactions and balances (continued)

33.1 Related party transactions (continued)

Costs paid on behalf of the Company and other costs allocations by:		
Ma'aden	**30,095,656**	22,149,663
MRC	**141,025**	61,298,623
MFC	**1,979,094**	-
Total	**32,215,775**	83,448,286
Finance cost incurred on long term borrowings from PIF	**85,523,018**	56,438,528
Rentals and services charged by MIC to the Company under Land Use and Service Agreement ("LUSA") and the agreement for Provision of Facilities at Ras Al-Khair (RAK)	**27,658,438**	24,828,657
Purchases of caustic soda from SAMAPCO (Ma'aden acting as agent)	**617,243,851**	289,477,030

Development cost includes rentals paid by MAC to MIC under Land Use and Service Agreement ("LUSA") on behalf of the Company and recharged to the Company.

33.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:

	Notes	31 December 2022	31 December 2021
Due from a shareholder			
Ma'aden	18.1	**72,176,906**	26,745,249
Due to a shareholder / ultimate shareholder			
Ma'aden	18.2	**46,835,207**	20,409,789
Ma'aden – Trade payables (as an agent for SAMAPCO)	31	**82,772,113**	-
Ma'aden – Trade accruals (as an agent for SAMAPCO)	33	**382,486,740**	155,293,669
Sub-total		**512,094,060**	175,703,458
Alcoa Corporation – Trade accruals	32	**1,616,821**	4,906,661
Total		**513,710,881**	180,610,119
Due from a fellow subsidiary			
MAC	18.1	**24,065,648**	2,812,672
MRC	18.1	**141,025**	-
MFC	18.1	**1,979,094**	1,979,094
Total		**26,185,767**	4,791,766

	Notes	31 December 2022	31 December 2021
Due to fellow subsidiaries			
MAC	19.2	**240,605,511**	80,627,180
MRC	19.2	**472,871**	51,380,430
MIC	19.2	**4,900,961**	4,655,359
MPC	19.2	**217,419**	-
Total		**246,196,762**	136,662,969
Trade and other receivables			
MAC	22	**92,242,018**	200,281,248
Long-term borrowing from a majority shareholder of Ma'aden			
PIF for financing MBAC	26.2	**2,583,195,425**	3,152,118,750

(All amounts in Saudi Riyals unless otherwise stated)

33 Related party transactions and balances (continued)

33.3 Key management personnel compensation

	31 December 2022	31 December 2021
Short-term employee benefits	**1,507,586**	1,373,021
Employees' end of service termination benefits	**139,124**	419,801
Total	**1,646,710**	1,792,822

34 Commitments and contingent liabilities

34.1 Capital commitments

	31 December 2022	31 December 2021
Capital expenditure contracted for:		
Property, plant and equipment and mining properties	**19,173,618**	25,962,081

34.2 Guarantees

	31 December 2022	31 December 2021
Guarantee in favor of Saudi Aramco	**6,010,200**	6,010,200
Letter of Credit in favor of Engro Eximp FZE	**14,175,000**	-
Total	**20,185,200**	6,010,200

34.3 Contingent liabilities

The Company is not anticipating that any material liabilities will be incurred as a result of any contingent liabilities. There are no environmental obligations or decommissioning liabilities as at the reporting date.

35 Financial risk management

The Company's activities expose it to a variety of financial risks such as:

- market risk
- credit risk and
- liquidity risk

35.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- foreign currency risk,
- interest rate risk and
- commodity price risk

Financial instruments affected by market risk includes loans and borrowings, trade and other receivables, trade payables, accrued liabilities.

The sensitivity analysis in the following sections relate to the positions as at 31 December 2022, 31 December 2021.

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 the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The Company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Company's financial performance.

35 Financial risk management (continued)

35.1.1 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Saudi Riyal. The Company's transactions are principally in Saudi Riyals, US Dollars, Euros, British Pounds, Emirati Dirham and Australian Dollars. Management monitor the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75: USD 1 therefore, the Company is not exposed to any risk from USD denominated financial instruments.

All commodity sales contracts are USD price and so is the bulk of the procurement and capital expenditure contracts.

Foreign currency exposure

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in SAR, was as follows:

	31 December 2022	31 December 2021
Trade payables – EUR	**4,365,075**	1,837,519
Trade payables – GBP	**78,970**	5,811
Trade payables – AUD	**77,303**	19,250
Total	**4,521,348**	1,862,580

Amount recognised in financial statements

During the year, the following foreign-exchange related amounts were recognized in profit or loss and other comprehensive income:

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Foreign exchange gain included in other income (expense)	9	**333,784**	112,308

Foreign currency sensitivity analysis

As shown in the table above, the Company is primarily exposed to changes in SAR/EURO, SAR/GBP and SAR/AUD exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from Euro and GBP denominated balances.

Impact on post tax profit / equity of increase / (decrease) in foreign exchange rate:

		31 December 2022	31 December 2021
SAR/EURO exchange rate	- increase 10%	**(436,508)**	(183,752)
	- decrease (10%)	**436,508**	183,752
SAR/GBP exchange rate	- increase 10%	**(7,897)**	(581)
	- decrease (10%)	**7,897**	581
SAR/AUD exchange rate	- increase 10%	**(7,730)**	(1,925)
	- decrease (10%)	**7,730**	1,925

35.1.2 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing which expose the Company to cash flow interest rate risk.

The Company's receivables and fixed rate borrowings carried at 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 Company is not exposed to fair value interest rate risk.

(All amounts in Saudi Riyals unless otherwise stated)

35 Financial risk management (continued)

35.1 Market risk (continued)

35.1.2 Interest rate risk (continued)

The exposure of the Company's borrowing to interest rate changes and the contractual re-pricing dates of the fixed interest rate borrowings at the end of the reporting period are as follows:

Interest rate exposure

	31 December 2022	31 December 2021
Variable interest rate – repricing dates 6 months or less	**6,426,386,175**	7,278,340,000

Cash flow hedge

The Company 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 and the sensitivity of the interest rate swap covered under the hedging arrangement:

	Note	31 December 2022	31 December 2021
Notional amount hedged	30	**1,227,187,500**	1,227,187,500

Other comprehensive income / (loss) is sensitive to higher / lower interest expense from net settled derivative as a result of changes in interest rates. The Company's other comprehensive income is affected as follows:

	31 December 2022	31 December 2021
Interest rate – increase by 100 basis points	**23,556,476**	30,561,158
Interest rate – decrease by 100 basis points	**(23,556,476)**	(30,561,158)

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 Company's profit before tax is affected as follows:

	31 December 2022	31 December 2021
Interest rate – increase by 100 basis points	**(68,523,631)**	(74,775,706)
Interest rate – decrease by 100 basis points	**68,523,631**	74,775,706

Transition from IBORs to risk free rates

IBOR reform represents the reform and replacement of interest rate benchmarks by global regulators. The Company has a number of contracts, primarily referenced to USD London Interbank offer rates ("USD LIBOR") and Saudi Interbank offer rates (SIBOR). For USD LIBOR, the most applicable tenor (6-month USD LIBOR) for the Company is expected to cease to be published on 30 June 2023.

The Company is currently analyzing the exposure to IBOR benchmarks and evaluating the potential impact of the transition. As per the initial transition plan, all contracts and agreements that are based on USD LIBOR and are expiring at the cessation dates, will be renegotiated with counterparties to reflect the alternative benchmarks.

The following table contains details of all financial instruments of the Company which are based on USD LIBOR as at 31 December 2022 and are currently in process of transitioning to an alternative benchmark:

Financial instruments:

Non-derivative financial liabilities	2,503,244,580
Derivative financial assets	54,730,074

LIBOR reforms and expectation of cessation of LIBOR will impact the Company's current risk management strategy and possibly accounting for certain financial instruments.

As part of the Company's risk management strategy, the Company uses financial instruments to manage exposures arising from variation of interest rates that could affect profit or loss and other comprehensive income and applies hedge accounting to these instruments. Majority of those financial instruments are also referenced to LIBOR. The Company is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates.

(All amounts in Saudi Riyals unless otherwise stated)

35 Financial risk management (continued)

35.1 Market risk (continued)

35.1.3 Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the aluminium products it produces.

Commodity price sensitivity analysis

The table below shows the impact on profit before tax and zakat for changes in commodity prices. The analysis is based on the assumption alumina prices move 10% on the reporting date with all other variables held constant.

	31 December 2022	31 December 2021
Trade and other receivable (less VAT)	**142,474,208**	213,002,707
Increase / (decrease) in alumina prices		
Increase of 10% in USD per tonne	**14,247,421**	21,300,271
Decrease of 10% in USD per tonne	**(14,247,421)**	(21,300,271)

The Company 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.

35.2 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on the following financial instruments, while it uses two types of ECL approaches for its financial instruments;

	Notes	Category	December 31 2022	December 31 2021	Impairment model approach
Financial assets class					
Trade and other receivable (less VAT)	22	Amortised cost	**142,474,208**	213,002,707	**Simplified**
Time deposits	23	Amortised cost	**-**	200,364,167	**General**
Cash and cash equivalents	23	Amortised cost	**495,796,179**	930,240,764	**General**
Total			**638,270,387**	1,343,607,638	

ECL approaches

The Company uses staging criteria to determine the ECL on its financial instruments. Following are the stages which are being used by the Company to determine ECL:

Stage	Description	Loss Recognition
1	Performing	12 months ECL
2	Significant increase in credit risk	Lifetime ECL
3	Credit impaired	Lifetime ECL

Stage-1 - Performing or low credit risk

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	0	0
2	External rating (where applicable)*	Investment Grade	Investment Grade

*External ratings present classification of the rating grades, issued by the External Credit Assessment Institutions (ECAI), into those considered as "investment grades", "non-investment grades" and "in default". If Counterparty does not have external rating, the Company uses Sovereign Rating. Where Sovereign Rating is Investment Grade, Counterparty's rating should be one notch downgraded (vis a vis Sovereign rating). While, where Sovereign Rating is Non-Investment Grade, Counterparty's rating should be two notches downgraded (vis a vis Sovereign Rating).

The Company uses "low credit risk" practical expedient for the following financial instruments categories:

- Cash & Cash equivalents; and
- Time deposits.

35 Financial risk management (continued)

35.2 Credit risk (continued)

The Company assessed 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 Company considers the following indicators to be determinants of the SICR:

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	1-6	1-6
2	External rating	External rating for the counterparty downgraded to "Non-Investment Grade" (NIG) relative to "Investment Grade" (IG) as of initial recognition date.	

To identify SICR, where applicable, the Company undertakes a holistic analysis of various factors, including those which are specific to a particular financial instrument or to a Counterparty.

Stage-3 - Credit impaired or definition of default

The Company considers the following indicators to be determinants of a credit impaired financial asset:

Sr. no	Indicators	Cash and cash equivalents	Time deposits	Trade and other receivables*
1	Days past due (DPD)	7+	7+	90+
2	External rating (where applicable)		In default	

* If the Company has reasonable and supporting information to demonstrate that the counterparty is not impaired, but has crossed DPD of 90+, then it would be classed as Stage 2 exposure and the Company applies stage-2 for ECL estimation.

Similarly, where the counterparty balance does not go beyond DPD of 90+, but the Company has reasonable and supporting information to demonstrate that counterparty will face significant financial difficulty:

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- other information.

In this case, ECL would be applied as follows:

a) The Company estimates definition of default at the counterparty's level and includes all financial instruments to Stage 2, if the balance amount of the exposure in default is not more than 5% from the total receivables amount from the counterparty; and
b) The Company evaluates definition of default at the counterparty's level and includes all financial instruments for Stage 3, if the balance amount of exposure in default exceeds 5% of the total receivable amount from the counterparty.

General approach for estimating ECL:

The Company uses the following staging criteria when using the general approach for estimating ECL:

a) At initial recognition, Stage 1 is assigned to the financial asset;

b) At subsequent measurement date, a financial asset would be classed in:

- **Stage 1**, if at the reporting date it is not credit-impaired and credit risk has not increased significantly since initial recognition or it belongs to a low credit risk portfolio;

(All amounts in Saudi Riyals unless otherwise stated)

35 Financial risk management (continued)

35.2 Credit risk (continued)

- **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 Company uses a simplified approach for estimating ECL of trade and other receivables using the credit ratings for the counterparties.

Where the receivable is credit impaired, the indicators for which include the receivable being 90 days overdue or the credit rating for the counterparty being downgraded to NIG relative to IG as of initial recognition date, the probability of default for ECL determination is considered as 100%. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment, based on which, the Company does not have any history of write-offs. 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 Company ensures that the cash collection is made on time from its counterparties, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored, and any credit concerns highlighted to senior management.

Credit risk also arises from favorable derivative financial instruments." However, it is considered low as the contracts are with commercial banks with sound credit ratings.

The Company has limited number of customers and have no history of defaults. The Company calculates lifetime 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 lifetime ECL is reported either as "not impaired" or "impaired" exposure accordingly.

Cash and short-term investments are substantially placed with commercial banks with sound credit ratings. For banks and time deposits, only independently rated parties with a minimum credit of Baa3 are accepted. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence provision is recognised at an amount equal to 12-month ECL unless there is evidence of significant increase in credit risk of the counter party.

	Note	Life time ECL not credit impaired	Life time ECL Credit impaired	Total
Trade and other receivable (less VAT)	22	142,385,683	-	**142,385,683**
Less: Allowance for expected credit losses				
Secured		-	-	-
Unsecured		-	-	-
Carrying amount		142,385,683	-	**142,385,683**

The analysis of trade receivables that were past due but not impaired are as follows:

	Note	31 December 2022	31 December 2021
Neither past due nor impaired		**131,679,847**	207,361,008
Past due not impaired			
< 30 days		**6,980,140**	5,641,699
30-60 days		**3,725,696**	-
Total	22	**142,385,683**	213,002,707

(All amounts in Saudi Riyals unless otherwise stated)

35 Financial risk management (continued)

35.2 Credit risk (continued)

Trade and other receivables

The analysis of trade receivables that were past due but not impaired are as follows:

Based on the above analysis for the receivable from third parties under ECL method, credit risk was considered minimal and therefore no provision was recorded.

35.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Notes	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at: 31 December 2022							
Due to shareholder	18.2	46,835,207	-	-	-	46,835,207	46,835,207
Due to fellow subsidiaries	19.2	246,196,762	-	-	-	246,196,762	246,196,762
Long-term borrowings	26.3	712,827,783	1,065,499,481	2,398,138,732	4,417,083,723	8,593,549,719	6,328,097,484
Lease liabilities	28	28,371,159	30,289,078	88,513,312	191,725,733	338,899,282	271,211,254
Trade and other payables	31	219,645,465	-	-	-	219,645,465	219,645,465
Accrued expenses	32	691,246,157	-	-	-	691,246,157	691,246,157
Total		**1,945,122,533**	**1,095,788,559**	**2,486,652,044**	**4,608,809,456**	**10,136,372,592**	**7,803,232,329**
Derivatives as at: 31 December 2022							
Derivative financial instruments	30	-	-	-	-	-	-
Non-derivative as at: 31 December 2021							
Due to a shareholder	18.2	20,409,789	-	-	-	20,409,789	20,409,789
Due to fellow subsidiaries	19.2	136,662,969	-	-	-	136,662,969	136,662,969
Long-term borrowings	26.3	341,689,807	570,672,832	2,347,630,960	5,723,345,490	8,983,339,089	7,165,123,040
Lease liabilities	28	32,592,464	29,574,992	89,786,891	221,222,001	373,176,348	294,180,687
Trade and other payables	31	81,100,700	-	-	-	81,100,700	81,100,700
Accrued expenses	32	453,153,520	-	-	-	453,153,520	453,153,520
Total		1,065,609,249	600,247,824	2,437,417,851	5,944,567,491	10,047,842,415	8,150,630,705
Derivatives as at: 31 December 2021							
Derivative financial instruments	30	63,199,486	-	-	-	63,199,486	34,006,958

(All amounts in Saudi Riyals unless otherwise stated)

36 Capital management

The Company's objectives when managing capital are to
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company relies on the shareholders' support.

The net debts of the Company are as follows:

	Notes	31 December 2022	31 December 2021
Cash and cash equivalents (unrestricted)	23	**482,760,672**	1,117,287,700
Long-term borrowings – payable within one year	26.2	**(321,075,900)**	(341,689,807)
Long-term borrowings – payable after one year	26.2	**(6,007,021,584)**	(6,823,433,233)
Lease liabilities – payable within one year	28	**(17,847,555)**	(21,317,126)
Lease liabilities – payable after one year	28	**(253,363,699)**	(272,863,561)
Net debt		**(6,116,548,066)**	(6,342,016,027)

The movement in net debt is as follows:

	Other assets	Liabilities from financing activities				
	Cash and cash equivalents	Long-term borrowings - payable within one year	Long-term borrowings - payable after one year	Lease liability - payable within one year	Lease liability - payable after one year	Total
1 January 2021	621,875,792	(399,516,160)	(7,149,966,511)	(19,711,622)	(288,164,086)	(7,235,482,587)
Cash flows for the period	495,411,908	557,994,812	-	29,870,265	-	1,083,276,985
Adjustments / transfers	-	(500,168,459)	326,533,278	(31,475,769)	15,300,525	(189,810,425)
31 December 2021	1,117,287,700	(341,689,807)	(6,823,433,233)	(21,317,126)	(272,863,561)	(6,342,016,027)
Cash flows for the period	(634,527,028)	1,085,979,520	-	32,573,995	-	484,026,487
Adjustments / transfers	-	(1,065,365,613)	816,411,649	(29,104,424)	19,499,862	(258,558,526)
31 December 2022	**482,760,672**	**(321,075,900)**	**(6,007,021,584)**	**(17,847,555)**	**(253,363,699)**	**(6,116,548,066)**

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

"Long-term borrowings divided by total equity and long-term borrowings."

The gearing ratios, in accordance with the financial covenants pertaining to the long-term borrowings (Note 26.2), as at the end of the year were as follows:

	Note	31 December 2022	31 December 2021
Long term borrowings	26.2	**6,328,097,484**	7,165,123,040
Total equity		**4,258,027,170**	4,799,732,887
Total capital		**10,586,124,654**	11,964,855,927
Debt to total capital		**0.60**	0.60

(All amounts in Saudi Riyals unless otherwise stated)

37 Financial assets and financial liabilities

The Company holds the following classes of financial instruments:

	Notes	31 December 2022	31 December 2021
Financial assets measured at amortized cost			
Due from a shareholder	18.1	**72,176,906**	26,745,249
Due from fellow subsidiaries	19.1	**26,185,767**	4,791,766
Trade and other receivables (excluding VAT)	22	**142,474,208**	213,002,707
Cash and cash equivalents	23	**495,796,179**	1,130,604,931
Total		**736,633,060**	1,375,144,653

Financial liabilities measured at amortized cost		31 December 2022	31 December 2021
Due to a shareholder	18.2	**46,835,207**	20,409,789
Due to fellow subsidiaries	19.2	**246,196,762**	136,662,969
Long-term borrowings	26.2	**6,328,097,484**	7,165,123,040
Lease liabilities	28	**271,211,254**	294,180,687
Trade and other payables	31	**219,645,465**	81,100,700
Accrued expenses	32	**691,246,157**	453,153,520
Total		**7,803,232,329**	8,150,630,705
Financial asset at fair value through OCI			
Derivative financial instruments	30	**54,730,074**	-
Financial liability at fair value through OCI			
Derivative financial instruments	30	**-**	34,006,958

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values with the exception of derivative financial instruments and long-term borrowings which are discussed below.

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 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.

Derivatives

On the basis of its analysis of the nature, characteristics and risks of the derivatives, the Company has determined that presenting them as a single class is appropriate.

The fair value of the derivatives is determined with reference to an active market index and is classified as level 2 in the fair value hierarchy. The fair values for the derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves for the interest rate swaps. There was no transfer between any levels during the year.

Financial instruments are carried at fair value, using the following different levels of valuation methods:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

38 Events after the reporting date

No events have arisen subsequent to 31 December 2022 and before the date of signing the auditors' review report, that could have a significant effect on the financial statements as at 31 December 2022.

(All amounts in Saudi Riyals unless otherwise stated)

39 Supplementary information

39.1 Proforma statement of income for Al-Ba'itha mine for the purpose of calculating provision for severance fees

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Internal sales related to mining activity only		**(662,318,788)**	27,226,035
Actual cost related to internal sales			
Personnel cost		**(36,044,587)**	(27,042,277)
Contracted services		**(92,102,213)**	(96,334,301)
Repairs and maintenance		**(3,024,382)**	(39,170)
Consumables		**(25,566,445)**	(29,120,417)
Overheads		**(20,466,130)**	(3,321,190)
Transportation expenses		**(211,984,519)**	(180,542,140)
Total cash operating costs		**(389,188,276)**	(336,399,495)
Depreciation	10	**(43,751,002)**	(61,804,263)
Total operating costs		**(432,939,278)**	(398,203,758)
Gross loss		**(1,095,258,066)**	(370,977,723)
Operating expenses			
General and administrative expenses		**(8,441,702)**	(9,514,595)
Operating loss		**(1,103,699,768)**	(380,492,318)
Finance cost		**(31,643,989)**	(27,339,045)
Net loss before severance fees and zakat for the year		**(1,135,343,757)**	(407,831,363)

39.2 Calculation of the provision for severance fees payable

For calculations of severance fee payable pls. refer Note 16.

MA’ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)

Financial statements for the year ended 31 December 2023 (Audited)

Contents **Page**

Commercial registration number	:	2055012955	
Board of Managers	:	Ali Saeed Abdullah Al-Orayj Ghannam Al Ghannam Attaullah Nihal Vidar Bruland Andrew Estel	Chairman
Registered address	:	Ma'aden Bauxite and Alumina Company Ras Al-Khair Industrial City Kingdom of Saudi Arabia	
Postal address	:	P.O. Box 11342 Al-Jubail Industrial City 31961 Kingdom of Saudi Arabia	
Bankers	:	The Saudi British Bank (SABB)	
Auditors	:	PricewaterhouseCoopers 14th floor, Al-Hugayet Tower, P.O. Box 467 Dhahran 31932 Kingdom of Saudi Arabia	

للبوكسايت والألومينا | معادن
Bauxite & Alumina | MA'ADEN

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's review report, set out on page 4, is made with a view to distinguish the responsibilities of the Board of Managers and those of the independent auditors in relation to the interim financial statements of Ma'aden Bauxite and Alumina Company (the "Company").

The Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2023, its financial performance, changes in shareholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

In preparing the interim financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- stating whether IFRS as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, have been followed, subject to any material departures disclosed and explained in the financial statements and
- preparing and presenting the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Company,
- maintaining statutory accounting records in compliance with local legislation and IFRS in the respective jurisdictions in which the Company operates,
- taking steps to safeguard the assets of the Company and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2023 set out on pages 6 to 63, were approved and authorized for issue by the Board of Managers and signed on its behalf by:

Ali Saeed Abdullah Al-Orayj Chairman of the Board	Abdullah A AlGhamdi Senior Vice President	Attaullah Nihal Vice President Finance

14 February 2024
Ras Al-Khair Industrial City
Kingdom of Saudi Arabia

Independent auditor's report to the shareholders of Ma'aden Bauxite and Alumina Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ma'aden Bauxite and Alumina Company (the "Company") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2023;
- the statement of financial position as at 31 December 2023;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, 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 Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Managers, are responsible for overseeing the Company's financial reporting process.

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Independent auditor's report to the shareholders of Ma'aden Bauxite and Alumina Company (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

29 February 2024

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year end 31 December 2023	Year End 31 December 2022
Sales	5	**2,429,306,006**	2,362,768,332
Cost of sales	6	**(2,567,013,737)**	(2,675,066,577)
Gross loss		**(137,707,731)**	(312,298,245)
Operating expenses			
General and administrative expenses	7	**(89,485,690)**	(76,755,308)
Operating loss		**(227,193,421)**	(389,053,553)
Other (expenses) income			
Finance cost	8	**(468,317,391)**	(271,609,538)
Finance income		**16,266,972**	20,023,966
Finance cost, net		**(452,050,419)**	(251,585,572)
Other (expense) / income, net	9	**(270,239)**	2,386,324
Loss before zakat, income tax and severance fee		**(679,514,079)**	(638,252,801)
Zakat expense	15.3	**(8,677,900)**	(7,438,109)
Income tax expense	15.5	**9,820,362**	21,511,008
Severance fee, net	15.8	**312,752,624**	-
Loss for the year		**(365,618,993)**	(624,179,902)
Other comprehensive (loss) / gain			
Items that may be reclassified to profit or loss in subsequent periods			
(Loss) / gain on cash flow hedge	31	**(30,305,737)**	84,720,503
Items not to be reclassified to profit or loss in subsequent periods			
Gain / (loss) attributable to the re-measurements of employees' end of service termination benefits obligation	30.1	**590,577**	(2,246,318)
Other comprehensive (loss) / gain for the year		**(29,715,160)**	82,474,185
Total comprehensive loss for the year		**(395,334,153)**	(541,705,717)

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of financial position as at 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year End 31 December 2023	Year End 31 December 2022
Assets			
Non-current assets			
Mine properties	10	**1,327,750,131**	1,147,214,122
Property, plant and equipment	11	**9,160,728,992**	9,239,495,750
Right-of-use assets	12	**221,366,176**	244,178,152
Capital work-in-progress	13	**227,348,711**	216,248,989
Intangible assets	14	**11,367,583**	15,835,886
Deferred tax and severance assets	16.1,16.2	**573,764,971**	185,628,267
Derivative financial instruments	31	**-**	54,730,074
Employees' home owners program receivable	17	**20,236,556**	33,894,982
Total non-current assets		**11,542,563,120**	11,137,226,222
Current assets			
Current portion of employees' homeowners program receivable	17	**2,751,798**	3,025,091
Due from a shareholder	18.1	**16,480,287**	72,176,906
Due from fellow subsidiaries	19.1	**13,037,461**	26,185,767
Derivative financial instruments	31	**20,407,808**	-
Advances and prepayments	20	**9,333,877**	22,038,095
Inventories	21	**473,021,822**	534,085,790
Trade and other receivables	22	**248,825,417**	151,317,974
Time Deposit	23	**2,138,120**	-
Cash and cash equivalents	24	**241,253,203**	495,796,179
Total current assets		**1,027,249,793**	1,304,625,802
Total assets		**12,569,812,913**	12,441,852,024
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	25.1	**4,828,464,412**	4,828,464,412
Payments to increase share capital	25.2	**271,535,587**	271,535,587
Statutory reserve			
Transfer of net income	26	**3,153,947**	3,153,947
Cash flow hedge reserve	31	**20,407,808**	50,713,545
Accumulated losses		**(1,260,868,737)**	(895,840,321)
Net shareholders' equity		**3,862,693,017**	4,258,027,170
Liabilities			
Non-current liabilities			
Long-term borrowings	27.2	**5,735,230,409**	6,007,021,584
Provision for decommissioning, site rehabilitation and dismantling obligations	28	**527,676,852**	60,548,978
Lease liabilities	29	**234,732,936**	253,363,699
Employees' benefits	30	**82,394,623**	81,133,538
Deferred tax and severance liabilities	16.3	**296,393,529**	230,829,811
Total non-current liabilities		**6,876,428,349**	6,632,897,610
Current liabilities			
Trade and other payables	32	**506,262,272**	219,645,465
Accrued expenses	33	**328,122,769**	691,246,157
Current portion of long-term borrowings	27.2	**688,894,524**	321,075,900
Current portion of lease liabilities	29	**18,904,893**	17,847,555
Zakat, income tax and severance fee	15	**16,758,098**	8,080,198
Due to a shareholder	18.2	**35,733,214**	46,835,207
Due to fellow subsidiaries	19.2	**236,015,777**	246,196,762
Total current liabilities		**1,830,691,547**	1,550,927,244
Total liabilities		**8,707,119,896**	8,183,824,854
Total shareholders' equity and liabilities		**12,569,812,913**	12,441,852,024

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of changes in shareholders' equity as at 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Saudi Arabian shareholder Saudi Arabian Mining Company (Ma'aden)						Foreign shareholder AWA Saudi Limited						
	Share capital (Note 25.1)	**Payments to increase share capital* (Note 25.2)**	**Statutory reserve - Transfer of net income (Note 26)**	**Cash flow hedge reserve (Note 31)**	**Accumulated losses**	**Sub-total**	**Share capital (Note 25.1)**	**Payments to increase share capital* (Note 25.2)**	**Statutory reserve - Transfer of net income (Note 26)**	**Cash flow hedge reserve (Note 31)**	**Accumulated losses**	**Sub-total**	**Total equity**
1 January 2022	3,616,519,845	203,380,155	2,560,638	(25,471,212)	(170,829,638)	3,626,159,788	1,211,944,567	68,155,432	593,309	(8,535,746)	(98,584,463)	1,173,573,099	4,799,732,887
Loss for the year before zakat and income tax	-	-	-	-	(478,051,348)	(478,051,348)	-	-	-	-	(160,201,453)	(160,201,453)	(638,252,801)
Zakat and income tax (Note 15)	-	-	-	-	(7,438,109)	(7,438,109)	-	-	-	-	21,511,008	21,511,008	14,072,899
Cash flow hedge - changes in fair value and transfer to profit (note 31)	-	-	-	63,455,657	-	63,455,657	-	-	-	21,264,846	-	21,264,846	84,720,503
Loss attributable to the re-measurements of employees' end of service termination benefits obligation (Note 30.1)	-	-	-	-	(1,682,492)	(1,682,492)	-	-	-	-	(563,826)	(563,826)	(2,246,318)
Total comprehensive loss for the year	-	-	-	63,455,657	(487,171,949)	(423,716,292)	-	-	-	21,264,846	(139,254,271)	(117,989,425)	(541,705,717)
31 December 2022	3,616,519,845	203,380,155	2,560,638	37,984,445	(658,001,587)	3,202,443,496	1,211,944,567	68,155,432	593,309	12,729,100	(237,838,734)	1,055,583,674	4,258,027,170
Loss for the year before zakat and income tax	-	-	-	-	(508,956,045)	(508,956,045)	-	-	-	-	(170,558,034)	(170,558,034)	(679,514,079)
Zakat and income tax (Note 15)	-	-	-	-	(8,677,900)	(8,677,900)	-	-	-	-	9,820,362	9,820,362	1,142,462
Cash flow hedge - changes in fair value and transfer to profit (note 31)	-	-	-	(22,698,997)	-	(22,698,997)	-	-	-	(7,606,740)	-	(7,606,740)	(30,305,737)
Severance fee (Note15.8)	-	-	-	-	312,752,624	312,752,624	-	-	-	-	-	-	312,752,624
Gain attributable to the re-measurements of employees' end of service termination benefits obligation (Note 30.1)	-	-	-	-	442,342	442,342	-	-	-	-	148,235	148,235	590,577
Total comprehensive loss for the year	-	-	-	(22,698,997)	(204,438,979)	(227,137,976)	-	-	-	(7,606,740)	(160,589,437)	(168,196,177)	(395,334,153)
31 December 2023	**3,616,519,845**	**203,380,155**	**2,560,638**	**15,285,448**	**(862,440,566)**	**2,975,305,520**	**1,211,944,567**	**68,155,432**	**593,309**	**5,122,360**	**(398,428,171)**	**887,387,497**	**3,862,693,017**

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of cash flows for the year ended 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year end 31 December 2023	Year end 31 December 2022
Operating activities			
Loss before zakat and income tax		**(679,514,079)**	(638,252,801)
Adjustments for non-cash flow items:			
Finance cost	8	**468,317,391**	271,609,538
Depreciation – mine properties	10	**52,590,968**	57,793,036
Depreciation – property, plant and equipment	11	**423,629,203**	437,235,683
Depreciation – right-of-use assets	12	**23,128,318**	23,054,173
Amortization of intangible assets	14	**4,700,622**	4,586,910
Employees' home owners program receivable	17	**13,931,719**	2,939,569
Allowance for slow moving spare parts and consumable materials	21.1	**(8,820,183)**	7,622,797
Write down of inventories to net realizable value	21	**(4,076,069)**	57,808,026
Provision for employees' termination benefits obligation	30.1	**8,411,639**	7,007,857
Employees' saving plan	30.2	**(3,040,869)**	(281,724)
Loss on terminated lease		**-**	1,032,165
Changes in working capital:			
Due from a shareholder	18.1	**55,696,619**	(45,431,657)
Due to a shareholder	18.2	**(11,101,993)**	26,425,418
Due from fellow subsidiaries	19.1	**13,148,306**	(21,394,001)
Due to fellow subsidiaries	19.2	**(10,180,985)**	109,533,793
Advances and prepayments	20	**12,704,218**	(288,625)
Inventories	21	**73,960,220**	(134,670,594)
Trade and other receivables	22	**(97,507,443)**	62,307,661
Trade and other payables	32	**286,616,807**	138,544,765
Accrued expenses	33	**(362,938,798)**	238,092,637
Net cash generated from operations		**259,655,611**	605,274,626
Finance cost paid		**(489,269,835)**	(245,247,971)
Zakat paid	15.3	**-**	(18,667,356)
Employees' termination benefits paid	30.1	**(6,895,499)**	(2,138,732)
Payment for net settlement of interest rate swap		**43,822,997**	(15,607,663)
Net cash (utilized in) generated from operating activities		**(192,686,726)**	323,612,904
Investing activities			
Additions to mine properties		**(52,000)**	(2,376,529)
Additions to capital work-in-progress	13	**(126,378,867)**	(82,739,583)
Time deposit	23	**(2,138,120)**	-
Movement in restricted cash	24	**3,040,869**	281,724
Net cash utilized in investing activities		**(125,528,118)**	(84,834,388)
Financing activities			
Repayment of long-term borrowings	27.2	**(319,065,246)**	(851,953,825)
Working Capital withdrawn		**403,306,250**	
Repayment of principal portion of lease liabilities		**(17,528,267)**	(21,351,719)
Net cash generated from / (utilized in) financing activities		**66,712,737**	(873,305,544)
Net change in cash and cash equivalents		**(251,502,107)**	(634,527,028)
Unrestricted cash and cash equivalents at the beginning of the year	24	**482,760,672**	1,117,287,700
Unrestricted cash and cash equivalents at the end of the year	24	**231,258,565**	482,760,672

(All amounts in Saudi Riyals unless otherwise stated)

Continue statement of cash flows

Non-cash flow transactions	**Notes**	**Year end 31 December 2023**	**Year end 31 December 2022**
Adjustment/Transfer to mine properties and property, plant and equipment from capital work-in-progress	11,13	**118,786,400**	111,809,925
Terminated / expired leases	29	**-**	(1,703,071)
Adjustment/Transfer to intangible assets from capital work-in-progress	14	**232,319**	10,537,735
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	13,8	**3,739,574**	5,304,134
Adjustment to the decommissioning, site rehabilitation and dismantling obligations	28	**205,367,820**	(140,221,640)

1 General information

Ma'aden Bauxite and Alumina Company (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration ("CR") number 2055012955 dated 18th of Safar 1432H (corresponding to 22 January 2011), and a branch CR number 1131037372 dated 12th of Thul Qa'adah 1432H (Corresponding to 10 October 2011) with an authorized share capital of Saudi Arabian Riyals ("SAR") 5,100,000,000 comprising 510,000,000 ordinary shares at a nominal value of SAR 10 each (Note 25.1).

The Company is owned:

- Saudi Arabian shareholder
  74.9% by Saudi Arabian Mining Company ("Ma'aden") the parent Company and a
- Foreign shareholder
  25.1% by AWA Saudi Limited ("AWA"), which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party.

The objectives of the Company are to mine and refine bauxite and produce and sell alumina.

The Company has started its initial production as part of its commissioning activities in the fourth quarter of 2014. The Company has declared achieving commercial production on 1 October 2016.

Pursuant to a shareholders' agreement, the shareholders have agreed to fund the Company as required. The Company has also arranged financing facilities as described in Note 27.

At 31 December 2023, the Company's current liabilities exceeded its current assets by Saudi Riyals 803.4 million. The management believes that the liquidity position of the Company will improve in the next 12 months and beyond based on the following:

- the Company, based on the five year approved business plan, expects to generate sufficient cash flows in the next 12 months to cover the shortfall. Moreover, management has taken the initiatives to improve the Company's working capital cycle and has forecasted significant positive operating cash flows in its business plan for the next five years based on the realistic prices, cost and production assumptions which are aligned with the Company's historical performance. Moreover, historically the Company has generated significant operating cash flows and has always settled its current liabilities within the credit period of 60 days;
- the shareholder and related parties have confirmed that the balance due to them as of 31 December 2023 will only be demanded after considering the liquidity position of the Company; and
- Subsequently on 4 January 2024, the management has agreed with a commercial bank to reschedule the payment of SAR 403 million to be after 5 years (2029) which was initially due in January 2024.

Based on the above, management believes that the Company will be able to repay its liabilities for the next twelve months as they become due, in the normal course of business. Accordingly, these financial statements have been prepared under the going concern basis.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These financial statements have been prepared on the historical cost basis except where IFRS requires other measurement basis as disclosed in the applicable accounting policies in Note 3 – Summary of material accounting policies.

These financial statements are presented in SAR which is the reporting currency of the Company.

New IFRS standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published by the IASB that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2 Basis of preparation (continued)

New and amended IFRS standards adopted by the Company

The Company has adopted the following standards and amendments, that is 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 Company's 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 Company's consolidated financial statements.

3 Summary of material accounting policies

Summary of material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

3.1 Foreign currency translation

Foreign currency transactions are translated into SAR at the spot rates of exchange prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into SAR at the spot exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

3.2 Revenue recognition

Revenue comprises of sales of alumina and is measured based on the considerations specified in contracts with customers. Revenue is recognized either at a point in time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

Interest income on time deposits is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

3.3 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.4 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales of the Company. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

3 Summary of material accounting policies (continued)

3.5 Mine properties and property, plant and equipment

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 the mine, in which case the straight-line method is applied.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilization or to throughput rather than production, are depreciated at varying rates on a straight-line basis over their economic useful lives or the life-of-mine ("LOM"), whichever is the shorter.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition and development of the assets and includes:

- the purchase price
- costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of any mine closure, rehabilitation and decommissioning obligation and
- for qualifying assets, that take a substantial period to get ready for their intended use, the applicable borrowing costs.

Depreciation is charged to the 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**
Land and buildings	25 – 50
Plant and equipment	10 – 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the 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 statement of profit or loss.

Borrowing costs related to qualifying assets that take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the qualifying assets until substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

Capital spare parts are treated as property, plant and equipment when they can be used only in connection with an item of property, plant and equipment and are expected to have a service life period of more than one year. Depreciation of capital spare parts is based on the shorter of the expected useful life of the spare part while in use, or the useful life of the larger asset to which it relates.

Exploration and evaluation assets

Exploration expenditures relates 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

3 Summary of material accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Evaluation expenditure 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 feasibilities studies.

All exploration and evaluation costs are expensed until a 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 expenditure.

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 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 accumulated impairment. 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 asset 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 and reversal of impairment on exploration and evaluation assets.

3 Summary of material accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

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".

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".

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the statement of cash flows.

Stripping activity asset and stripping activity expense

The Company incurs stripping (waste removal) costs during the development and production stage of its open pit mining operations.

Stripping costs incurred during the development stage of an open pit mine, in order to access ore deposits, are capitalized prior to the commencement of commercial production. Such costs are then amortized over the remaining life of the component of the ore body (for which access has improved) using the UOP method over economically recoverable proven and probable reserves.

Stripping activities during the production phase generally create two types of benefits, being as follows:

- production of inventory or
- improved access to the ore to be mined in the future.

Where the benefits are realized in the form of inventory produced during the period end 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 ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a 'Stripping activity asset', if all the following criteria 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 access will be 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 criteria are not met, the production stripping costs are charged to the 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 asset, being either a tangible or an intangible asset (based upon the nature of existing asset) in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value of cash generating unit may not be recoverable.

The stripping activity asset is subsequently amortized to cost of sales 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 amortization and any impairment losses.

3 Summary of material accounting policies (continued)

3.6 Right of use assets and lease liabilities

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes 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 Company recognizes 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 (RoU)

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related RoU asset, unless those costs are incurred to produce inventories.

RoU assets are depreciated over the shorter period of lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Company expects to exercise a purchase option, the related RoU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The RoU assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 Impairment of Assets to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in Note 3.9.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the RoU asset. The related payments are 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 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 Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related 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 liabilities are 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 liabilities are 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 liabilities are remeasured by discounting the revised lease payments using a revised discount rate.

3 Summary of material accounting policies (continued)

3.7 Capital work-in-progress

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in 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.

3.8 Intangible assets

Internally generated intangibles, excluding capitalized development costs, are not capitalized. Instead, the related expenditure is recognized in the 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 on intangible assets with finite lives is recognized in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortizes intangible assets with a limited economic useful life using the straight-line method over ten years.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually, or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from 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 statement of profit or loss when the asset is derecognized.

3.9 Asset impairment

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment 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 Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the statement of profit or loss.

3 Summary of material accounting policies (continued)

3.9 Asset impairment (continued)

Assets or CGUs (other than the goodwill component) for which an impairment loss had been previously recorded, could reverse the impairment loss allocated if, and only if, there has been a change in the estimates used to determine the asset / 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 statement of profit or loss.

3.10 Employees' home owners program receivable

The Company has established an employees' home owners program (HOP) that offer 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 upon completion of full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners' 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.

3.11 Inventories

Finished goods

Saleable finished goods are measured at the lower of unit cost of production or net realizable value. Cost of saleable finished goods is determined by using the unit cost of production for the period. The unit cost of production is determined as the total cost of production divided by the saleable unit output.

Production costs include:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore and the Amortization of any deferred stripping assets,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- direct production overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Work-in-process

The cost of work-in-process is determined using unit cost of production for the period based on percentage of completion at the applicable stage, based on the estimated recoverable content:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore and production activities,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore, and the Amortization of any deferred stripping assets 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.

3 Summary of material accounting policies (continued)

3.11 Inventories (continued)

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. Cost of ore stockpile is determined by using the weighted-average 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 or 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 or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow-moving items, if any, is estimated at each reporting date.

Net realizable value is the estimated selling price less selling expenses.

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

Net realizable value is the estimated selling price less selling expenses.

3.12 Trade and other receivables

The Company assesses on a forward-looking basis the allowance for doubtful debts using an expected credit losses (ECL) approach over the lifetime of the assets. Such allowances for doubtful debt are charged to the statement of profit or loss and reported under "General and administrative expenses".

When a trade and other receivable is uncollectible, it is written-off against the allowance for doubtful debts in the statement of profit or loss. When a subsequent event causes the amount of allowance for doubtful debt to decrease, the decrease in the allowance for doubtful debt is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

3.13 Time deposits

Time deposits include placements with banks and other short term highly liquid instruments, with original maturities of more than 3 months but not more than one year from the date of acquisition. Term 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 credit risk of the counter party.

3.14 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash and cash equivalents is related to employees' savings plan obligation.

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities

The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. The Company recognizes all of its contractual rights and obligations under derivatives in its statement of financial position as assets and liabilities.

Derivative instruments

The Company utilizes derivative instruments to manage certain market risk exposures. The Company does not use derivative financial instruments for speculative purposes, however, it may choose not to designate certain derivatives as hedges for accounting purposes.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Interest rate swaps and cash flow hedges

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 exchange rates. The Saudi Riyal is pegged at SAR 3.75: USD 1, therefore the Company is not exposed to any risks from USD denominated financial instruments.

The Company's transactions are principally in SAR and US Dollars. Virtually all commodity sales contracts with customers and are USD priced and equally so is the bulk of the procurement and capital expenditure contracts.

The Company does not use forward exchange contracts.

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces. The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Financial assets

The Company's principal financial assets include:

- due from fellow subsidiaries
- due from a shareholder
- derivative financial instruments
- trade and other receivable excluding pre-payments and zakat / tax receivable (Accounting policy 3.12)
- time deposits (Accounting policy 3.13)
- cash and cash equivalents (Accounting policy 3.14)

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial assets (continued)

Initial recognition 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 at transaction price.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

Subsequently, financial assets are carried at fair value or at amortized cost less impairment.

Classification of financial assets

Financial assets are classified one of the following three categories, based on the business model in which the financial asset and its contractual cash flow characteristics are managed:

- measured at amortized cost ("AC")
- fair value through profit or loss ("FVTPL") and
- fair value through other comprehensive income ("FVOCI")

Impairment and uncollectibility of financial assets

At each reporting date, the Company measures the loss allowance for a financial asset (using the expected credit loss model) at an amount equal to the lifetime expected credit losses, if the credit risk on that financial asset has increased significantly since initial recognition.

However, if at the reporting date, the credit risk on that financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Regardless of the change in credit risk, loss allowances on trade receivables 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 statement of profit or loss.

De-recognition of financial assets

The Company derecognizes financial assets only when the contractual rights to receive cash flows from the financial assets expire or when it transfers the financial assets and substantially all the risks and rewards of ownership to another entity.

Gains and losses on de-recognition are generally recognized in the statements of profit or loss.

Financial liabilities

The Company's principal financial liabilities comprise of
- due to fellow subsidiaries
- due to a shareholder
- long -term borrowings (Accounting policy 3.16)
- trade and other payables and accrued expenses (Accounting policy 3.20)

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial liabilities (continued)

Initial recognition of financial liabilities

Financial liabilities are initially recognized at fair value of 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 effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the separate statement of profit or loss over the period of long-term borrowings using effective interest rate method.

Classification of financial liabilities

Financial liabilities are classified as 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.

De-recognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of profit or loss.

Long-term borrowings are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss as other income or finance cost.

Offsetting a financial asset and a financial liability

A financial asset and liability is offset and net amount reported in the financial statements, when the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

3.16 Long-term borrowings

Long-term borrowings are initially recognized at the fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the redemption amount is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of 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.

3 Summary of material accounting policies (continued)

3.16 Long-term borrowings (continued)

Borrowings are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred in the statement of profit or loss.

3.17 Provisions

Provisions are recognized when the Company has:

- a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of economic resources will be required to settle the obligation in the future and
- the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance costs in the statement of profit or loss.

3.18 Provision for decommissioning, site rehabilitation and dismantling obligations

The mining, extraction and processing activities of the Company normally give rise to obligations for mine closure decommissioning, site rehabilitation and plant dismantling (collectively referred to as "decommissioning site rehabilitation and dismantling obligations"). Decommissioning and site restoration work can include facility decommissioning and dismantling of plant and buildings; removal or treatment of waste materials, site and land rehabilitation. The extent of the work required and the associated costs are dependent on the requirements of current laws and regulations work.

The full estimated cost is discounted to its present value and capitalized as part of "Mining properties" and once commercial production is achieved, it is then depreciated as an expense over the expected life-of-mine using UOP method.

Costs included in the provision includes all decommissioning obligations expected to occur over the life-of-mine and at the time of closure in connection with the mining activities being undertaken at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual decommissioning expenditure is dependent upon a number of factors such as:

- the life-of-mine,
- developments in technology,
- the operating license conditions,
- the environment in which the mine operates and
- changes in economic sustainability.

3 Summary of material accounting policies (continued)

3.18 Provision for decommissioning, site rehabilitation and dismantling obligations (continued)

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase or decrease in liability and a corresponding increase or decrease in the mine 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.

3.19 Employees' benefits

Employees' savings plan program

In accordance with Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation, approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to 19 July 1999), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Company to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Company.

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SAR 300 per month.

This is a defined contribution plan, where the Company will contribute an amount equaling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Company's portion is charged to statement of profit or loss on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

Other short-term obligations

Liabilities for wages and salaries, including non-monetary benefits 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 statement of financial position.

Furniture loan

The Company 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 statement of financial position in respect of the defined employees' end of service termination benefits plan, is the present value of the defined benefits obligation at the end of the reporting period. The defined 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 defined benefit obligation by discounting the estimated future cash outflows.

3 Summary of material accounting policies (continued)

3.19 Employees' benefits (continued)

Employees' end-of-service termination benefits obligation (continued)

The net finance cost is calculated by applying the discount rate to the net balance of the defined benefits obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in shareholders' equity and in the statement of financial position.

Changes in the present value of the defined benefits obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

3.20 Trade and other payables and accrued expenses

Liabilities in respect of trade and other payables are recognized as amounts to be paid for goods and services received. The amount recognized is discounted to the present value of the future obligations using the Company's incremental borrowing rate; unless they are due in less than one year.
Liabilities in respect of other payables are recognized at amounts to be paid for goods and services received.

3.21 Zakat, income tax, withholding tax and deferred tax

The Company is subject to zakat for Saudi shareholders and income tax for foreign shareholders in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"). A provision for zakat and income tax for the Company is charged to the statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

The income tax includes the current tax and deferred tax charge recognized in the statement of profit of loss.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to shareholders' equity.

Further, the amounts for zakat and income tax expense for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

3 Summary of material accounting policies (continued)

3.22 Severance fees

Effective from 1 January 2021 onwards, as per Article No.111 of the Saudi Mining Investment Code issued based on the Royal Decree No. 140/M dated 19 Shawwal 1441H (corresponding to 11 September 2020), the Company is required to pay to the Government of Saudi Arabia severance fee representing equivalent of 20% of hypothetical income in addition to a specified percentage of the net value of the minerals upon extraction. This supersedes the Royal Decree No. 47/M dated 20 Sha'aban 1425H (corresponding to 4 October 2004), which required the Company to pay to the Government of Saudi Arabia severance fee representing 25% of the annual net income per mining license or the equivalent of 20% of hypothetical income, whichever was lower. The Zakat due shall be deducted from gross severance fee and the net severance fee amount is shown as part of cost of sales in the statement of profit or loss (Notes 6 and 16).

4 Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS and other standards and pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accounting disclosures, and the disclosures of contingent liabilities at the date of the financial statements.

Estimates and assumptions are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

4.1 Critical accounting judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts realized in the financial statements:

- right-of-use assets and lease liabilities; and
- stripping cost

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company'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 Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

4 Critical accounting judgments, estimates and assumptions (continued)

4.1 Critical accounting judgements in applying accounting standards (continued)

Stripping costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Once the Company has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations.

An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan.

The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Company considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

4.2 Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

- impairment and the reversal of impairment;
- economic useful lives of mine properties, property, plant and equipment;
- zakat and income taxes;
- Mineral resource and ore reserve estimates;
- mine decommissioning obligation;
- allowances for obsolete and slow-moving spare parts and consumable materials; and
- contingencies

Impairment and the reversal of impairment

The Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets are impaired or whether there is any indicator that an impairment loss recognized in previous years may no longer exist or may have decreased.

Economic useful lives of mine properties, property, plant and equipment

The Company'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, 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.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.2 Key sources of estimation uncertainty (continued)

Economic useful lives of mine properties, property, plant and equipment (continued)

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.

The Company's assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their estimated economic useful lives.

The economic useful lives of property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

Zakat and income taxes

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. No zakat assessments were finalized by the ZATCA and where the final zakat outcome of an assessment is different from the amounts that were initially recorded, such differences will impact and be recorded in the zakat provisions in the period in which such determinations are made.

Mineral resource and ore reserve estimates

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. Further, the quantity of ore reserves and mineral resources may vary depending on, amongst other things, metal prices and currency exchange rates.

The ore reserve estimates of the Company have been determined based on long-term commodity price and forecasts 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 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 Company's ability to extract these ore reserves, could have a material adverse effect on the Company's business, prospects, financial condition and operating results.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.2 Key sources of estimation uncertainty (continued)

Mine decommissioning obligation

The Company's mining and exploration activities are subject to various environmental laws and regulations. The Company estimates environmental obligations based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, terms of the license agreements and engineering estimates. Provision is made for decommissioning as soon as the obligation arises. Actual costs incurred in future years could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations and life-of-mine estimates could affect the carrying amount of this provision.

Allowances for obsolete and slow-moving spare parts and consumable materials

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date (Note 21.1).

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 judgement and estimates of the outcome of future events.

Changes in accounting estimate

As part of the Company'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 Company's business and industry, the Company 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) Decommissioning, site rehabilitation and dismantling obligations; and
b) Economic useful lives and residual values of mine properties and property, plant and equipment.

Impact of change in estimate of useful lives and residual values

As a result, during the year, the Company 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 Company for the year ended 31 December 2023 decreased by SAR 58.6 million and carrying amounts of mine properties and property, plant and equipment has increased by SAR 58.6 million, as compared to what it would have been using the previous estimates of useful lives and residual values.

Recognition of additional provision for site rehabilitation and dismantling for its mining and non-mining plants

As a result of recent developments in economic and legal environment where the Company operates, during 2023, the Company reassessed and identified a legal obligation to dismantle its plants and processing facilities related to its operational mining and non-mining properties where there was no contractual obligation based on the Company's underlying lease arrangements. This reassessment was concluded during the quarter ended 31 December 2023 and has resulted in the following impact:

i) additional provision of SAR 254 million for plant dismantling and site rehabilitation,
ii) increase in depreciation expense of SAR 2.5 million, and
iii) increase in finance cost of SAR 4.7 million.

(All amounts in Saudi Riyals unless otherwise stated)

5 Sales

	Note	Year end 31 December 2023	Year end 31 December 2022
Domestic sales to Ma'aden Aluminium Company ("MAC")	34.1	**1,718,078,722**	2,061,254,688
Sales to third parties		**711,227,284**	301,513,644
Total		**2,429,306,006**	2,362,768,332

6 Cost of sales

	Notes	Year end 31 December 2023	Year end 31 December 2022
Salaries and staff related benefits		**324,913,532**	307,152,847
Contracted services		**280,119,362**	261,588,836
Repair and maintenance		**3,165,001**	3,549,408
Raw materials and utilities consumed		**821,381,103**	1,204,371,374
Consumables		**212,968,128**	119,732,013
Overheads		**312,179,976**	319,310,954
Allowance for slow moving spare parts and consumable materials	21.1	**-**	7,622,797
Severance fee	16	**-**	13,974,533
Total cash operating costs		**1,954,727,102**	2,237,302,762
Depreciation mine properties	10	**52,590,968**	57,793,036
Depreciation property, plant and equipment	11	**423,629,203**	437,235,683
Depreciation – right-of-use assets	12	**23,128,318**	23,054,173
Amortization	14	**4,700,622**	4,586,910
Total operating costs		**2,458,776,213**	2,759,972,564
Change in inventory	21	**108,237,524**	(84,905,987)
Total		**2,567,013,737**	2,675,066,577

7 General and administrative expenses

	Year end 31 December 2023	Year end 31 December 2022
Salaries and staff related benefits	**10,435,334**	6,823,829
Contracted services	**44,401,416**	38,049,543
Consumables	**553,845**	133,946
Overheads	**34,095,095**	31,747,990
Total	**89,485,690**	76,755,308

(All amounts in Saudi Riyals unless otherwise stated)

8 Finance cost

	Notes	Year end 31-December 2023	Year end 31-December 2022
Public Investment Fund		**180,804,744**	85,523,018
Riyal Wakala		**14,358,496**	7,539,651
Riyal Murabaha		**29,528,999**	10,976,695
Murabaha Riyal Tranche A		**129,226,790**	72,936,633
Murabaha Riyal Tranche B		**107,802,918**	56,716,287
Others		**14,749,158**	1,537,883
Sub-total		**476,471,105**	235,230,167
Accretion of lease liabilities	30.2	**10,533,227**	11,222,276
Amortization of transaction cost	28.2	**13,688,058**	13,723,797
Plant dismantling	29	**4,680,009**	-
Accretion of provision for mine closure and reclamation	28	**3,114,643**	3,565,542
Accretion of provision for employees' termination benefits obligation	31.1	**3,376,391**	1,580,756
Accrual of derivative interest	32	**(39,806,468)**	11,591,134
Sub-total		**472,056,965**	276,913,672
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress	13	**(3,739,574)**	(5,304,134)
Total		**468,317,391**	271,609,538

9 Other (expense) / income, net

	Note	Year end 31-December 2023	Year end 31-December 2022
Foreign exchange gains, net	38.1.1	**1,177,801**	333,784
Others, net		**(1,448,040)**	2,052,540
Total		**(270,239)**	2,386,324

(All amounts in Saudi Riyals unless otherwise stated)

10 Mine properties

	Notes	Mine closure and rehabilitation provision*	Plant and equipment	Land and buildings	Motor vehicles	Office equipment	Stripping activity asset	Mining capital work-in-progress	Total
Cost									
1 January 2022		178,633,126	520,085,844	962,389,383	832,682	6,707,050	3,097,752	514,242	1,672,260,079
Additions		-	-	-	-	-	-	2,376,529	2,376,529
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations		(140,221,640)	-	-	-	-	-	-	(140,221,640)
Adjustments		-	3,097,752	(3,097,752)	-	-	-	-	-
31 December 2022		38,411,486	523,183,596	959,291,631	832,682	6,707,050	3,097,752	2,890,771	1,534,414,968
Transfer from capital work-in-progress		-	52,000	-	-	-	-	(130,200)	(78,200)
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations	28	205,367,820	-	-	-	-	-	-	205,367,820
Plant dismantling obligation*	29	27,837,357	-	-	-		-	-	27,837,357
31 December 2023		**271,616,663**	**523,235,596**	**959,291,631**	**832,682**	**6,707,050**	**3,097,752**	**2,760,571**	**1,767,541,945**
Accumulated depreciation									
1 January 2022		(11,629,816)	(155,238,234)	(157,076,918)	(832,682)	(3,883,648)	(746,512)	-	(329,407,810)
Charge for the year	6	(2,783,687)	(23,639,477)	(30,775,472)	-	(594,400)	-	-	(57,793,036)
Adjustment		-	(855,355)	3,206,595	-	-	(2,351,240)	-	-
31 December 2022		(14,413,503)	(179,733,066)	(184,645,795)	(832,682)	(4,478,048)	(3,097,752)	-	(387,200,846)
Charge for the period	6	(1,434,261)	(31,496,340)	(19,214,566)	-	(445,801)	-	-	(52,590,968)
31 December 2023		**(15,847,764)**	**(211,229,406)**	**(203,860,361)**	**(832,682)**	**(4,923,849)**	**(3,097,752)**	**-**	**(439,791,814)**
Net book value as at									
31 December 2022		23,997,983	343,450,530	774,645,836	-	2,229,002	-	2,890,771	1,147,214,122
31 December 2023		**255,768,899**	**312,006,190**	**755,431,270**	**-**	**1,783,201**	**-**	**2,760,571**	**1,327,750,131**

During the year, the Company has reassessed and revised economic useful lives and residual values of its mine properties. See Note 4.2 "Changes in accounting estimates".

(All amounts in Saudi Riyals unless otherwise stated)

11 Property, plant and equipment

	Notes	Plant dismantling obligation*	Land & Buildings	Plant & Equipment	Office equipment	Furniture & fittings	Motor Vehicles	Total
Cost								
1 January 2022		-	5,745,065,390	6,050,880,623	13,745,005	100,517	6,012,683	11,815,804,218
Transfer from capital work-in-progress	13	-	111,809,925	-	-	-	-	111,809,925
Adjustments			3,417,347	(47,403)	(3,463,977)	94,033	-	-
31 December 2022		-	5,860,292,662	6,050,833,220	10,281,028	194,550	6,012,683	11,927,614,143
Transfer from capital work-in-progress		-	1,025,492	117,540,309	168,599	-	-	118,734,400
Plant dismantling obligation*	29	226,128,045	-	-	-	-	-	226,128,045
31 December 2023		**226,128,045**	**5,861,318,154**	**6,168,373,529**	**10,449,627**	**194,550**	**6,012,683**	**12,272,476,588**
Accumulated depreciation								
1 January 2022		-	(884,279,901)	(1,355,933,074)	(4,556,535)	(100,517)	(6,012,683)	(2,250,882,710)
Charge for the period	6	-	(177,553,005)	(258,785,366)	(877,857)	(19,455)	-	(437,235,683)
Adjustments		-	-	33,850	(33,850)	-	-	-
31 December 2022		-	(1,061,832,906)	(1,614,684,590)	(5,468,242)	(119,972)	(6,012,683)	(2,688,118,393)
Charge for the period		(2,304,530)	(174,221,747)	(246,384,393)	(703,942)	(14,591)	-	(423,629,203)
31 December 2023		**(2,304,530)**	**(1,236,054,653)**	**(1,861,068,983)**	**(6,172,184)**	**(134,563)**	**(6,012,683)**	**(3,111,747,596)**
Net book value								
31 December 2022		-	4,798,459,756	4,436,148,630	4,812,786	74,578	-	9,239,495,750
31 December 2023		**223,823,515**	**4,625,263,501**	**4,307,304,546**	**4,277,443**	**59,987**	**-**	**9,160,728,992**

During the year, the Company has reassessed and revised economic useful lives and residual values of its property, plant and equipment. See Note 4.2 "Changes in accounting estimates".

(All amounts in Saudi Riyals unless otherwise stated)

12 Right-of-use assets

	Notes	Motor vehicles	Land and buildings*	Total
Cost				
1 January 2023		17,054,183	324,913,454	341,967,637
Expired / terminated leases		(9,227,054)	-	(9,227,054)
31 December 2022		7,827,129	324,913,454	332,740,583
Additions		316,342	-	316,342
31 December 2023		**8,143,471**	**324,913,454**	**333,056,925**
Accumulated depreciation				
1 January 2023		(9,198,959)	(62,886,474)	(72,085,433)
Charge for the period	6	(2,092,015)	(20,962,158)	(23,054,173)
Expired / terminated leases		6,577,175	-	6,577,175
31 December 2022		(4,713,799)	(83,848,632)	(88,562,431)
Charge for the period		(2,166,160)	(20,962,158)	(23,128,318)
Expired / terminated leases				-
31 December 2023		**(6,879,959)**	**(104,810,790)**	**(111,690,749)**
Net book value				
31 December 2022		3,113,330	241,064,822	244,178,152
31 December 2023		**1,263,512**	**220,102,664**	**221,366,176**

For short-term leases (a lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other cost of sales in the statement of profit or loss and other comprehensive income.

* During the year, the Company has presented the asset category "Use of industrial land" as "Land and buildings" to achieve better and uniform presentation.

The Company has used practical expedient available in IFRS 16 – Leases for short-term leases and leases of low-value assets. These are recognized on a straight-line basis as an expense in statement of profit or loss and other comprehensive income amounted to SAR 13,702,816 for the period ended 31 December 2023 (31 December 2022: SAR 13,685,546).

13 Capital work-in-progress

	Notes	Refinery
1 January 2022		250,552,932
Additions/Reversal, net		88,043,717
Transfer to property, plant and equipment	11	(111,809,925)
Transfer to intangible Assets		(10,537,735)
31 December 2022		216,248,989
Additions/Reversal, net		130,118,441
Transfer to mine properties and property, plant and equipment	10,11	(118,786,400)
Transfer to intangible Assets		(232,319)
31 December 2023		**227,348,711**

The Company has capitalized as part of capital work-in-progress the following:

	Note	Year end 31 December 2023	Year end 31 December 2022
Borrowing cost attributable to qualifying assets	8	**3,739,574**	5,304,134
Capitalization rate		**6.64%**	6.33%

The capitalization rate used is the weighted average interest rate applicable for the entity's general borrowings as of year-end.

(All amounts in Saudi Riyals unless otherwise stated)

14 Intangible assets

	Notes	Software
Cost		
1 January 2022		36,449,137
Transfer from capital work-in-progress		10,537,735
31 December 2022		46,986,872
Transfer from capital work-in-progress		232,319
31 December 2023		**47,219,191**
Accumulated amortization		
1 January 2022		(26,564,076)
Charge for the remainder of the year	6	(4,586,910)
31 December 2022		(31,150,986)
Charge for the period	6	(4,700,622)
31 December 2023		**(35,851,608)**
Net book value		
31 December 2022		15,835,886
31 December 2023		**11,367,583**

15 Zakat, severance fee and income taxes

	Notes	Year end 31 December 2023	Year end 31 December 2022
Zakat payable	15.3	**16,758,098**	8,080,198
Income tax payable		**-**	-
Total		**16,758,098**	8,080,198

15.1 Components of zakat base

The significant components of the zakat base for the Company attributable to the Saudi Arabian shareholders in proportion with their direct shareholding of 74.9% (Notes 1 and 25), under the zakat and the income tax regulations, are:

	Notes	31 December 2023	31 December 2022
Shareholders' equity at the beginning of the year		**3,164,459,051**	3,651,631,000
Provisions at the beginning of the year		**111,037,924**	207,565,092
Long-term borrowings	26.2	**4,811,669,575**	4,738,239,036
Project payables and accruals		**10,990,791**	13,668,877
Lease liabilities and right-of-use assets, net	12, 28	**24,171,468**	20,247,793
Provision for decommissioning, site rehabilitation and dismantling obligations	28	**344,040,583**	(105,026,008)
Other		**19,508,422**	10,817,280
Sub-total		**8,485,877,814**	8,537,143,070
Mine properties, property, plant and equipment and Intangible assets	10,11, 14	**(7,862,317,515)**	(7,789,341,585)
Capital work-in-progress	13	**(172,351,852)**	(164,135,680)
Spare parts and consumables	20	**(215,562,691)**	(178,867,951)
Employees' home owners program receivable, non-current portion	16	**(15,157,180)**	(25,387,342)
Others		**(4,192,648)**	(1,275,138)
Net Zakat base for the year		**216,295,928**	378,135,374
Zakat due at 2.578% on Zakat base for 2023 (2022: Zakat due at 2.578%)		**5,576,109**	9,748,330
Zakat Calculation based on adjusted net loss:			
Adjusted net (loss) for the year	15.2	**(487,087,588)**	(464,971,653)
Zakat rate applicable to the Company		**2.50%**	2.50%
Zakat due at 2.5% on adjusted net loss for the year		**(12,177,190)**	(11,624,291)
Net Zakat due on zakat base and on adjusted net loss	15.3	**(6,601,081)**	(1,875,961)

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat, severance fee and income taxes (continued)

15.2 Adjusted losses calculation for zakat provision

	Notes	31 December 2023	31 December 2022
Accounting loss for the year		**(679,514,079)**	(638,252,801)
Add/less: Disallowable expenses			
Depreciation – right-of-use assets	12	**23,128,318**	23,054,173
Provision for employees' end of service termination benefits	28.1	**11,788,030**	8,588,613
Allowance for slow moving spare parts and consumable materials	20.1	**-**	7,622,797
Accretion of provision for mine closure and reclamation	8	**-**	3,565,542
Accretion of plant dismantling cost	8	**7,794,652**	-
Accretion of lease liabilities	8	**10,533,227**	11,222,276
Sub-total		**(626,269,852)**	(584,199,400)
Less:			
Net accrual for settlement of derivative interest	31	**4,016,529**	(4,016,529)
Repayment of lease liabilities during the year	30.1	**(28,063,884)**	(32,573,995)
Adjusted loss for zakat calculations		**(650,317,207)**	(620,789,924)
Add/less adjustment for tax calculation:			
Depreciation differential		**(101,973,419)**	(142,314,509)
Payments of employees' end of service termination benefits	29.1	**(6,895,499)**	(2,138,732)
Interest charges in excess of the allowable limit		**486,419,590**	243,649,830
Adjusted loss for Tax calculations		**(272,766,535)**	(521,593,335)
Allocation of adjusted loss:			
Saudi Arabian shareholder (74.9%)	15.1	**(487,087,588)**	(464,971,653)
Foreign shareholder (25.1%)	15.4	**(68,464,400)**	(130,919,927)

The ZATCA and Ministry of Finance issued MR no. 2216 dated 7/7/1440H, for the new zakat and income tax regulations and became effective from 1 January 2019.

15.3 Zakat payable attributable to Saudi Arabian shareholders

	Note	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**8,080,198**	19,309,4455
Provision for zakat		**8,677,900**	7,438,109
Paid during the year		**-**	(18,667,356)
31 December	15	**16,758,098**	8,080,198

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat, severance fee and income taxes (continued)

15.4 Income tax payable attributable to foreign shareholder

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income. During the year ended 31 December 2023, no provision for income tax has been recorded by the Company due to adjusted net loss for such years.

	Notes	31 December 2023	31 December 2022
Adjusted loss for tax calculations	15.2	**(272,766,535)**	(521,632,970)
Foreign shareholders' 25.1% proportionate share		**25.1%**	25.10%
Taxable loss on foreign shareholder	15.2	**(68,464,400)**	(130,929,875)
Income tax rate applicable to the Company		**20%**	20%
Income tax provision for the year		**-**	-

15.5 Income tax expense

	Notes	31 December 2023	31 December 2022
Deferred tax credit, net		**9,820,362**	21,511,008
Credit to profit or loss arising from deferred tax asset	16.1	**12,992,563**	28,877,693
Charge to profit or loss arising from deferred tax liabilities	16.2	**(3,172,201)**	(7,366,685)
Total income tax credit		**9,820,362**	21,511,008

	31 December 2023	31 December 2022
Accounting loss for the year	**(679,514,079)**	(638,252,801)
Income tax rate applicable to the Company	**20%**	20%
Foreign shareholders' 25.1% proportionate share of the year accounting loss	**(170,558,034)**	(160,201,453)
Income tax on foreign shareholder	**(34,111,607)**	(32,040,291)
Tax effect of expenses disallowed (includes temporary differences, depreciation differential)	**(17,722,675)**	(6,153,375)
Tax effect of permanent differences	**61,654,644**	59,704,674
Income tax credited for the year	**9,820,362**	21,511,008

15.6 Status of final certificate and assessments

During 2020, the Zakat, Tax and Customs Authority ("ZATCA") issued zakat assessments for the years 2015, 2016 and 2018 amounting to Saudi Riyals 37 million. The Company accepted an assessment of Saudi Riyals 0.2 million and filed an appeal with ZATCA against the remaining assessments of Saudi Riyals 36.8 million. During 2021, ZATCA issued revised assessments for the years 2015, 2016 and 2018 amounting to Saudi Riyals 34.1 million. The Company filed an appeal against the revised assessments with the General Secretariat of Tax Committees ("GSTC"). During 2022, GSTC issued revised assessments for the years 2015, 2016 and 2018 amounting to Saudi Riyals 5.3 million where the Company recognized additional zakat provision amounting to Saudi Riyals 0.4 million and filed an appeal against the revised assessment with the GSTC which is still pending its review.

Further, during 2022, the Company recognized uncertain tax provision of Saudi Riyals 9.5 million for the years 2019 through 2022 based on the zakat and income tax assessment received for the years 2015, 2016 and 2018. During 2023, the Company recognized additional uncertain tax provision of Saudi Riyals 8.7 million for the years 2019 through 2022.

Based on the Company's assessment, it is not anticipated that any material liabilities, other than currently recognized, will be incurred as a result of outstanding assessments.

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat, severance fee and income taxes (continued)

15.7 Severance fees payable

	Notes	31 December 2023	31 December 2022
1 January		-	-
Provision for severance fee made during the year	6	-	13,974,533
Current charge for year		-	-
Provision for the prior year		-	13,974,533
Paid during the year		-	(13,974,533)
31 December		-	-

In accordance with the Mining Law, the Company 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 statement of profit of loss up to 31 December 2023.

During the year ended 31 December 2023, the Ministry shared new interpretations under the Mining Law which resulted in no additional severance fees charge relating to the year 2022. The Company has analyzed new interpretations to the Mining Law and have accounted for severance fees equivalent of 20% of hypothetical income net of proportionate zakat due to ZATCA under IAS 12 “Income Taxes” as it now falls under the scope of IAS 12. Accordingly, such component of severance fees along with the net deferred severance fee credit has been presented separately in the statement of profit or loss.

15.8 Severance fees expense / (income)

	Note	Year end 31 December 2023	Year end 31 December 2022
Provision Severance Fees		-	-
Less: Charged to cost of sales		-	-
Severance fees – Current	15.7	-	-
Deferred severance asset credited to income statement		**(375,144,141)**	-
Deferred severance liabilities debited to income statement		**62,391,517**	-
Net deferred severance fees impact		**(312,752,624)**	-
Total severance fee credit		**(312,752,624)**	-

(All amounts in Saudi Riyals unless otherwise stated)

16 Deferred Tax and severance fees

16.1 Deferred tax assets

The balance comprises temporary differences attributable to:

	31 December 2023	31 December 2022
Tax losses carried forward	**192,032,818**	179,050,339
Allowance for slow moving spare parts and consumable materials	**865,552**	865,552
Right of use assets	**1,586,250**	1,305,247
Employees' benefits	**4,136,210**	4,407,129
Total deferred tax assets	**198,620,830**	185,628,267

Movements	Note	Tax losses carried forward	Allowance for slow moving spare parts and Consumable materials	Right of use Assets	Employees' benefits	Total
1 January 2022		153,123,539	472,974	-	3,154,061	156,750,574
Credited to profit or loss for the remainder of the year	15.5	25,926,800	392,578	1,305,247	1,253,068	28,877,693
31 December 2022		179,050,339	865,552	1,305,247	4,407,129	185,628,267
Credited to profit or loss for the period	15.5	12,982,479	-	281,003	(270,919)	12,992,563
31 December 2023		**192,032,818**	**865,552**	**1,586,250**	**4,136,210**	**198,620,830**

16.2 Deferred severance assets

The balance comprises temporary differences attributable to:

	31 December 2023	31 December 2022
Tax losses carried forward	**326,832,804**	-
Mine decommissioning asset	**37,511,462**	-
Employees' benefits	**10,799,875**	-
Total deferred severance assets	**375,144,141**	-

Movements	Note	Tax losses carried forward	Mine decommissioning asset	Employee's benefits	Total
1 January 2022		-	-	-	-
Credited to profit or loss for the period	15.5	-	-	-	-
31 December 2022		-	-	-	-
Credited to profit or loss for the period	15.5	326,832,804	37,511,462	10,799,875	375,144,141
31 December 2023		**326,832,804**	**37,511,462**	**10,799,875**	**375,144,141**

(All amounts in Saudi Riyals unless otherwise stated)

16 Deferred Tax and severance fees (continued)

16.3 Deferred tax and severance liabilities

The balance comprises temporary differences attributable to:

	31 December 2023	31 December 2022
Mine properties, property, plant and equipment and intangible assets	**234,002,012**	230,829,811
Severance fee	**62,391,517**	-
Total	**296,393,529**	230,829,811

Movements	**Note**	**Mine properties, property, plant and equipment and intangible assets**	**Severance fee**
1 January 2022		**223,463,126**	-
Charged to profit or loss for the period	15.5	**7,366,685**	-
31 December 2022		**230,829,811**	-
Charged to profit or loss for the remainder of the year	15.5	**3,172,201**	62,391,517
31 December 2023		**234,002,012**	**62,391,517**

17 Employees' home owners program receivable

	31 December 2023	31 December 2022
1 January	**36,920,073**	39,859,642
Less: Employees' repayment during the year	**(13,931,719)**	(2,939,569)
	22,988,354	36,920,073
Less: Current portion of employees' home owners program receivable	**(2,751,798)**	(3,025,091)
Non-current portion of employees' home owners program receivable	**20,236,556**	33,894,982

(All amounts in Saudi Riyals unless otherwise stated)

18 Due from / (to) a shareholder

	Notes	31 December 2023	31 December 2022
18.1 Due from a shareholder			
Ma'aden	35.2, 39	**16,480,287**	72,176,906
18.2 Due to a shareholder			
Ma'aden	35.2, 39	**35,733,214**	46,835,207

18.2.1 Employees' share-based payment plan

On 7 June 2023, the shareholders of the Parent Company approved the Employees Stock Incentive Program ("Plan") for the benefit of certain eligible senior executives of the Company (the "Participants"). The Plan entitles the Participants a conditional right to receive a number of Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs") (each unit equal to the value of one share of the Parent Company at the grant date i.e. 7 June 2023), following the satisfaction of service and performance conditions. The service vesting period under the Plan is 3 years. Fair value per share on grant date is the closing price per share on Tadawul as at the grant date.

The total expense recognised for employees' services received during the period ended 31 December 2023 under the Plan amounted to SAR 116,344 and is recognised as "salaries and staff related benefits" in the statement of profit or loss with a corresponding increase in the statement of financial position under the "Due to shareholder".

On 7 June 2023, the Parent Company's shareholders in their Extraordinary General Assembly Meeting approved buy-back of 2,170,767 treasury shares under the Plan for the executives of the Group.

19 Due from / (to) fellow subsidiaries

	Notes	31 December 2023	31 December 2022
19.1 Due from fellow subsidiaries			
MAC	35.2	**12,689,161**	24,065,648
MRC	35.2	**295,868**	141,025
MFC	35.2	**-**	1,979,094
MGBM	35.2	**52,432**	-
	38	**13,037,461**	26,185,767
19.2 Due to fellow subsidiaries			
Ma'aden Aluminium Company ("MAC")	35.2	**223,006,847**	240,605,511
Ma'aden Rolling Company ("MRC")	35.2	**238,763**	472,871
Ma'aden Gold and Base Metals Company ("MGBM")	35.2	**83,410**	-
Ma'aden Infrastructure Company ("MIC")	35.2	**11,546,865**	4,900,961
Ma'aden Phosphate Company ("MPC")	35.2	**310,553**	217,419
Ma'aden Wa'ad Al-Shamal Phosphate ("MWSPC")	35.2	**826,889**	-
Ma'aden Fertilizer Company ("MFC")	35.2	**2,450**	-
Total	39	**236,015,777**	246,196,762

20 Advances and prepayments

	31 December 2023	31 December 2022
Advances to employees	**297,036**	-
Advances to vendors	**-**	1,625,000
Prepaid housing	**-**	1,227,381
Prepaid insurance and other	**9,036,841**	19,185,714
Total	**9,333,877**	22,038,095

(All amounts in Saudi Riyals unless otherwise stated)

21 Inventories

	Notes	31 December 2023	31 December 2022
Finished goods - ready for sale		-	67,097,651
Cost of finished goods		-	93,624,681
Less: FG Inventory written off to net realizable value		-	(26,527,030)
Stockpiles		**46,439,282**	55,296,576
Work-in-process		**125,080,535**	166,220,408
Cost of work-in-process		**129,156,604**	197,501,404
Less: work-in-process written off to net realizable value		**(4,076,069)**	(31,280,996)
Sub-total	6	**171,519,817**	288,614,635
Raw materials		**22,123,234**	23,904,209
Spare parts and consumables		**287,800,655**	238,809,013
Allowance for slow moving spare parts and consumable materials	21.1	**(8,421,884)**	(17,242,067)
Sub-total		**301,502,005**	245,471,155
Total		**473,021,822**	534,085,790

21.1 Movement in the allowance for slow moving spare parts and consumable materials is as follows:

	Notes	31 December 2023	31 December 2022
1 January		**17,242,067**	9,619,270
(Write off) / additions	6	**(8,820,183)**	7,622,797
31 December	21	**8,421,884**	17,242,067

22 Trade and other receivables

	Notes	31 December 2023	31 December 2022
Trade receivables			
MAC	35.2	**150,991,698**	92,242,018
Third parties		**87,143,566**	50,143,665
Sub-total		**238,135,264**	142,385,683
Other receivables			
Value added tax receivable		**10,477,078**	8,843,766
Others		**213,075**	88,525
Sub-total		**10,690,153**	8,932,291
Total	39	**248,825,417**	151,317,974

23 Time deposits

	Note	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 - unrestricted		**2,138,120**	-
Income receivable from time deposits		**-**	-
Total	36	**2,138,120**	**-**

(All amounts in Saudi Riyals unless otherwise stated)

24 Cash and cash equivalents

	Notes	31 December 2023	31 December 2022
Time deposits with original maturities equal to or less than three months at the date of acquisition			
- unrestricted		**273,470**	-
Investment income receivable - unrestricted		**-**	-
Cash and bank balances			
- unrestricted		**230,985,095**	482,760,672
- restricted	30.2	**9,994,638**	13,035,507
Sub-total		**241,253,203**	495,796,179
Total unrestricted cash and cash equivalents		**231,258,565**	482,760,672
Total restricted cash and cash equivalents		**9,994,638**	13,035,507
Total	39	**241,253,203**	495,796,179

The restricted cash and cash equivalents relate to employees' savings plan obligation (Note 30.2)

25 Share capital

	Note	31 December 2023	31 December 2022
25.1 Share capital			
Authorized share capital			
510,000,000 ordinary shares, with a nominal value of SAR 10 per share	1	**5,100,000,000**	5,100,000,000
Issued and partly paid up share capital			
510,000,000 ordinary shares, with a nominal value of SAR 10 per share partly paid up at SAR 9.47, (31 December 2022: SAR 9.47) per share, approximately.		**4,828,464,412**	4,828,464,412

The shareholding is distributed as follows:

Shareholders	Number of shares	% Holding	31 December 2023	31 December 2022
Saudi Arabian				
Ma'aden	381,990,000	74.90%	**3,616,519,845**	3,616,519,845
Foreign				
ASSI	128,010,000	25.10%	**1,211,944,567**	1,211,944,567
Total	**510,000,000**	100.00%	**4,828,464,412**	4,828,464,412

25.2 Payments to increase share capital

	31 December 2023	31 December 2022
Ma'aden	**203,380,155**	203,380,155
ASSI	**68,155,432**	68,155,432
Total	**271,535,587**	271,535,587

26 Transfer of net income

	31 December 2023	31 December 2022
1 January	**3,153,947**	3,153,947
31 December	**3,153,947**	3,153,947

(All amounts in Saudi Riyals unless otherwise stated)

26 Transfer of net income (continued)

Shareholders	Participation %	31 December 2023	31 December 2022
Saudi Arabian			
Ma'aden	74.9%	**2,560,638**	2,560,638
Foreign			
ASSI	25.1%	**593,309**	593,309
Total	**100.0%**	**3,153,947**	3,153,947

In accordance with the Company's Articles of Association, the Company is required to establish a statutory reserve by apportioning 4% of its annual net income to the statutory reserve after adjusting accumulated losses, until the statutory reserve equals or exceed 50% of the Company's paid up share capital. Such a transfer is to be made on an annual basis and the statutory reserve so created is not available for distribution as dividends.

27 Long-term borrowings

27.1 Facilities approved

On 27 November 2011, the "Company" entered into the Common Terms Agreement ('CTA') and other agreements (collectively referred to as "Financing Agreements") with a group of financial institutions. On 16 July 2018 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective on the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Riyal Murabaha and Riyal Wakala facilities to replace the balance of the facilities. On 9 January 2019 the working capital facility restructured for five years. Consequently, the Company's financing facilities comprised:

Financial institutions	Date of approval	Facilities approved
PIF – Amendment to the existing Agreement	16 July 2018	**3,506,250,000**
Islamic and commercial banks	16 July 2018	
Riyal Murabaha Tranche A		**2,370,000,000**
Riyal Murabaha Tranche B		**1,655,000,000**
Riyal Wakala		**220,000,000**
Sub-total		**4,245,000,000**
Murabaha Riyal, Working Capital Facility (WCF}	9 January 2019	**750,000,000**
Total		**8,501,250,000**

The new financing agreements imposed some financial covenants including:

- maintenance of financial ratios as per financial covenants clause;
  - debt will not, at any time, exceed 4 times of total tangible net worth and
- restriction on dividend distribution to shareholders

In addition to scheduled repayments, the restructured PIF facility and the Riyal Murabaha and Riyal Wakala facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Riyal Murabaha and Riyal Wakala facilities.

  - financing cost will not exceed 50 % of Earnings before Interest, Tax, Depreciation and Amortization ('EBITDA")

Compliance with loan covenants

The Company complied with these covenants throughout the reporting period. As at 31 December 2023, the net debt was 1.87 times of total tangible net worth and the financing cost was 159.92% of EBITDA.

Facility agents:

- The Saudi National Bank formerly "National Commercial Bank" acts as Intercreditor Agent and as Riyal Murabaha Facility Agent,
- The HSBC Saudi Arabia acts as Riyal Wakala Facility Agent.
- The Banque Saudi Fransi acts as Murabaha Riyal WCF Agent.

(All amounts in Saudi Riyals unless otherwise stated)

27 Long-term borrowings (continued)

27.2 Facilities utilized

		31 December 2023	31 December 2022
PIF		**2,583,195,425**	3,152,118,750
Less: Repaid during the year		**(57,957,246)**	(568,923,325)
Sub-total	35.2	**2,525,238,179**	2,583,195,425
Less: Unamortized transaction costs		**(70,726,739)**	(79,950,845)
Sub-total		**2,454,511,440**	2,503,244,580

The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.

The repayment of the loan started on 30 June 2019, on a six-monthly basis, starting at SAR 36 million and increasing over the term of the loan with the final repayment of SAR 328 million on 30 June 2032. In addition, MBAC is required to make certain prepayments as described above.

The upfront transaction cost incurred is amortized over the term of the loan. The transaction cost amortized over the term of the loan during the period ended 31 December 2023 amounted to SAR 9.2 million (31 December 2022: SAR 9.3 million)

Islamic and commercial banks

	31 December 2023	31 December 2022
Riyal Murabaha Tranche A	**1,943,743,000**	2,060,715,000
Riyal Murabaha Tranche B	**1,378,433,000**	1,517,138,500
Riyal Wakala	**174,321,000**	201,674,000
Sub-total	**3,496,497,000**	3,779,527,500
Less: Repaid during the year	**(261,108,000)**	(283,030,500)
Sub-total	**3,235,389,000**	3,496,497,000
Less: Unamortized transaction costs	**(15,770,633)**	(19,759,268)
Sub-total	**3,219,618,367**	3,476,737,732

The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is SIBOR plus a margin (mark-up in case of Wakala facilities) of 1.45% for Riyal Murabaha Tranche A and 1.55% for Riyal Murabaha Tranche B and Riyal Wakala.

Repayment of the principal amounts of total approved facilities commenced from 30 September 2019. The repayments started at SAR 34 million and will increase over the term of the loan with the final repayment of SAR 274 million for Riyal Murabaha Tranche A on 30 June 2028 and the final repayment of SAR 223 million for Wakala Riyal and Riyal Murabaha Tranche B on 31 December 2030.

The upfront transaction cost incurred is amortized over the term of the loan. The transaction cost amortized over the term of the loan during the year 2023 amounted to SAR 3.9 million (31 December 2022: SAR 3.6 million).

	31 December 2023	31 December 2022
Riyal Murabaha	**346,693,750**	346,693,750
Drawn during the year	**403,306,250**	-
Sub-total	**750,000,000**	346,693,750
Less: Unamortized transaction costs	**(113,915)**	(589,232)
Sub-total	**749,886,085**	346,104,518
Total Borrowings	**6,424,015,892**	6,326,086,830
Accrued finance cost	**109,041**	2,010,654
Sub-total carried forward	**6,424,124,933**	6,328,097,484

(All amounts in Saudi Riyals unless otherwise stated)

27 Long-term borrowings (continued)

27.2 Facilities utilized (continued)

	31 December 2023	31 December 2022
Subtotal brought forward	**6,424,124,933**	6,328,097,484

The rate of profit on the purchase price (i.e., principal amount of the loan drawn for each commission period) is SIBOR plus 0.80%.

The Working Capital Murabaha Riyal facility amounting to SAR 340,000,000 was repaid on 9 January 2019 and a new Murabaha Riyal facility agreement was signed for a total commitment of SAR 750 million. On the same date a drawn down amounting to SAR 347 million was made. On 12 October 2023 the balance commitment of the loan amounting to SAR 403 million was withdrawn. The new Murabaha Riyal facility will be due in January 2024.

The transaction cost amortized over the term of the loan during the period ended 31 December 2023 amounted to SAR 0.5 million (31 December 2022: SAR 0.7 million)

	31 December 2023	31 December 2022
Less: Current portion of long-term borrowings	**(688,785,483)**	(319,065,246)
Less: Accrued finance cost	**(109,041)**	(2,010,654)
Sub-total - Current portion of borrowings shown under current liabilities	**(688,894,524)**	(321,075,900)
Long-term portion	**5,735,230,409**	6,007,021,584

27.3 Maturity profile of long-term borrowings

	31 December 2023	31 December 2022
2023	**-**	321,075,900
2024	**688,894,524**	688,785,483
2025	**411,879,226**	411,879,226
2026	**390,568,985**	390,568,985
2027	**614,956,888**	614,956,888
2028	**898,392,485**	898,392,485
2029 onwards	**3,506,044,112**	3,102,737,861
Total (Note 35.3)	**6,510,736,220**	**6,428,396,828**

The above maturities are subject to prepayment provisions as defined in the CTA (Note 27.1).

27 Long-term borrowings (continued)

27.4 Facilities' currency denomination

Essentially 43% of the Company's facilities have been contracted in SAR and 57% in United States dollars (US$) and the drawdown balances in US$ are shown below:

	31 December 2023 (US$)	31 December 2022 (US$)
PIF (US$)	**673,396,848**	688,852,113
Unamortized transaction cost	**(18,860,464)**	(21,320,225)
Sub-total	**654,536,384**	667,531,888
Islamic and commercial banks		
Riyal Murabaha Tranche A	**518,331,467**	518,084,533
Riyal Murabaha Tranche B	**367,582,133**	367,790,800
Riyal Wakala	**46,485,600**	46,523,867
Sub-total	**932,399,200**	932,399,200
Less: Repaid during the year	**(69,628,800)**	-
Sub-total	**862,770,400**	932,399,200
Unamortized transaction cost	**(4,205,502)**	(5,269,138)
Sub-total	**858,564,898**	927,130,062
Riyal Murabaha	**92,451,667**	92,451,667
Drawn during the year	**107,548,333**	-
	200,000,000	92,451,667
Unamortized transaction cost	**(30,377)**	(157,129)
Sub-total	**199,969,623**	92,294,538
Add: accrued finance cost	**29,078**	536,174
Total borrowings	**1,713,099,983**	1,687,492,662
Less: Current portion of long-term borrowings	**(183,676,129)**	(85,084,066)
Less: accrued finance cost	**(29,078)**	(536,174)
Sub-total - Current portion of borrowings shown under current liabilities	**(183,705,207)**	(85,620,240)
Long-term portion	**1,529,394,776**	1,601,872,422

27.5 Security

Borrowings from Islamic and commercial banks are secured through promissory notes.

28 Provision for decommissioning, site rehabilitation and dismantling obligations

		31 December 2023	31 December 2022
Bauxite mine	28.1	**269,031,441**	60,548,978
Plant dismantling and site rehabilitation	28.2	**258,645,411**	-
Total		**527,676,852**	60,548,978

(All amounts in Saudi Riyals unless otherwise stated)

28 Provision for decommissioning, site rehabilitation and dismantling obligations (continued)

28.1 Bauxite mine

Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mine, 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 Company'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 Company'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 Company has reassessed and revised the provision for plant dismantling and site rehabilitation for its mining and non-mining plants. See Note 4.2 "Changes in accounting estimates".

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 and corresponding mine closure assets under the mine properties of SAR 205.4 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.

The movement in the provision for mine decommissioning obligation along with the year in which they commenced commercial production and expected date of closure is as follows:

	Notes	Al-Baitha Mine
1 January 2022		197,205,076
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations during the period	10	(140,221,640)
Accretion of provision during the year	8	3,565,542
31 December 2022		60,548,978
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations during the period	10	205,367,820
Accretion of provision during the period	8	3,114,643
31 December 2023		**269,031,441**
Commenced production in		2014
Expected closure date in		2063

28.2 Plant dismantling and site rehabilitation

1 January 2023		-
Addition of dismantling obligation for property, plant and equipment	10	253,965,402
Accretion of provision during the year	8	4,680,009
31 December 2023		**258,645,411**

(All amounts in Saudi Riyals unless otherwise stated)

29 Lease liabilities

	Notes	31 December 2023	31 December 2022
Future minimum lease payment	30.1	**310,835,398**	338,899,282
Less: Future finance cost not yet due	30.2	**(57,197,569)**	(67,688,028)
Net present value of minimum lease payment		**253,637,829**	271,211,254
Less: Current portion of lease liabilities shown under current liabilities	38	**(18,904,893)**	(17,847,555)
Long term portion of lease liabilities	38	**234,732,936**	253,363,699

The future minimum lease payments have been discounted, using the Company's incremental borrowing rate as at the date of the transition which approximates 4% per annum, to its present value.

Maturity profile

Future minimum lease payments are falling due during the following years:

	31 December 2023	31 December 2022
2023	**-**	28,371,159
2024	**30,361,378**	30,289,078
2025	**29,593,078**	29,520,778
2026	**29,568,567**	29,496,267
2027	**29,568,567**	29,496,267
2028	**29,514,342**	29,514,342
2029 and thereafter	**162,229,466**	162,211,391
Total (Note 34.3)	**310,835,398**	338,899,282

29.1 Movement in future minimum lease payments

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
1 January		**338,899,282**	373,176,348
Additions during the year	12	**361,500**	-
Leased expired		**-**	(1,703,071)
Sub-total		**339,260,782**	371,473,277
Payments during the year		**(28,063,884)**	(32,573,995)
31 December	33	**311,196,898**	338,899,282

29.2 Movement in future finance cost

	Notes	Year end 31 December 2023	Year end 31 December 2022
1 January		**(67,688,028)**	(78,995,661)
Adjustment	12	**(42,768)**	85,357
Sub-total		**(67,730,796)**	(78,910,304)
Accretion of future finance cost during the year	8	**10,533,227**	11,222,276
31 December	30	**(57,197,569)**	(67,688,028)

(All amounts in Saudi Riyals unless otherwise stated)

30 Employees' benefits

	Notes	31 December 2023	31 December 2022
Employees' end of service termination benefits obligation	31.1	**72,399,985**	68,098,031
Employees' savings plan	31.2	**9,994,638**	13,035,507
Total		**82,394,623**	81,133,538

30.1 Employees' end of service termination benefits obligation

	Notes	31 December 2023	31 December 2022
1 January		**68,098,031**	59,401,832
Total amount recognized in profit or loss		**11,788,030**	8,588,613
Current service cost		**8,411,639**	7,007,857
Interest expense	8	**3,376,391**	1,580,756
Re-measurements recognized in other comprehensive income		**(590,577)**	2,246,318
Gain / (loss) due to financial assumptions		**885,442**	(1,005,228)
Loss due to experience adjustment		**(1,476,019)**	3,251,546
Settlements / transfers		**(6,895,499)**	(2,138,732)
31 December	31	**72,399,985**	68,098,031

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia.

Employees' end of service benefit plans are unfunded plans and the benefit payment obligation are met when they become due.

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
Withdrawal rate	**5.00%**	5.00%
Mortality rate	**WHO SA19**	AM(80) Table
Salary growth rate – next five years	**4.50%**	4.80%
Salary growth rate – after five years	**4.75%**	4.80%
Discount rate	**4.75%**	4.80%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level %		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
31 December 2023				
Withdrawal rate	**10%**	**10%**	**(333,748)**	**319,449**
Mortality rate	**10%**	**10%**	**(20,565)**	**19,547**
Salary growth rate	**1%**	**1%**	**7,623,145**	**(6,543,831)**
Discount rate	**1%**	**1%**	**(7,379,440)**	**8,822,534**
31 December 2022				
Withdrawal rate	10%	10%	(222,389)	231,209
Mortality rate	10%	10%	(12,402)	12,440
Salary growth rate	1%	1%	10,636,605	(8,843,516)
Discount rate	1%	1%	(8,758,977)	10,737,917

(All amounts in Saudi Riyals unless otherwise stated)

30 Employees' benefits (continued)

30.1 Employees' end of service termination benefits obligation (continued)

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 defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability summarized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Effect of defined benefit plan on the Company's future cash flows

The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	31 December 2023	31 December 2022
2023	-	3,158,690
2024	**4,571,777**	2,867,949
2025	**5,684,261**	2,576,152
2026	**5,470,952**	2,654,580
2027	**6,180,802**	2,213,430
2028	**7,707,787**	7,707,787
2029 and thereafter	**41,300,092**	128,374,157
Total	**70,915,671**	149,552,745

30.2 Employees' savings plan

	Notes	31 December 2023	31 December 2022
1 January		**13,035,507**	13,317,231
Contribution for the year		**(3,040,869)**	(281,724)
31 December	22,31	**9,994,638**	13,035,507

31 Derivative financial instruments

	Note	31 December 2023	31 December 2022
1 January		**(54,730,074)**	34,006,958
Net accrual for settlement of derivative interest		**4,016,529**	(4,016,529)
Accrual during the year	8	**(39,806,468)**	11,591,134
Paid during the year		**43,822,997**	(15,607,663)
Loss / (gain) in fair value of hedge instrument charged to other comprehensive income		**30,305,737**	(84,720,503)
31 December		**(20,407,808)**	(54,730,074)

On 16 May 2019, the Company 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 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 a hedging arrangement since its inception and subject to prospective testing of hedge effectiveness at each reporting date. As on 31December 2023, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the period. The agreement entered into, by the company was as follows:

	Note	31 December 2023	31 December 2022
Carrying amount (liability)		**20,407,808**	(54,730,074)
Notional amount	37.1.2	**1,227,187,500**	1,227,187,500
Maturity date		**-**	28-Jun-24
Hedge ratio		**1:01**	1:01
(Loss) / gain in fair value of outstanding hedging instruments since start of year		**(30,305,737)**	84,720,503
(Loss) / gain in value of hedged item used to determine hedge effectiveness		**(30,305,737)**	84,720,503

(All amounts in Saudi Riyals unless otherwise stated)

31 Derivative financial instruments (continued)

Accumulated loss in fair value of outstanding hedging instruments

	31 December 2023	31 December 2022
1 January	**(50,713,545)**	34,006,958
Change in fair value of hedging instrument recognized in OCI	**(9,500,731)**	(73,129,369)
Transferred from OCI to profit / (loss)	**39,806,468**	(11,591,134)
Changes in fair value and transfer to profit / (loss), net	**30,305,737**	(84,720,503)
31 December	**(20,407,808)**	(50,713,545)

Cash flow hedge reserve split between shareholders (Note 25.1)

Shareholders	Number of shares	% Holding	31 December 2023	31 December 2022
Saudi Arabian				
Ma'aden	381,990,000	74.9%	**15,285,448**	37,984,445
Foreign				
ASSI	128,010,000	25.1%	**5,122,360**	12,729,100
Total	**510,000,000**	**100.0%**	**20,407,808**	50,713,545

32 Trade and other payables

	Note	31 December 2023	31 December 2022
Trade payables		**173,272,001**	134,921,824
Payable to Ma'aden		**331,341,086**	82,772,113
Others		**1,649,185**	1,951,528
	38	**506,262,272**	219,645,465

33 Accrued expenses

	Notes	31 December 2023	31 December 2022
Trade and project		**253,293,988**	278,560,719
Due to Alcoa Corporation	35.2	**4,484,579**	1,616,821
Trade accruals Ma'aden	35.2	**35,028,502**	382,486,740
Employee related		**35,315,700**	28,581,877
Total	39	**328,122,769**	691,246,157

Accruals represent goods and services received by the Company for which invoices have not been received. Due to Alcoa Corporation relates to seconded employees' salaries and other costs.

(All amounts in Saudi Riyals unless otherwise stated)

34 Related party transactions and balances

34.1 Related party transactions

Transactions with related parties carried out during the year, in the normal course of business, are summarized below:

	Note	Year end 31 December 2023	Year end 31 December 2022
Sales made to MAC	5	**1,718,078,722**	2,061,254,688
Cost of seconded employees from Alcoa Corporation		**9,678,856**	10,143,585
Support function, development and other costs paid by MAC and charged to the Company		**190,971,957**	201,052,472
Costs paid by the Company on behalf of:			
Ma'aden		**126,449,165**	30,095,656
MRC		**200,209**	141,025
MFC		**2,007,168**	1,979,094
MWSPC		**86,168**	-
MGBM		**824,666**	-
Total		**129,567,376**	32,215,775
Costs paid on behalf of the Company and other costs allocations by:			
Ma'aden		**72,222,205**	159,668,637
MAC		**482,201,384**	291,395,681
MRC		**238,763**	679,124
MFC		**1,773,541**	-
MGBM		**83,410**	-
MPC		**709,534**	640,617
MWSPC		**826,889**	-
Total		**558,055,726**	452,384,059
Finance cost incurred on long term borrowings from PIF		**180,804,744**	85,523,018
Rentals and services charged by MIC to the Company under Land Use and Service Agreement ("LUSA") and the agreement for Provision of Facilities at Ras Al-Khair (RAK)		**27,729,131**	27,658,438
Purchases of caustic soda from SAMAPCO (Ma'aden acting as agent)		**778,717,823**	617,243,851

Development cost includes rentals paid by MAC to MIC under Land Use and Service Agreement ("LUSA") on behalf of the Company and recharged to the Company.

(All amounts in Saudi Riyals unless otherwise stated)

34 Related party transactions and balances (continued)

34.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:

	Notes	31 December 2023	31 December 2022
Due from a shareholder			
Ma'aden 10	18.1	**16,480,287**	72,176,906
Due to a shareholder / ultimate shareholder			
Ma'aden	18.2	**35,733,214**	46,835,207
Ma'aden – Trade payables (as an agent for SAMAPCO)	33	**331,341,086**	82,772,113
Ma'aden – Trade accruals (as an agent for SAMAPCO)	34	**35,028,502**	382,486,740
Sub-total		**402,102,802**	512,094,060
Alcoa Corporation – Trade accruals	34	**4,484,579**	1,616,821
Total		**406,587,381**	513,710,881
Due from a fellow subsidiary			
MAC	19.1	**12,689,161**	24,065,648
MRC	19.1	**295,868**	141,025
MFC	19.1	**-**	1,979,094
MGBM	19.1	**52,432**	-
MWSPC	19.1	**-**	-
Total		**13,037,461**	26,185,767
Due to fellow subsidiaries			
MAC	19.2	**223,006,84**	240,605,511
MRC	19.2	**238,76**	472,871
MGBM	19.2	**83,41**	-
MIC	19.2	**11,546,86**	4,900,961
MPC	19.2	**310,55**	217,419
MWSPC	19.2	**826,88**	-
MFC	19.2	**2,45**	-
Total		**236,015,77**	246,196,762
Trade and other receivables			
MAC	22	**150,991,698**	92,242,018
Long-term borrowing from a majority shareholder of Ma'aden			
PIF for financing MBAC	27.2	**2,525,238,179**	2,583,195,425

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 204.04 million (31 December 2022: SAR 447.51 million).

34.3 Key management personnel compensation

	31 December 2023	31 December 2022
Short-term employee benefits	**944,317**	1,507,586
Employees' end of service termination benefits	**67,804**	139,124
Total	**1,012,121**	1,646,710

35 Commitments and contingent liabilities

35.1 Capital commitments

	31 December 2023	31 December 2022
Capital expenditure contracted for:		
Property, plant and equipment and mining properties	**42,289,318**	19,173,618

35.2 Guarantees

Guarantee in favor of Saudi Aramco	**6,010,200**	6,010,200
Letter of Credit in favor of Engro Eximp FZE	-	14,175,000
	6,010,200	20,185,200

35 Commitments and contingent liabilities (continued)

35.3 Contingent liabilities

The Company is not anticipating that any material liabilities will be incurred as a result of any contingent liabilities. There are no environmental obligations or decommissioning liabilities as at the reporting date.

36 Financial risk management

The Company's activities expose it to a variety of financial risks such as:

- market risk
- credit risk and
- liquidity risk

36.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- foreign currency risk,
- interest rate risk and
- commodity price risk

Financial instruments affected by market risk includes loans and borrowings, trade and other receivables, trade payables, accrued liabilities.

The sensitivity analysis in the following sections relate to the positions as at 31 December 2023 and 31 December 2022.

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 the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The Company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Company's financial performance.

36.1.1 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Saudi Riyal. The Company's transactions are principally in Saudi Riyals, US Dollars, Euros, British Pounds, Emirati Dirham and Australian Dollars. Management monitor the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75: USD 1 therefore, the Company is not exposed to any risk from USD denominated financial instruments.

All commodity sales contracts are USD price and so is the bulk of the procurement and capital expenditure contracts.

36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.1 Foreign currency risk (continued)

Foreign currency exposure

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in SAR, was as follows:

	31 December 2023	31 December 2022
Trade payables – EUR	**85,738**	4,365,075
Trade payables – GBP	**-**	78,970
Trade payables – AED	**-**	-
Trade payables – CHF	**-**	-
Trade payables – AUD	**14,217**	77,303
Total	**99,955**	4,521,348

Amount recognised in financial statements

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	Note	Year end 31 December 2023	Year end 31 December 2022
Foreign exchange (loss) gain included in other income (expense)	9	**(1,177,801)**	333,784

Foreign currency sensitivity analysis

As shown in the table above, the Company is primarily exposed to changes in SAR/EURO and SAR/GBP exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from Euro and GBP denominated balances.

Impact on post tax profit / equity of increase / (decrease) in foreign exchange rate:

		31 December 2023	31 December 2022
SAR/EURO exchange rate	- increase 10%	**(8,574)**	(436,508)
	- decrease (10%)	**8,574**	436,508
SAR/GBP exchange rate	- increase 10%	-	(7,897)
	- decrease (10%)	-	7,897
SAR/AED exchange rate	- increase 10%	-	-
	- decrease (10%)	-	-
SAR/CHF exchange rate	- increase 10%	-	-
	- decrease (10%)	-	-
SAR/AUD exchange rate	- increase 10%	**(1,422)**	(7,730)
	- decrease (10%)	**1,422**	7,730

36.1.2 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing which expose the Company to cash flow interest rate risk.

The Company's receivables and fixed rate borrowings carried at 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 Company is not exposed to fair value interest rate risk.

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.2 Interest rate risk (continued)

The exposure of the Company's borrowing to interest rate changes and the contractual re-pricing dates of the fixed interest rate borrowings at the end of the reporting period are as follows:

Interest rate exposure	**31 December 2023**	**31 December 2022**
Variable interest rate – repricing dates 6 months or less	**6,510,627,179**	6,426,386,175

Cash flow hedge
The Company 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 and the sensitivity of the interest rate swap covered under the hedging arrangement:

	Note	**31 December 2023**	**31 December 2022**
Notional amount hedged	30	**1,227,187,500**	1,227,187,500

Other comprehensive income / (loss) is sensitive to higher / lower interest expense from net settled derivative as a result of changes in interest rates. The Company's other comprehensive income is affected as follows:

	31 December 2023	**31 December 2022**
Interest rate – increase by 100 basis points	**24,788,780**	23,556,476
Interest rate – decrease by 100 basis points	**(24,788,780)**	(23,556,476)

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 Company's profit before tax is affected as follows:

	31 December 2023	**31 December 2022**
Interest rate – increase by 100 basis points	**(15,778,317)**	(68,523,631)
Interest rate – decrease by 100 basis points	**15,778,317**	68,523,631

Transition from IBORs to risk free rates

IBOR reform represents the reform and replacement of interest rate benchmarks by global regulators. The Company has a number of contracts, primarily referenced to USD London Interbank offer rates ("USD LIBOR") and Saudi Interbank offer rates (SIBOR). For USD LIBOR, the most applicable tenor (6-month USD LIBOR) for the Company is expected to cease to be published on 30 June 2023.

The Company is currently analyzing the exposure to IBOR benchmarks and evaluating the potential impact of the transition. As per the initial transition plan, all contracts and agreements that are based on USD LIBOR and are expiring at the cessation dates, will be renegotiated with counterparties to reflect the alternative benchmarks.

The following table contains details of all financial instruments of the Company which are based on USD LIBOR as at 31 December 2023 and are currently in process of transitioning to an alternative benchmark:

Non-derivative financial liabilities	**2,454,511,440**
Derivative financial assets	**20,407,808**

LIBOR reforms and expectation of cessation of LIBOR will impact the Company's current risk management strategy and possibly accounting for certain financial instruments.

As part of the Company's risk management strategy, the Company uses financial instruments to manage exposures arising from variation of interest rates that could affect profit or loss and other comprehensive income and applies hedge accounting to these instruments. Majority of those financial instruments are also referenced to LIBOR. The Company is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates.

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.3 Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the aluminium products it produces.

Commodity price sensitivity analysis

The table below shows the impact on profit before tax and zakat for changes in commodity prices. The analysis is based on the assumption alumina prices move 10% on the reporting date with all other variables held constant.

	31 December 2023	31 December 2022
Trade and other receivable (less VAT)	**238,348,339**	142,474,208
Increase / (decrease) in alumina prices		
Increase of 10% in USD per tonne	**23,834,834**	14,247,421
Decrease of 10% in USD per tonne	**(23,834,834)**	(14,247,421)

The Company 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.

36.2 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on the following financial instruments, while it uses two types of ECL approaches for its financial instruments;

Financial assets class	Notes	Category	31 December 2023	31 December 2022	Impairment model approach
Trade and other receivable (less VAT)	22	Amortised cost	**238,348,339**	142,474,208	**Simplified**
Time deposits	24	Amortised cost	-	-	**General**
Cash and cash equivalents	22	Amortised cost	**241,253,203**	495,796,179	**General**
Total			**479,601,542**	638,270,387	

ECL approaches

The Company uses staging criteria to determine the ECL on its financial instruments. Following are the stages which are being used by the Company to determine ECL:

Stage	Description	Loss Recognition
1	Performing	12 months ECL
2	Significant increase in credit risk	Lifetime ECL
3	Credit impaired	Lifetime ECL

Stage-1 - Performing or low credit risk

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	0	0
2	External rating (where applicable)*	Investment Grade	Investment Grade

*External ratings present classification of the rating grades, issued by the External Credit Assessment Institutions (ECAI), into those considered as "investment grades", "non-investment grades" and "in default". If Counterparty does not have external rating, the Company uses Sovereign Rating. Where Sovereign Rating is Investment Grade, Counterparty's rating should be one notch downgraded (vis a vis Sovereign rating). While, where Sovereign Rating is Non-Investment Grade, Counterparty's rating should be two notches downgraded (vis a vis Sovereign Rating).

The Company uses "low credit risk" practical expedient for the following financial instruments categories:

- Cash & Cash equivalents; and
- Time deposits.

36 Financial risk management (continued)

36.2 Credit risk (continued)

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition, and therefore the ECL is estimated at an amount equal to the expected credit losses for a period of 12 months, as these financial instruments are determined to have low credit risk at the reporting date.

Stage-2 - Significant increase in credit risk ("SICR")

The Company considers the following indicators to be determinants of the SICR:

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	1-6	1-6
2	External rating	External rating for the counterparty downgraded to "Non-Investment Grade" (NIG) relative to "Investment Grade" (IG) as of initial recognition date.	

To identify SICR, where applicable, the Company undertakes a holistic analysis of various factors, including those which are specific to a particular financial instrument or to a Counterparty.

Stage-3 - Credit impaired or definition of default

The Company considers the following indicators to be determinants of a credit impaired financial asset:

Sr. no	Indicators	Cash and cash equivalents	Time deposits	Trade and other receivables*
1	Days past due (DPD)	7+	7+	90+
2	External rating (where applicable)	In default		

* If the Company has reasonable and supporting information to demonstrate that the counterparty is not impaired, but has crossed DPD of 90+, then it would be classed as Stage 2 exposure and the Company applies stage-2 for ECL estimation.

Similarly, where the counterparty balance does not go beyond DPD of 90+, but the Company has reasonable and supporting information to demonstrate that counterparty will face significant financial difficulty:

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- other information.

In this case, ECL would be applied as follows:

a) The Company estimates definition of default at the counterparty's level and includes all financial instruments to Stage 2, if the balance amount of the exposure in default is not more than 5% from the total receivables amount from the counterparty; and
b) The Company evaluates definition of default at the counterparty's level and includes all financial instruments for Stage 3, if the balance amount of exposure in default exceeds 5% of the total receivable amount from the counterparty.

General approach for estimating ECL:

The Company uses the following staging criteria when using the general approach for estimating ECL:

a) At initial recognition, Stage 1 is assigned to the financial asset;

b) At subsequent measurement date, a financial asset would be classed in:

- **Stage 1**, if at the reporting date it is not credit-impaired and credit risk has not increased significantly since initial recognition or it belongs to a low credit risk portfolio;

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.2 Credit risk (continued)

- **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 Company uses a simplified approach for estimating ECL of trade and other receivables using the credit ratings for the counterparties.

Where the receivable is credit impaired, the indicators for which include the receivable being 90 days overdue or the credit rating for the counterparty being downgraded to NIG relative to IG as of initial recognition date, the probability of default for ECL determination is considered as 100%. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment, based on which, the Company does not have any history of write-offs. 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 Company ensures that the cash collection is made on time from its counterparties, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management.

The Company has limited number of customers and have no history of defaults. The Company calculates life time ECL through an internally developed model Life time ECL is computed based on days past due and rating grade of the counterparty. An allowance for life time ECL is reported either as “not impaired” or “impaired” exposure accordingly.

Cash and short-term investments are substantially placed with commercial banks with sound credit ratings. For banks and time deposits, only independently rated parties with a minimum credit of Baa3 are accepted. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence provision is recognised at an amount equal to 12 month ECL unless there is evidence of significant increase in credit risk of the counter party.

	Note	Life time ECL not credit impaired	Life time ECL Credit impaired	Total
Trade and other receivable (less VAT)	22	238,348,339	-	238,348,339
Carrying amount		238,348,339	**-**	**238,348,339**

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.2 Credit risk (continued)

Trade and other 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		**232,227,739**	131,679,847
Past due not impaired			
< 30 days		**5,907,525**	6,980,140
61 days above		**-**	3,725,696
Total	22	**238,135,264**	142,385,683

Based on the above analysis for the receivable from third parties under ECL method, credit risk was considered minimal and therefore no provision was recorded.

36.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Notes	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at: 31 December 2023							
Due to shareholder	18.2	35,733,214	-	-	-	35,733,214	35,733,214
Due to fellow subsidiaries	19.2	236,015,777	-	-	-	236,015,777	236,015,777
Long-term borrowings	27.3	1,130,708,778	803,865,035	2,878,785,917	3,717,563,890	8,530,923,620	6,424,124,933
Lease liabilities	30	30,361,378	29,593,078	88,651,476	162,229,466	310,835,398	253,637,829
Trade and other payables	33	506,262,272	-	-	-	506,262,272	506,262,272
Accrued expenses	34	328,122,769	-	-	-	328,122,769	328,122,769
Total		**2,267,204,188**	**833,458,113**	**2,967,437,393**	**3,879,793,356**	**9,947,893,050**	**7,783,896,794**
Non-derivative as at: 31 December 2022							
Due to a shareholder	18.2	46,835,207	-	-	-	46,835,207	46,835,207
Due to fellow subsidiaries	19.2	246,196,762	-	-	-	246,196,762	246,196,762
Long-term borrowings	27.3	712,827,783	1,065,499,481	2,398,138,732	4,417,083,723	8,593,549,719	6,328,097,484
Lease liabilities	30	28,371,159	30,289,078	88,513,312	191,725,733	338,899,282	271,211,254
Trade and other payables	33	219,645,465	-	-	-	219,645,465	219,645,465
Accrued expenses	34	691,246,157	-	-	-	691,246,157	691,246,157
Total		1,945,122,533	1,095,788,559	2,486,652,044	4,608,809,456	10,136,372,592	7,803,232,329

(All amounts in Saudi Riyals unless otherwise stated)

37 Capital management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company relies on the shareholders' support.

The net debts of the Company are as follows:

	Note	31 December 2023	31 December 2022
Cash and cash equivalents (unrestricted)	23	**231,258,565**	482,760,672
Long-term borrowings – payable within one year	27.2	**(688,894,524)**	(321,075,900)
Long-term borrowings – payable after one year	27.2	**(5,735,230,409)**	(6,007,021,584)
Lease liabilities – payable within one year	29	**(18,904,893)**	(17,847,555)
Lease liabilities – payable after one year	29	**234,732,936**	(253,363,699)
Net debt		**(5,977,038,325)**	(6,116,548,066)

The movement in net debt is as follows:

	Other assets	Liabilities from financing activities				
	Cash and cash equivalents	Long-term borrowings - payable within one year	Long-term borrowings - payable after one year	Lease liability - payable within one year	Lease liability - payable after one year	Total
1 January 2022	1,117,287,700	(341,689,807)	(6,823,433,233)	(21,317,126)	(272,863,561)	(6,342,016,027)
Cash flows for the period	(634,527,028)	1,085,979,520	-	32,573,995	-	484,026,487
Adjustments / transfers	-	(1,065,365,613)	816,411,649	(29,104,424)	19,499,862	(258,558,526)
31 December 2022	482,760,672	(321,075,900)	(6,007,021,584)	(17,847,555)	(253,363,699)	(6,116,548,066)
Cash flows for the period	(251,502,107)	(797,437,964)	-	28,425,384	-	(1,020,514,687)
Adjustments / transfers	-	429,619,340	271,791,175	(29,482,722)	488,096,635	1,160,024,428
31 December 2023	**231,258,565**	**(688,894,524)**	**(5,735,230,409)**	**(18,904,893)**	**234,732,936**	**(5,977,038,325)**

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

"Long-term borrowings divided by total equity and long-term borrowings."

The gearing ratios, in accordance with the financial covenants pertaining to the long-term borrowings (Note 27.2), as at the end of the year were as follows:

	Note	31 December 2023	31 December 2022
Long term borrowings	27.2	**6,424,124,933**	6,328,097,484
Total equity		**3,862,693,017**	4,258,027,170
Total capital		**10,286,817,950**	10,586,124,654
Debt to total capital		**0.62**	0.60

(All amounts in Saudi Riyals unless otherwise stated)

38 Financial assets and financial liabilities

The Company holds the following classes of financial instruments:

	Notes	31 December 2023	31 December 2022
Financial assets measured at amortized cost			
Due from a shareholder	18.1	**16,480,287**	72,176,906
Due from fellow subsidiaries	19.1	**13,037,461**	26,185,767
Trade and other receivables (excluding VAT)	22	**238,348,339**	142,474,208
Cash and cash equivalents	24	**241,253,203**	495,796,179
Total		**509,119,290**	736,633,060

		31 December 2023	31 December 2022
Financial liabilities measured at amortized cost			
Due to a shareholder	18.2	**35,733,214**	46,835,207
Due to fellow subsidiaries	19.2	**236,015,777**	246,196,762
Long-term borrowings	27.2	**6,424,124,933**	6,328,097,484
Lease liabilities	29	**253,637,829**	271,211,254
Trade and other payables	32	**506,262,272**	219,645,465
Accrued expenses	33	**328,122,769**	691,246,157
Total		**7,783,896,794**	7,803,232,329
Financial asset at fair value through OCI			
Derivative financial instruments	31	**20,407,808**	54,730,074

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values with the exception of derivative financial instruments and long-term borrowings which are discussed below.

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 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.

Derivatives

On the basis of its analysis of the nature, characteristics and risks of the derivatives, the Company has determined that presenting them as a single class is appropriate.

The fair value of the derivatives is determined with reference to an active market index and is classified as level 2 in the fair value hierarchy. The fair values for the derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves for the interest rate swaps. There was no transfer between any levels during the year.

Financial instruments are carried at fair value, using the following different levels of valuation methods:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

39 Events after the reporting date

Also see Note 1. No events have arisen subsequent to 31 December 2023 and before the date of signing the auditors' report, that could have a significant effect on the financial statements as at 31 December 2023.

MA’ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)

Financial statements for the year ended 31 December 2024

Contents **Page**

Commercial registration number	:	2055012955	
Board of Managers	:	Ali Saeed Abdullah Al-Orayj Ghannam Al Ghannam Attaullah Nihal Vidar Bruland Andrew Estel	Chairman
Registered address	:	Ma'aden Bauxite and Alumina Company Ras Al-Khair Industrial City Kingdom of Saudi Arabia	
Postal address	:	P.O. Box 11342 Al-Jubail Industrial City 31961 Kingdom of Saudi Arabia	
Bankers	:	The Saudi British Bank (SABB)	
Auditors	:	PricewaterhouseCoopers 14th floor, Al-Hugayet Tower, P.O. Box 467 Dhahran 31932 Kingdom of Saudi Arabia	

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, is made with a view to distinguish the responsibilities of the Board of Managers and those of the independent auditors in relation to the financial statements of Ma'aden Bauxite and Alumina Company (the "Company").

The Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2024, its financial performance, changes in shareholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

In preparing the financial statements, the management is responsible for:

- selecting suitable accounting policies and applying them consistently,
- making judgments and estimates that are reasonable and prudent,
- stating whether IFRS as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, have been followed, subject to any material departures disclosed and explained in the financial statements and
- preparing and presenting the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue its business for the foreseeable future.

The management is also responsible for:

- designing, implementing and maintaining an effective system of internal controls throughout the Company,
- maintaining statutory accounting records in compliance with local legislation and IFRS in the respective jurisdictions in which the Company operates,
- taking steps to safeguard the assets of the Company and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2024 set out on pages 6 to 62, were approved and authorized for issue by the Board of Managers and signed on its behalf by:

Ali Saeed Abdullah Al-Orayj Chairman of the Board	Abdullah A AlGhamdi Senior Vice President	Attaullah Nihal Vice President Finance

17 February 2025
Ras Al-Khair Industrial City
Kingdom of Saudi Arabia

pwc

Independent auditor's report to the shareholders of Ma'aden Bauxite and Alumina Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ma'aden Bauxite and Alumina Company (the "Company") as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2024;
- the statement of financial position as at 31 December 2024;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, 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 Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Managers, are responsible for overseeing the Company's financial reporting process.

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Independent auditor's report to the shareholders of Ma'aden Bauxite and Alumina Company (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

برايس وترهاوس كوبرز
محاسبون قانونيون
س.ت : ١٠١٠٣٧١٦٢٢
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CERTIFIED PUBLIC ACCOUNTS
C.R.: 1010371622

Bader I. Benmohareb
License Number 471

9 March 2025

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year end 31 December 2024	Year End 31 December 2023
Sales	5	**3,331,137,374**	2,429,306,006
Cost of sales	6	**(2,397,188,260)**	(2,567,013,737)
Gross profit / (loss)		**933,949,114**	(137,707,731)
Operating expenses			
General and administrative expenses	7	**(80,900,097)**	(89,485,690)
Other operating income, net	9	**1,479,891**	-
Operating profit / (loss)		**854,528,908**	(227,193,421)
Other (expenses) / Income			
Finance cost	8	**(526,268,361)**	(468,317,391)
Finance income		**10,001,197**	16,266,972
Finance cost, net		**(516,267,164)**	(452,050,419)
Other (expense) net		**-**	(270,239)
Profit / (loss) before zakat, income tax and severance fee		**338,261,744**	(679,514,079)
Zakat expense	15.3	**(8,921,519)**	(8,677,900)
Income tax expense	15.5	**(23,515,894)**	**9,820,362**
Severance fee, net	16.4	**185,782,089**	**312,752,624**
Profit / (loss) for the year		**491,606,420**	(365,618,993)
Other comprehensive (loss) / gain			
Items that may be reclassified to profit or loss in subsequent periods			
Loss on cash flow hedge	31	**(20,407,808)**	(30,305,737)
Items not to be reclassified to profit or loss in subsequent periods			
(Loss) / gain attributable to the re-measurements of employees' end of service termination benefits obligation	30.1	**(4,202,498)**	590,577
Other comprehensive loss for the year		**(24,610,306)**	(29,715,160)
Total comprehensive income / (loss) for the year		**466,996,114**	(395,334,153)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year End 31 December 2024	Year End 31 December 2023
Assets			
Non-current assets			
Mine properties	10	**1,193,618,451**	1,327,750,131
Property, plant and equipment	11	**8,853,929,954**	9,160,728,992
Right-of-use assets	12	**204,662,121**	221,366,176
Capital work-in-progress	13	**263,912,143**	227,348,711
Intangible assets	14	**8,295,492**	11,367,583
Deferred tax and severance assets	16.1,16.2	**757,719,836**	573,764,971
Employees' home owners program receivable	17	**15,798,481**	20,236,556
Non-current portion of advances and prepayments	20	**9,375,000**	-
Total non-current assets		**11,307,311,478**	11,542,563,120
Current assets			
Current portion of employees' homeowners program receivable	17	**2,664,102**	2,751,798
Due from a shareholder	18.1	**33,590,406**	16,480,287
Due from fellow subsidiaries	19.1	**13,887,248**	13,037,461
Derivative financial instruments	31	**-**	20,407,808
Advances and prepayments	20	**20,289,851**	9,333,877
Inventories	21	**482,525,589**	473,021,822
Trade and other receivables	22	**511,635,532**	248,825,417
Time Deposit	23	**-**	2,138,120
Cash and cash equivalents	24	**45,827,622**	241,253,203
Total current assets		**1,110,420,350**	1,027,249,793
Total assets		**12,417,731,828**	12,569,812,913
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	25.1	**4,828,464,412**	4,828,464,412
Payments to increase share capital	25.2	**271,535,587**	271,535,587
Statutory reserve	26	**-**	3,153,947
General reserve	26	**3,153,947**	-
Cash flow hedge reserve	31	**-**	20,407,808
Accumulated losses		**(773,464,815)**	(1,260,868,737)
Net shareholders' equity		**4,329,689,131**	3,862,693,017
Liabilities			
Non-current liabilities			
Long-term borrowings	27.2	**5,883,041,305**	5,735,230,409
Provision for decommissioning, site rehabilitation and dismantling obligations	28	**419,365,810**	527,676,852
Lease liabilities	29	**214,635,501**	234,732,936
Employees' benefits	30	**98,741,817**	82,394,623
Deferred tax and severance liabilities	16.3	**303,633,814**	296,393,529
Total non-current liabilities		**6,919,418,247**	6,876,428,349
Current liabilities			
Trade and other payables	32	**190,753,702**	506,262,272
Accrued expenses	33	**341,783,232**	328,122,769
Current portion of long-term borrowings	27.2	**413,075,624**	688,894,524
Current portion of lease liabilities	29	**23,494,481**	18,904,893
Zakat, income tax and severance fee	15	**36,045,524**	16,758,098
Due to a shareholder	18.2	**36,154,538**	35,733,214
Due to fellow subsidiaries	19.2	**127,317,349**	236,015,777
Total current liabilities		**1,168,624,450**	1,830,691,547
Total liabilities		**8,088,042,697**	8,707,119,896
Total shareholders' equity and liabilities		**12,417,731,828**	12,569,812,913

MA'ADEN BAUXITE AND ALUMINA COMPANY
(A Saudi Arabian limited liability company)
Statement of changes in equity for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Saudi Arabian shareholder Saudi Arabian Mining Company (Ma'aden)							Foreign shareholder AWA Saudi Limited							
	Share capital (Note 25.1)	**Payments to increase share capital* (Note 25.2)**	**Statutory reserve - Transfer of net income (Note 26)**	**General reserve - Transfer of net income (Note 26)**	**Cash flow hedge reserve (Note 31)**	**Accumulated losses**	**Sub-total**	**Share capital (Note 25.1)**	**Payments to increase hare capital* (Note 25.2)**	**Statutory reserve - Transfer of net income (Note 26)**	**General reserve - Transfer of net income (Note 26)**	**Cash flow hedge reserve (Note 31)**	**Accumulated losses**	**Sub-total**	**Total equity**
1 January 2023	3,616,519,845	203,380,155	2,560,638	-	37,984,445	(658,001,587)	3,202,443,496	1,211,944,567	68,155,432	593,309		12,729,100	(237,838,734)	1,055,583,674	4,258,027,170
Profit / (loss) for the year before zakat and income tax	-	-	-	-	-	(508,956,045)	(508,956,045)	-	-	-	-	-	(170,558,034)	(170,558,034)	(679,514,079)
Zakat and income tax (Note 15)	-	-	-	-	-	(8,677,900)	(8,677,900)	-	-	-	-	-	9,820,362	9,820,362	1,142,462
Cash flow hedge - changes in fair value and transfer to profit (note 31)	-	-	-	-	(22,698,997)	-	(22,698,997)	-	-	-	-	(7,606,740)	-	(7,606,740)	(30,305,737)
Severance fee	-	-	-	-	-	312,752,624	312,752,624	-	-	-		-	-	-	312,752,624
Profit attributable to the re-measurements of employees' end of service termination benefits obligation (Note 30.1)	-	-	-	-	-	442,342	442,342	-	-	-	-	-	148,235	148,235	590,577
Total comprehensive loss for the year	-	-	-	-	(22,698,997)	(204,438,979)	(227,137,976)	-	-	-	-	(7,606,740)	(160,589,437)	(168,196,177)	(395,334,153)
31 December 2023	3,616,519,845	203,380,155	2,560,638	-	15,285,448	(862,440,566)	2,975,305,520	1,211,944,567	68,155,432	593,309	-	5,122,360	(398,428,171)	887,387,497	3,862,693,017
Profit for the year before zakat and income tax	-	-	-		-	253,358,046	253,358,046	-	-	-	-	-	84,903,698	84,903,698	338,261,744
Zakat and income tax (Note 15)	-	-	-		-	(8,921,519)	(8,921,519)	-	-	-	-	-	(23,515,894)	(23,515,894)	(32,437,413)
Cash flow hedge - changes in fair value and transfer to profit (note 31)	-	-	-		(15,285,448)	-	(15,285,448)	-	-	-	-	(5,122,360)	-	(5,122,360)	(20,407,808)
Severance fee (Note15.8)	-	-	-		-	185,782,089	185,782,089	-	-	-	-	-	-	-	185,782,089
(Loss) attributable to the re-measurements of employees' end of service termination benefits obligation (Note 30.1)	-	-	-		-	(3,147,671)	(3,147,671)	-	-	-	-	-	(1,054,827)	(1,054,827)	(4,202,498)
Transfer from statutory reserve to general reserve			(2,560,638)	2,560,638			-			(593,309)	593,309			-	-
Total comprehensive income for the year	-	-	-		(15,285,448)	427,070,945	411,785,497	-	-	-	-	(5,122,360)	60,332,977	55,210,617	466,996,114
31 December 2024	**3,616,519,845**	**203,380,155**	**-**	**2,560,638**	**-**	**(435,369,621)**	**3,387,091,017**	**1,211,944,567**	**68,155,432**	**-**	**593,309**	**-**	**(338,095,194)**	**942,598,114**	**4,329,689,131**

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year end 31 December 2024	Year end 31 December 2023
Operating activities			
Profit / (loss) before zakat, income tax & severance fee		**338,261,744**	(679,514,079)
Adjustments for non-cash flow items:			
Finance cost	8	**526,268,361**	468,317,391
Finance income		**(10,001,197)**	-
Depreciation – mine properties	10	**53,532,106**	52,590,968
Depreciation – property, plant and equipment	11	**372,306,752**	423,629,203
Depreciation – right-of-use assets	12	**22,480,134**	23,128,318
Amortization of intangible assets	14	**3,571,991**	4,700,622
Allowance for slow moving spare parts and consumable materials	21.1	**1,845,110**	(8,820,183)
Write down of inventories to net realizable value	21	**-**	(4,076,069)
Provision for employees' termination benefits obligation	30.1	**8,954,094**	8,411,639
Employees' saving plan	30.2	**1,879,607**	(3,040,869)
Changes in working capital:			
Due from a shareholder	18.1	**(17,110,119)**	55,696,619
Due to a shareholder	18.2	**421,324**	(11,101,993)
Due from fellow subsidiaries	19.1	**(849,787)**	13,148,306
Due to fellow subsidiaries	19.2	**(108,698,428)**	(10,180,985)
Employees' home owners program receivable	17	**4,525,771**	13,931,719
Advances and prepayments	20	**(20,330,974)**	12,704,218
Inventories	21	**(11,348,877)**	73,960,220
Trade and other receivables	22	**(262,810,115)**	(97,507,443)
Trade and other payables	32	**(315,967,982)**	286,616,807
Accrued expenses	33	**13,660,463**	(362,938,798)
Net cash generated from operations		**600,589,978**	259,655,611
Finance cost paid		**(512,646,457)**	(489,269,835)
Zakat paid	15.3	**(4,082,478)**	-
Employees' termination benefits paid	30.1	**(1,645,054)**	(6,895,499)
Receipt for net settlement of interest rate swap		**22,253,066**	43,822,997
Net cash generated from / (utilized in) generated from operating activities		**104,469,055**	(192,686,726)
Investing activities			
Additions to mine properties		**-**	(52,000)
Additions to capital work-in-progress	13	**(148,658,294)**	(126,378,867)
Finance income received		**10,001,197**	-
Time deposit	23	**2,138,120**	(2,138,120)
Movement in restricted cash	24	**9,994,638**	3,040,869
Net cash utilized in investing activities		**(126,524,339)**	(125,528,118)
Financing activities			
Repayment of long-term borrowings	27.2	**(342,091,733)**	(319,065,246)
Working Capital withdrawn		**200,000,000**	403,306,250
Repayment of principal portion of lease liabilities		**(21,283,926)**	(17,528,267)
Net cash (utilized in) / generated from financing activities		**(163,375,659)**	66,712,737
Net change in cash and cash equivalents		**(185,430,943)**	(251,502,107)
Unrestricted cash and cash equivalents at the beginning of the year	24	**231,258,565**	482,760,672
Unrestricted cash and cash equivalents at the end of the year	24	**45,827,622**	231,258,565

(All amounts in Saudi Riyals unless otherwise stated)

Continue statement of cash flows

Non-cash flow transactions	**Notes**	**Year end 31 December 2024**	**Year end 31 December 2023**
Adjustment/Transfer to mine properties and property, plant and equipment from capital work-in-progress	11,13	**117,916,150**	118,786,400
Adjustment/Transfer to intangible assets from capital work-in-progress	14	**499,900**	232,319
Borrowing cost attributable to qualifying assets transferred to capital work-in-progress and capitalized	13,8	**6,321,188**	3,739,574
Addition of right of use asset		**5,776,079**	316,342
Adjustment to property, plant and equipment dismantling obligations	28	**(51,753,246)**	-
Adjustment to the decommissioning, site rehabilitation and dismantling obligations	28	**(81,254,764)**	205,367,820

1 General information

Ma'aden Bauxite and Alumina Company (the "Company") is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration ("CR") number 2055012955 dated 18th of Safar 1432H (corresponding to 22 January 2011), and a branch CR number 1131037372 dated 12th of Thul Qa'adah 1432H (Corresponding to 10 October 2011) with an authorized share capital of Saudi Arabian Riyals ("SAR") 5,100,000,000 comprising 510,000,000 ordinary shares at a nominal value of SAR 10 each (Note 25.1).

During the year ended 31 December 2024, the Board of Managers has approved transfer of payments to increase share capital of SAR 271,535,587 to paid up capital.The legal proceedings relating to the transfer are in process as of the reporting date.

The Company is owned:

- Saudi Arabian shareholder
  74.9% by Saudi Arabian Mining Company ("Ma'aden") the parent Company and a
- Foreign shareholder
  25.1% by AWA Saudi Limited ("AWA"), which is owned 60% by Alcoa Corporation and 40% by Alumina Limited, an unrelated third party.

The objectives of the Company are to mine and refine bauxite and produce and sell alumina.

The Company has started its initial production as part of its commissioning activities in the fourth quarter of 2014. The Company has declared achieving commercial production on 1 October 2016.

Pursuant to a shareholders' agreement, the shareholders have agreed to fund the Company as required. The Company has also arranged financing facilities as described in Note 27.

On 15 September 2024, Ma'aden signed a Share Purchase and Subscription Agreement ("SPSA") with Alcoa Corporation (as the "Guarantor") and AWA Saudi Limited, a shareholder (the "Seller") (the Guarantor, the Seller and Ma'aden are collectively referred to as the "Parties" and each as a "Party") for the purpose of acquiring the entire shares held by the Seller in MBAC, representing 25.1% of the share capital of MBAC (the "Acquisition").

The Acquisition consideration will consist in full, in an in-kind consideration through the issuance of new shares in Ma'aden to the Seller in addition to cash consideration.

At completion of the Acquisition, Ma'aden's stake in the share capital of MBAC will increase from 74.9% to 100%.
Completion of the Acquisition will be subject to the satisfaction of certain regulatory and corporate conditions and approvals.

At 31 December 2024, the Company's current liabilities exceeded its current assets by Saudi Riyals 58.2 million. The management believes that the liquidity position of the Company will improve in the next 12 months and beyond based on the following:

- the Company, based on the five year approved business plan, expects to generate sufficient cash flows in the next 12 months to cover the shortfall. Moreover, management has taken the initiatives to improve the Company's working capital cycle and has forecasted significant positive operating cash flows in its business plan for the next five years based on the realistic prices, cost and production assumptions which are aligned with the Company's historical performance. Moreover, historically the Company has generated significant operating cash flows and has always settled its current liabilities within the credit period of 60 days; and
- as of 31 December 2024, the Company has unutilized working capital facility of Saudi Riyals 925 million which can be utilized in case of any liquidity shortfall.

Based on the above, management believes that the Company will be able to repay its liabilities for the next twelve months as they become due, in the normal course of business. Accordingly, the financial statements have been prepared under the going concern basis.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These 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 other measurement basis as disclosed in the applicable accounting policies in Note 3 – Summary of material accounting policies.

These financial statements are presented in SAR which is the reporting currency of the Company.

2 Basis of preparation (continued)

New IFRS standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB"), endorsed in the Kingdom of Saudi Arabia by SOCPA, that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Company. The management is in the process of assessing the impact of the new standards, amendments and interpretations on its financial statements.

New and amended IFRS standards adopted by the Company

The Company has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

No material effect was noted upon the adoption of the new and amended standards on the Company's financial statements. There are no other amendments or interpretations which are effective from 1 January 2024 that have a material effect on the Company's financial statements.

3 Summary of material accounting policies

Summary of material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

3.1 Foreign currency translation

Foreign currency transactions are translated into SAR at the spot rates of exchange prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date.

3.2 Revenue recognition

Revenue comprises of sales of alumina and is measured based on the considerations specified in contracts with customers. Revenue is recognized either at a point in time or overtime, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, by transferring control over the promised goods to the customer.

Interest income on time deposits is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

3.3 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.4 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales of the Company. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

3 Summary of material accounting policies (continued)

3.5 Mine properties and property, plant and equipment

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 the mine, in which case the straight-line method is applied.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilization or to throughput rather than production, are depreciated at varying rates on a straight-line basis over their economic useful lives or the life-of-mine ("LOM"), whichever is the shorter.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition and development of the assets and includes:

- the purchase price
- costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of any mine closure, rehabilitation and decommissioning obligation and
- for qualifying assets, that take a substantial period to get ready for their intended use, the applicable borrowing costs.

Depreciation is charged to the 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**
Land and buildings	25 – 50
Plant and equipment	10 – 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the 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 statement of profit or loss.

Borrowing costs related to qualifying assets that take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the qualifying assets until substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

Capital spare parts are treated as property, plant and equipment when they can be used only in connection with an item of property, plant and equipment and are expected to have a service life period of more than one year. Depreciation of capital spare parts is based on the shorter of the expected useful life of the spare part while in use, or the useful life of the larger asset to which it relates.

Exploration and evaluation assets

Exploration expenditures relates 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

3 Summary of material accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Evaluation expenditure 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 feasibilities studies.

All exploration and evaluation costs are expensed until a 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 expenditure.

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 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 accumulated impairment. 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 asset 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 and reversal of impairment on exploration and evaluation assets.

3 Summary of material accounting policies (continued)

3.5 Mine properties and property, plant and equipment (continued)

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".

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".

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the statement of cash flows.

Stripping activity asset and stripping activity expense

The Company incurs stripping (waste removal) costs during the development and production stage of its open pit mining operations.

Stripping costs incurred during the development stage of an open pit mine, in order to access ore deposits, are capitalized prior to the commencement of commercial production. Such costs are then amortized over the remaining life of the component of the ore body (for which access has improved) using the UOP method over economically recoverable proven and probable reserves.

Stripping activities during the production phase generally create two types of benefits, being as follows:

- production of inventory or
- improved access to the ore to be mined in the future.

Where the benefits are realized in the form of inventory produced during the period end 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 ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a 'Stripping activity asset', if all the following criteria 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 access will be 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 criteria are not met, the production stripping costs are charged to the 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 asset, being either a tangible or an intangible asset (based upon the nature of existing asset) in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value of cash generating unit may not be recoverable.

The stripping activity asset is subsequently amortized to cost of sales 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 amortization and any impairment losses.

3 Summary of material accounting policies (continued)

3.6 Right of use assets and lease liabilities

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes 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 Company recognizes 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 (RoU)

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related RoU asset, unless those costs are incurred to produce inventories.

RoU assets are depreciated over the shorter period of lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Company expects to exercise a purchase option, the related RoU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The RoU assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 Impairment of Assets to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in Note 3.9.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the RoU asset. The related payments are 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 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 Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related 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 liabilities are 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 liabilities are 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 liabilities are remeasured by discounting the revised lease payments using a revised discount rate.

3 Summary of material accounting policies (continued)

3.7 Capital work-in-progress

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in 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.

3.8 Intangible assets

Internally generated intangibles, excluding capitalized development costs, are not capitalized. Instead, the related expenditure is recognized in the 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 on intangible assets with finite lives is recognized in the statement of profit or loss within the expense category that is consistent with the function of the intangible assets. The Company amortizes intangible assets with a limited economic useful life using the straight-line method over ten years.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount either annually, or whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from 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 statement of profit or loss when the asset is derecognized.

3.9 Asset impairment

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment 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 Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the operating section of the statement of profit or loss.

3 Summary of material accounting policies (continued)

3.9 Asset impairment (continued)

Assets or CGUs (other than the goodwill component) for which an impairment loss had been previously recorded, could reverse the impairment loss allocated if, and only if, there has been a change in the estimates used to determine the asset / 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 statement of profit or loss.

3.10 Employees' home owners program receivable

The Company has established an employees' home owners program (HOP) that offer 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 upon completion of full payment.

Under the HOP, the housing units are classified under other non-current assets as long-term employees' home owners' 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.

3.11 Inventories

Finished goods

Saleable finished goods are measured at the lower of unit cost of production or net realizable value. Cost of saleable finished goods is determined by using the unit cost of production for the period. The unit cost of production is determined as the total cost of production divided by the saleable unit output.

Production costs include:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore and the Amortization of any deferred stripping assets,
- variable and fixed production overheads, the latter being allocated on the basis of normal operating capacity, and
- direct production overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Work-in-process

The cost of work-in-process is determined using unit cost of production for the period based on percentage of completion at the applicable stage, based on the estimated recoverable content:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore and production activities,
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore, and the Amortization of any deferred stripping assets 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.

3 Summary of material accounting policies (continued)

3.11 Inventories (continued)

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. Cost of ore stockpile is determined by using the weighted-average 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 or 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 or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow-moving items, if any, is estimated at each reporting date.

Net realizable value is the estimated selling price less selling expenses.

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

Net realizable value is the estimated selling price less selling expenses.

3.12 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less expected credit loss ("ECL") allowance, if any. See Note 3.15 for a description of the Company's impairment policies.

When a trade and other receivable is uncollectible, it is written-off against the expected credit loss allowance in the statement of profit or loss. When a subsequent event causes the amount of expected credit loss allowance to decrease, the decrease in the expected credit loss allowance is reversed through the statement of profit or loss as per the staging criteria logic defined in the Company's policy.

3.13 Time deposits

Time deposits include placements with banks and other short term highly liquid instruments, with original maturities of more than 3 months but not more than one year from the date of acquisition. Term 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 credit risk of the counter party.

3.14 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 convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Restricted cash and cash equivalents are excluded from cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash and cash equivalents is related to employees' savings plan obligation.

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities

The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. The Company recognizes all of its contractual rights and obligations under derivatives in its statement of financial position as assets and liabilities.

Derivative instruments

The Company utilizes derivative instruments to manage certain market risk exposures. The Company does not use derivative financial instruments for speculative purposes, however, it may choose not to designate certain derivatives as hedges for accounting purposes.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Interest rate swaps and cash flow hedges

The Company designates certain interest rate swaps as hedges for variations in interest rate risk associated with the cash flows of long-term borrowings.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Financial assets expected to be realized within 12 months of the statement of financial position date, should only be presented as current assets if realization within 12 months is expected. Otherwise, they should be classified as non-current.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income / (losses).

When a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 exchange rates. The Saudi Riyal is pegged at SAR 3.75: USD 1, therefore the Company is not exposed to any risks from USD denominated financial instruments.

The Company's transactions are principally in SAR and US Dollars. Virtually all commodity sales contracts with customers and are USD priced and equally so is the bulk of the procurement and capital expenditure contracts.

The Company does not use forward exchange contracts.

Commodity contracts

The Company's earnings are exposed to movements in the prices of the commodities it produces. The Company's policy at the moment is to sell its products at prevailing market prices and not to hedge commodity price risk.

Financial assets

The Company's principal financial assets include:
- due from fellow subsidiaries
- due from a shareholder
- derivative financial instruments
- trade and other receivable excluding pre-payments and zakat / tax receivable (accounting policy 3.12)
- time deposits (accounting policy 3.13)
- cash and cash equivalents (accounting policy 3.14)

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial assets (continued)

Initial recognition 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 at transaction price.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

Subsequently, financial assets are carried at fair value or at amortized cost less impairment.

Classification of financial assets

Financial assets are classified one of the following three categories, based on the business model in which the financial asset and its contractual cash flow characteristics are managed:

- measured at amortized cost ("AC")
- fair value through profit or loss ("FVTPL") and
- fair value through other comprehensive income ("FVOCI")

Impairment and uncollectibility of financial assets

At each reporting date, the Company measures the loss allowance for a financial asset (using the expected credit loss model) at an amount equal to the lifetime expected credit losses, if the credit risk on that financial asset has increased significantly since initial recognition.

However, if at the reporting date, the credit risk on that financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Regardless of the change in credit risk, loss allowances on trade receivables 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 statement of profit or loss.

De-recognition of financial assets

The Company derecognizes financial assets only when the contractual rights to receive cash flows from the financial assets expire or when it transfers the financial assets and substantially all the risks and rewards of ownership to another entity.

Gains and losses on de-recognition are generally recognized in the statements of profit or loss.

Financial liabilities

The Company's principal financial liabilities comprise of

- due to fellow subsidiaries
- due to a shareholder
- long -term borrowings (Accounting policy 3.16)
- trade and other payables and accrued expenses (Accounting policy 3.20)

3 Summary of material accounting policies (continued)

3.15 Financial instruments, financial assets and liabilities (continued)

Financial liabilities (continued)

Initial recognition of financial liabilities

Financial liabilities are initially recognized at fair value of 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 effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the separate statement of profit or loss over the period of long-term borrowings using effective interest rate method.

Classification of financial liabilities

Financial liabilities are classified as 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.

De-recognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of profit or loss.

Long-term borrowings are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss as other income or finance cost.

Offsetting a financial asset and a financial liability

A financial asset and liability is offset and net amount reported in the financial statements, when the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

3.16 Long-term borrowings

Long-term borrowings are initially recognized at the fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the redemption amount is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of 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.

3 Summary of material accounting policies (continued)

3.16 Long-term borrowings (continued)

Borrowings are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred in the statement of profit or loss.

3.17 Provisions

Provisions are recognized when the Company has:

- a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of economic resources will be required to settle the obligation in the future and
- the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance costs in the statement of profit or loss.

3.18 Provision for decommissioning, site rehabilitation and dismantling obligations

The mining, extraction and processing activities of the Company normally give rise to obligations for mine closure decommissioning, site rehabilitation and plant dismantling (collectively referred to as “decommissioning site rehabilitation and dismantling obligations”). Decommissioning and site restoration work can include facility decommissioning and dismantling of plant and buildings; removal or treatment of waste materials, site and land rehabilitation. The extent of the work required and the associated costs are dependent on the requirements of current laws and regulations work.

The full estimated cost is discounted to its present value and capitalized as part of “Mining properties” and once commercial production is achieved, it is then depreciated as an expense over the expected life-of-mine using UOP method.

Costs included in the provision includes all decommissioning obligations expected to occur over the life-of-mine and at the time of closure in connection with the mining activities being undertaken at the reporting date. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation. The timing of the actual decommissioning expenditure is dependent upon a number of factors such as:

- the life-of-mine,
- developments in technology,
- the operating license conditions,
- the environment in which the mine operates and
- changes in economic sustainability.

3 Summary of material accounting policies (continued)

3.18 Provision for decommissioning, site rehabilitation and dismantling obligations (continued)

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase or decrease in liability and a corresponding increase or decrease in the mine 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.

3.19 Employees' benefits

Employees' savings plan program

In accordance with Article 145 of the Labor Regulations, and in furtherance to Article 76 of the Company's Internal Work Regulation, approved by resolution No. 424 dated 6th of Rabi II 1420H (corresponding to 19 July 1999), issued by His Highness the Minister of Labor and Social Affairs, a Savings Plan Program was introduced to encourage the Saudi employees of the Company to save and invest their savings in areas more beneficial to them, to secure their future and as an incentive for them to continue working with the Company.

Participation in the Savings Plan Program is restricted to Saudi Nationals only and optional with employees required to contribute a monthly minimum installment of 1% to a maximum of 15% of their basic salary subject to a minimum of SAR 300 per month.

In accordance with this plan, the Company will contribute an amount equaling 10% of the monthly savings of each member per year for the first year and increase it by 10% per year in the years there after until it reaches 100% in the 10th year, which will in turn be credited to the savings accounts of the employee. The Company's portion is charged to statement of profit or loss on a monthly basis. The Company's portion will only be paid upon termination or resignation of the employee.

Other short-term obligations

Liabilities for wages and salaries, including non-monetary benefits 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 statement of financial position.

Furniture loan

The Company 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 statement of financial position in respect of the defined employees' end of service termination benefits plan, is the present value of the defined benefits obligation at the end of the reporting period. The defined 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 defined benefit obligation by discounting the estimated future cash outflows.

3 Summary of material accounting policies (continued)

3.19 Employees' benefits (continued)

Employees' end-of-service termination benefits obligation (continued)

The net finance cost is calculated by applying the discount rate to the net balance of the defined benefits obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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 statement of other comprehensive income. They are included in retained earnings in the statement of changes in shareholders' equity and in the statement of financial position.

Changes in the present value of the defined benefits obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

3.20 Trade and other payables and accrued expenses

Liabilities in respect of trade and other payables are recognized as amounts to be paid for goods and services received. The amount recognized is discounted to the present value of the future obligations using the Company's incremental borrowing rate; unless they are due in less than one year.
Liabilities in respect of other payables are recognized at amounts to be paid for goods and services received.

3.21 Zakat, income tax, withholding tax and deferred tax

The Company is subject to zakat for Saudi shareholders and income tax for foreign shareholders in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"). A provision for zakat and income tax for the Company is charged to the statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

The income tax includes the current tax and deferred tax charge recognized in the statement of profit of loss.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to shareholders' equity.

Further, the amounts for zakat and income tax expense for the year are presented in the statement of changes in equity in accordance with the guidance issued by SOCPA for companies with mixed ownership in line with the terms of the agreement between the shareholders of the Company.

(All amounts in Saudi Riyals unless otherwise stated)

3 Summary of material accounting policies (continued)

3.22 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 Company 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 below mineral, 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

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 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 statement of profit or loss and is not included in the valuation of inventory.

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.

4 Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS and other standards and pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accounting disclosures, and the disclosures of contingent liabilities at the date of the financial statements.

Estimates and assumptions are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The accounting estimates will, by definition, seldom equal the related actual results.

4.1 Critical accounting judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts realized in the financial statements:

- right-of-use assets and lease liabilities
- Provision for decommissioning, site rehabilitation and dismantling obligations
- severance fees under the Mining Law

Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company'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).

4 Critical accounting judgments, estimates and assumptions (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the Company 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.

Provision for decommissioning, site rehabilitation and dismantling obligations

The Company will be able to renew its mining license beyond its initial expiry term in 2037 and the renewal shall be made to 2063 based on the life of mine. As such, the future date used in the asset decommissioning calculation of 2063 is deemed appropriate as the Company expects to fully extract the ore from the mine by that date. There are no changes in the government plans and policies, introduction of new mining companies or granting new mining licenses that could potentially impact the determination by management of the renewal of the Company's license.

Severance fees under the Mining Law

In accordance with the Mining Law, the Company is required to pay 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.

4.2 Key sources of estimation uncertainty

- economic useful lives and residual values of mine properties, property, plant and equipment;
- zakat and income taxes;
- mineral resource and ore reserve estimates;
- decommissioning, site rehabilitation and dismantling obligations;
- allowances for obsolete and slow-moving spare parts; and

Economic useful lives and residual values of mine properties, property, plant and equipment

The Company'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, 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 Company's assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their estimated economic useful lives. The economic useful lives and residual values of mine properties and property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company. Also see note 4.3.

4 Critical accounting, judgments, estimates and assumptions (continued)

4.2 Key sources of estimation uncertainty (continued)

Zakat and income taxes

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. No zakat assessments were finalized by the ZATCA and where the final zakat outcome of an assessment is different from the amounts that were initially recorded, such differences will impact and be recorded in the zakat provisions in the period in which such determinations are made.

The deferred tax and severance assets include an amount of SAR 1,378,000 which relates to carried-forward tax losses of the Company. The Company has incurred the losses over the past few financial years. The Company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets of the Company. The Company generated taxable income during the current year and is expected to generate taxable income in 2025 and onwards as well.

Mineral resource and ore reserve estimates

There is a degree of uncertainty involved in the estimation and classification of ore reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until ore reserves or mineral resources are actually mined and processed, the quantity of ore reserve and mineral resource grades must be considered as estimates only. Further, the quantity of ore reserves and mineral resources may vary depending on, amongst other things, metal prices and currency exchange rates.

The ore reserve estimates of the Company have been determined based on long-term commodity price and forecasts 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 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 Company's ability to extract these ore reserves, could have a material adverse effect on the Company's business, prospects, financial condition and operating results.

Decommissioning, site rehabilitation and dismantling obligations

The Company's mining, exploration and processing activities are subject to various environmental laws and regulations. The Company estimates environmental obligations based on management's understanding of the current legal requirements in the Kingdom of Saudi Arabia, the Company'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 Company's environmental policy, usage of plant and facilities and life-of-mine estimates could affect the carrying amount of this provision. Also see Note 4.3.

Allowances for obsolete and slow-moving spare parts and consumable materials

The Company also creates an allowance for obsolete and slow-moving spare parts. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the statement of financial position date to the extent that such events confirm conditions existing at the reporting date (Note 21.1).

4.3 Changes in accounting estimate

During quarter ended 31 December 2023, as part of the Company'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 Company's business and industry, the Company 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 2024:

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 quarter ended 31 December 2023, the Company 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 Company for the year ended 31 December 2024 decreased by SAR 99.0 million (2023: SAR 58.6 million), as compared to what it would have been using the previous estimates of useful lives and residual values.

Recognition of provision for dismantling of property, plant and equipment

During 2023, as a result of 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 254 million for plant dismantling and site rehabilitation with a corresponding increase in non-current assets as of 31 December 2023
ii) Increase in depreciation expense of SAR 10.0 million (2023: SAR 2.5 million), and
iii) Increase in finance cost of SAR 18.8 million (2023: SAR 4.7 million).

(All amounts in Saudi Riyals unless otherwise stated)

5 Sales

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Sales of Alumina			
KSA		**2,661,360,841**	1,722,486,397
Egypt		**310,368,311**	281,311,596
Switzerland		**233,779,781**	42,118,650
Bahrain		**66,189,926**	148,069,643
India		**360,000**	169,941,471
USA		**-**	36,618,750
Sub-total		**3,272,058,859**	2,400,546,507
Sales of Hydrate			
UAE		**29,806,875**	-
Jordan		**24,174,377**	21,114,767
KSA		**1,253,933**	2,892,732
Others		**461,580**	-
Sub-total		**55,696,765**	24,007,499
Over a period of time			
Rendering of transportation services		**3,381,750**	4,752,000
Total		**3,331,137,374**	2,429,306,006

6 Cost of sales

	Notes	Year end 31 December 2024	Year end 31 December 2023
Salaries and staff related benefits		**337,530,932**	324,913,532
Contracted services		**254,482,638**	280,119,362
Repair and maintenance		**1,594,889**	3,165,001
Raw materials and utilities consumed		**756,884,114**	821,381,103
Consumables		**218,580,988**	212,968,128
Overheads		**391,838,180**	312,179,976
Allowance for slow moving spare parts and consumable materials	21.1	**1,845,110**	-
Severance fee	16	**583,174**	-
Total cash operating costs		**1,963,340,025**	1,954,727,102
Depreciation of mine properties	10	**53,532,106**	52,590,968
Depreciation of property, plant and equipment	11	**372,306,752**	423,629,203
Depreciation – right-of-use assets	12	**22,459,040**	23,128,318
Amortization	14	**3,571,991**	4,700,622
Total operating costs		**2,415,209,914**	2,458,776,213
Change in inventory	21	**(18,021,654)**	108,237,524
Total		**2,397,188,260**	2,567,013,737

7 General and administrative expenses

	Year end 31 December 2024	Year end 31 December 2023
Salaries and staff related benefits	**17,566,773**	10,435,334
Contracted services	**46,553,329**	44,401,416
Consumables	**59,673**	553,845
Overheads	**16,720,322**	34,095,095
Total	**80,900,097**	89,485,690

(All amounts in Saudi Riyals unless otherwise stated)

8 Finance cost

	Notes	Year end 31-December 2024	Year end 31-December 2023
Public Investment Fund		**182,704,756**	180,804,744
Riyal Wakala		**14,637,917**	14,358,496
Riyal Murabaha		**60,124,088**	29,528,999
Murabaha Riyal Tranche A		**118,209,646**	129,226,790
Murabaha Riyal Tranche B		**110,117,057**	107,802,918
Others		**18,150,415**	14,749,158
Sub-total		**503,943,879**	476,471,105
Accretion of lease liabilities	29.2	**9,789,935**	10,533,227
Amortization of transaction cost	27.2	**12,996,372**	13,688,058
Accretion of provision for plant dismantling	28	**5,918,815**	4,680,009
Accretion of provision for mine decommissioning obligations	28	**18,778,153**	3,114,643
Accretion of provision for employees' termination benefits obligation	30.1	**3,415,461**	3,376,391
Accrual of derivative interest		**-**	(39,806,468)
Reclassified from Cash flow hedge reserve	31	**(22,253,066)**	-
Sub-total		**532,589,549**	472,056,965
Less: Borrowing cost capitalized as part of qualifying assets in capital work-in-progress	13	**(6,321,188)**	(3,739,574)
Total		**526,268,361**	468,317,391

9 Other operating income, net

	Note	Year end 31-December 2024	Year end 31-December 2023
Foreign exchange gains, net	36.1.1	1,479,891	-
Total		**1,479,891**	-

(All amounts in Saudi Riyals unless otherwise stated)

10 Mine properties

	Notes	Plant dismantling and mine site rehabilitation	Land and buildings	Plant & Equipment	Office equipment	Motor Vehicles	Stripping activity asset	Mining capital work-in-progress	Total
Cost									
1 January 2023		38,411,486	959,291,631	523,183,596	6,707,050	832,682	3,097,752	2,890,771	1,534,414,968
Transfer from capital work-in-progress		-	-	52,000	-	-	-	(130,200)	(78,200)
Change in the estimate for plant dismantling and mine site rehabilitation		205,367,820	-	-	-	-	-	-	205,367,820
Adjustment		27,837,357	-	-		-	-	-	27,837,357
31 December 2023		271,616,663	959,291,631	523,235,596	6,707,050	832,682	3,097,752	2,760,571	1,767,541,945
Transfer from capital work-in-progress		-	740,600	675,602	-	-	-	(761,012)	655,190
Change in the estimate for plant dismantling and mine site rehabilitation	28	(81,254,764)	-	-	-	-	-	-	(81,254,764)
Transfer		-	(50,294,501)	50,294,501	-	-	-	-	-
31 December 2024		**190,361,899**	**909,737,730**	**574,205,699**	**6,707,050**	**832,682**	**3,097,752**	**1,999,559**	**1,686,942,371**
Accumulated depreciation									
1 January 2023		(14,413,503)	(184,645,795)	(179,733,066)	(4,478,048)	(832,682)	(3,097,752)	-	(387,200,846)
Charge for the year	6	(1,434,261)	(19,214,566)	(31,496,340)	(445,801)	-	-	-	(52,590,968)
31 December 2023		(15,847,764)	(203,860,361)	(211,229,406)	(4,923,849)	(832,682)	(3,097,752)	-	(439,791,814)
Charge for the year	6	(6,110,938)	(24,945,834)	(20,751,593)	(1,723,741)	-	-	-	(53,532,106)
Transfer		-	335,262	(335,262)	-	-	-	-	-
31 December 2024		**(21,958,702)**	**(228,470,933)**	**(232,316,261)**	**(6,647,590)**	**(832,682)**	**(3,097,752)**	**-**	**(493,323,920)**
Net book value as at									
31 December 2023		255,768,899	755,431,270	312,006,190	1,783,201	-	-	2,760,571	1,327,750,131
31 December 2024		**168,403,197**	**681,266,797**	**341,889,438**	**59,460**	**-**	**-**	**1,999,559**	**1,193,618,451**

During 2023, the Company 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 4.3 "Changes in accounting estimates".

(All amounts in Saudi Riyals unless otherwise stated)

11 Property, plant and equipment

	Notes	Plant dismantling obligation*	Land & Buildings	Plant & Equipment	Office equipment	Furniture & fittings	Motor Vehicles	Total
Cost								
1 January 2023		-	5,860,292,662	6,050,833,220	10,281,028	194,550	6,012,683	11,927,614,143
Transfer from capital work-in-progress	13	-	1,025,492	117,540,309	168,599	-	-	118,734,400
Plant dismantling obligation		226,128,045	-	-	-	-	-	226,128,045
31 December 2023		226,128,045	5,861,318,154	6,168,373,529	10,449,627	194,550	6,012,683	12,272,476,588
Transfer from capital work-in-progress				117,260,960				117,260,960
Plant dismantling obligation	28	(51,753,246)						(51,753,246)
Transfer			(145,226,560)	145,941,774	(715,214)			-
31 December 2024		**174,374,799**	**5,716,091,594**	**6,431,576,263**	**9,734,413**	**194,550**	**6,012,683**	**12,337,984,302**
Accumulated depreciation								
1 January 2023		-	(1,061,832,906)	(1,614,684,590)	(5,468,242)	(119,972)	(6,012,683)	(2,688,118,393)
Charge for the year	6	(2,304,530)	(174,221,747)	(246,384,393)	(703,942)	(14,591)	-	(423,629,203)
31 December 2023		(2,304,530)	(1,236,054,653)	(1,861,068,983)	(6,172,184)	(134,563)	(6,012,683)	(3,111,747,596)
Charge for the year	6	(6,475,490)	(123,933,730)	(237,938,255)	(3,901,250)	(58,027)	-	(372,306,752)
Transfer		-	9,709,807	(10,228,337)	518,530	-	-	-
31 December 2024		**(8,780,020)**	**(1,350,278,576)**	**(2,109,235,575)**	**(9,554,904)**	**(192,590)**	**(6,012,683)**	**(3,484,054,348)**
Net book value								
31 December 2023		223,823,515	4,625,263,501	4,307,304,546	4,277,443	59,987	-	9,160,728,992
31 December 2024		**165,594,779**	**4,365,813,018**	**4,322,340,688**	**179,509**	**1,960**	**-**	**8,853,929,954**

During 2023, the Company 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 4.3 “Changes in accounting estimates”.

(All amounts in Saudi Riyals unless otherwise stated)

12 Right-of-use assets

	Notes	Motor vehicles	Land and buildings*	Total
Cost				
1 January 2023		7,827,129	324,913,454	332,740,583
Expired / terminated leases		316,342	-	316,342
31 December 2023		8,143,471	324,913,454	333,056,925
Additions		**5,776,079**		**5,776,079**
31 December 2024		**13,919,550**	**324,913,454**	**338,833,004**
Accumulated depreciation				
1 January 2023		(4,713,799)	(83,848,632)	(88,562,431)
Charge for the period	6	(2,166,160)	(20,962,158)	(23,128,318)
31 December 2023		(6,879,959)	(104,810,790)	(111,690,749)
Charge for the period		**(795,966)**	**(21,684,168)**	**(22,480,134)**
31 December 2024		**(7,675,925)**	**(126,494,958)**	**(134,170,883)**
Net book value				
31 December 2023		1,263,512	220,102,664	221,366,176
31 December 2024		**6,243,625**	**198,418,496**	**204,662,121**

For short-term leases (a lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other cost of sales in the statement of profit or loss and other comprehensive income.

The Company has used practical expedient available in IFRS 16 – Leases for short-term leases and leases of low-value assets. These are recognized on a straight-line basis as an expense in statement of profit or loss and other comprehensive income amounted to SAR 19,159,451 for the period ended 31 December 2024 (31 December 2023: SAR 13,702,816).

13 Capital work-in-progress

	Notes	Refinery
1 January 2023		216,248,989
Additions/Reversal, net		130,118,441
Transfer to mine properties and property, plant and equipment	11	(118,786,400)
Transfer to intangible Assets		(232,319)
31 December 2023		227,348,711
Additions/Reversal, net		154,979,481
Transfer to mine properties and property, plant and equipment	10,11	(117,916,149)
Transfer to intangible Assets		(499,900)
31 December 2024		**263,912,143**

The Company has capitalized as part of capital work-in-progress the following:

	Note	Year end 31 December 2024	Year end 31 December 2023
Borrowing cost attributable to qualifying assets	8	**6,321,188**	3,739,574
Capitalization rate		**6.88%**	6.64%

The capitalization rate used is the weighted average interest rate applicable for the entity's general borrowings as of year-end.

(All amounts in Saudi Riyals unless otherwise stated)

14 Intangible assets

	Notes	Software
Cost		
1 January 2023		46,986,872
Transfer from capital work-in-progress		232,319
31 December 2023		47,219,191
Transfer from capital work-in-progress		499,900
31 December 2024		**47,719,091**
Accumulated amortization		
1 January 2023		(31,150,986)
Charge for the remainder of the year	6	(4,700,622)
31 December 2023		(35,851,608)
Charge for the period	6	(3,571,991)
31 December 2024		**(39,423,599)**
Net book value		
31 December 2023		11,367,583
31 December 2024		**8,295,492**

15 Zakat, severance fee and income taxes

	Notes	Year end 31 December 2024	Year end 31 December 2023
Zakat payable	15.3	**21,597,139**	16,758,098
Income tax payable		**14,448,385**	-
Total		**36,045,524**	16,758,098

15.1 Components of zakat base

The significant components of the zakat base of the 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,
- other items.

15.2 Zakat payable attributable to Saudi Arabian shareholders

	Note	Year ended 31 December 2024	Year ended 31 December 2023
1 January		**16,758,098**	8,080,198
Provision for zakat		**8,921,519**	8,677,900
Provision for current year		**8,921,519**	-
Provision for prior years		**-**	8,677,900
Paid during the year		**(4,082,478)**	-
31 December	15	**21,597,139**	16,758,098

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat, severance fee and income taxes (continued)

15.3 Income tax payable attributable to foreign shareholder

Income tax is payable at the rate of 20% by the foreign shareholder on their proportionate share of the Company's estimated taxable income.

	Note	Year ended 31 December 2024	Year ended 31 December 2023
1 January		**-**	-
Provision for income tax for the year		**14,448,385**	-
31 December	15	**14,448,385**	-

15.4 Reconciliation of income tax

	31 December 2024	31 December 2023
Accounting income / (loss) for the year before zakat and tax	**338,261,744**	(679,514,079)
Income tax rate applicable to the Company	**20%**	20%
Foreign shareholders' 25.1% proportionate share of the year accounting income / (loss)	**67,652,349**	(135,902,816)
Income tax on foreign shareholder	**16,980,740**	(34,111,607)
Tax effect of disallowed expenses	**6,535,154**	24,291,245
Income tax expense / (credit) for the year	**23,515,894**	(9,820,362)

15.5 Components of income tax expense

	Notes	31 December 2024	31 December 2023
Income tax for the year		**14,448,385**	-
Deferred tax expense / (credit), net		**9,067,509**	(9,820,362)
Credit to profit or loss arising from deferred tax asset	16.1	**4,784,192**	(12,992,563)
Charge to profit or loss arising from deferred tax liabilities	16.2	**4,283,317**	3,172,201
Total income tax and deferred expense / (credit) for the year		**23,515,894**	(9,820,362)

15.6 Status of final certificate and assessments

The Company has filed its zakat and income tax returns up to 31 December 2023 and have received zakat and income tax certificates for the same. During 2020, the Zakat, Tax and Customs Authority ("ZATCA") issued zakat assessments for the years 2015, 2016 and 2018 amounting to Saudi Riyals 37 million. The Company accepted an assessment of Saudi Riyals 0.2 million and filed an appeal with ZATCA against the remaining assessments of Saudi Riyals 36.8 million. During 2021, ZATCA issued revised assessments for the years 2015, 2016 and 2018 amounting to Saudi Riyals 34.1 million. The Company filed an appeal against the revised assessments with the General Secretariat of Tax Committees ("GSTC"). During 2022, GSTC issued revised assessments for the years 2015, 2016 and 2018 amounting to Saudi Riyals 5.3 million where the Company recognized additional zakat provision amounting to Saudi Riyals 0.4 million and filed an appeal against the revised assessment with the GSTC which is still pending its review.

Further, during 2022, the Company recognized uncertain tax provision of Saudi Riyals 9.5 million for the years 2019 through 2022 based on the zakat and income tax assessment received for the years 2015, 2016 and 2018. During 2023, the Company recognized additional uncertain tax provision of Saudi Riyals 8.7 million for the years 2019 through 2022.

Based on the Company's assessment, it is not anticipated that any material liabilities, other than currently recognized, will be incurred as a result of outstanding assessments.

(All amounts in Saudi Riyals unless otherwise stated)

15 Zakat, severance fee and income taxes (continued)

15.7 Severance fees payable

	Notes	31 December 2024	31 December 2023
1 January		**-**	-
Provision for severance fee made during the year	6	**583,174**	-
Current charge for year		**583,174**	-
Provision for the prior year		**-**	-
Paid during the year		**(583,174)**	-
31 December		**-**	-

In accordance with the Mining Law, the Company 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 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 no additional severance fees charge relating to the year 2022. The Company has analyzed new interpretations to the Mining Law and have accounted for severance fees equivalent of 20% of hypothetical income net of proportionate zakat due to ZATCA under IAS 12 "Income Taxes" as it now falls under the scope of IAS 12. Accordingly, such component of severance fees along with the deferred severance income / expense, net has been presented separately in the statement of profit or loss.

15.8 Severance fees expense / (income)

	Notes	31 December 2024	31 December 2023
Provision Severance Fees		**583,174**	-
Less: Charged to cost of sales		**(583,174)**	-
Deferred severance asset credited to income statement		**188,739,057**	375,144,141
Deferred severance liabilities debited to income statement		**(2,956,968)**	(62,391,517)
Total severance fee credit		**185,782,089**	312,752,624

16 Deferred income tax and severance fees

16.1 Deferred tax assets

The balance comprises temporary differences attributable to:

	31 December 2024	31 December 2023
Tax losses carried forward	**186,408,380**	192,032,818
Allowance for slow moving spare parts and consumable materials	**515,403**	865,552
Right of use assets	**1,949,833**	1,586,250
Employees' benefits	**4,963,022**	4,136,210
Total deferred tax assets	**193,836,638**	198,620,830

(All amounts in Saudi Riyals unless otherwise stated)

Movements	Note	Tax losses carried forward	Allowance for slow moving spare parts and Consumable materials	Right of use Assets	Employees' benefits	Total
1 January 2023		179,050,339	865,552	1,305,247	4,407,129	185,628,267
Credited to profit or loss for the remainder of the year	15.5	12,982,479	-	281,003	(270,919)	12,992,563
31 December 2023		192,032,818	865,552	1,586,250	4,136,210	198,620,830
Credited to profit or loss for the period	15.5	(5,624,438)	(350,149)	363,583	826,812	(4,784,192)
31 December 2024		**186,408,380**	**515,403**	**1,949,833**	**4,963,022**	**193,836,638**

16.2 Deferred severance fees assets

The balance comprises temporary differences attributable to:

	31 December 2024	31 December 2023
Tax losses carried forward	**499,778,711**	326,832,804
Mine decommissioning asset	**51,658,065**	37,511,462
Employees' benefits	**12,446,422**	10,799,875
Total deferred severance assets	**563,883,198**	375,144,141

Movements	Note	Tax losses carried forward	Mine decommissioning asset	Employee's benefits	Total
1 January 2023		-	-	-	-
Credited to profit or loss for the period	15.5	326,832,804	37,511,462	10,799,875	375,144,141
31 December 2023		326,832,804	37,511,462	10,799,875	375,144,141
Credited to profit or loss for the period	15.5	172,945,907	14,146,603	1,646,547	188,739,057
31 December 2024		**499,778,711**	**51,658,065**	**12,446,422**	**563,883,198**

16.3 Deferred tax and severance liabilities

The balance comprises temporary differences attributable to:

	31 December 2024	31 December 2023
Mine properties, property, plant and equipment and intangible assets	**238,285,329**	234,002,012
Severance fee	**65,348,485**	62,391,517
Total	**303,633,814**	296,393,529

(All amounts in Saudi Riyals unless otherwise stated)

Movements	Note	Mine properties, property, plant and equipment and intangible assets	Severance fee
1 January 2023		**230,829,811**	-
Charged to profit or loss for the period	15.5	**3,172,201**	**62,391,517**
31 December 2023		**234,002,012**	**62,391,517**
Charged to profit or loss for the remainder of the year	15.5	**4,283,317**	**2,956,968**
31 December 2024		**238,285,329**	**65,348,485**

16.4 Reconciliation of deferred severance fees credit

	31 December 2024	31 December 2023
Deferred severance fee assets credited to statement of profit or loss during the year	**188,739,057**	375,144,141
Deferred severance fee liabilities charged to statement of profit or loss during the year	**(2,956,968)**	(62,391,517)
Total deferred severance fee credit	**185,782,089**	312,752,624

17 Employees' home owners program receivable

	31 December 2024	31 December 2023
1 January	**22,988,354**	36,920,073
Less: Employees' repayment during the year	**(4,525,771)**	(13,931,719)
	18,462,583	22,988,354
Less: Current portion of employees' home owners program receivable	**(2,664,102)**	(2,751,798)
Non-current portion of employees' home owners program receivable	**15,798,481**	20,236,556

18 Due from / (to) a shareholder

	Notes	31 December 2024	31 December 2023
18.1 Due from a shareholder			
Ma'aden	35.2, 39	**33,590,406**	16,480,287
18.2 Due to a shareholder			
Ma'aden	35.2, 39	**36,154,538**	35,733,214

18.2.1 Employees' share-based payment plan

On 7 June 2023, the shareholders of the Parent Company approved the Employees Stock Incentive Program ("Plan") for the benefit of certain eligible senior executives of the Company (the "Participants"). The Plan entitles the Participants a conditional right to receive a number of Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs") (each unit equal to the value of one share of the Parent Company at the grant date i.e. 7 June 2023), following the satisfaction of service and performance conditions. The service vesting period under the Plan is 3 years. Fair value per share on grant date is the closing price per share on Tadawul as at the grant date.

(All amounts in Saudi Riyals unless otherwise stated)

The total expense recognised for employees' services received during the period ended 31 December 2024 under the Plan amounted to SAR 417,180 and is recognised as "salaries and staff related benefits" in the statement of profit or loss with a corresponding increase in the statement of financial position under the "Due to shareholder".

On 7 June 2023, the Parent Company's shareholders in their Extraordinary General Assembly Meeting approved buy-back of 2,170,767 treasury shares under the Plan for the executives of the Group.

19 Due from / (to) fellow subsidiaries

	Notes	31 December 2024	31 December 2023
19.1 Due from fellow subsidiaries			
MAC	35.2	**11,717,032**	12,689,161
MRC	35.2	**2,088,584**	295,868
MGBM	35.2	**18,386**	
MWSPC	35.2	**60,318**	
MIC	35.2	**2,928**	52,432
	38	**13,887,248**	13,037,461
19.2 Due to fellow subsidiaries			
Ma'aden Aluminium Company ("MAC")	35.2	**121,457,311**	223,006,847
Ma'aden Rolling Company ("MRC")	35.2	**2,131**	238,763
Ma'aden Gold and Base Metals Company ("MGBM")	35.2	**231,551**	83,410
Ma'aden Infrastructure Company ("MIC")	35.2	**5,414,014**	11,546,865
Ma'aden Phosphate Company ("MPC")	35.2	**132,837**	310,553
Ma'aden Wa'ad Al-Shamal Phosphate ("MWSPC")	35.2	**79,505**	826,889
Ma'aden Fertilizer Company ("MFC")	35.2	**-**	2,450
Total	39	**127,317,349**	236,015,777

20 Advances and prepayments

	31 December 2024	31 December 2023
Advances to employees	**723,217**	297,036
Prepaid insurance and other	**28,941,634**	9,036,841
Total	**29,664,851**	9,333,877
Less: Non- current portion	**(9,375,000)**	-
Total current portion	**20,289,851**	9,333,877

21 Inventories

	Notes	31 December 2024	31 December 2023
Stockpiles		**48,684,106**	46,439,282
Work-in-process		**143,102,189**	125,080,535
Cost of work-in-process		**143,102,189**	129,156,604
Less: work-in-process written off to net realizable value		**-**	(4,076,069)
Sub-total	6	**191,786,295**	171,519,817
Raw materials		**15,987,968**	22,123,234
Spare parts and consumables		**285,018,320**	287,800,655
Allowance for slow moving spare parts and consumable materials	21.1	**(10,266,994)**	(8,421,884)
Sub-total		**290,739,294**	301,502,005
Total		**482,525,589**	473,021,822

(All amounts in Saudi Riyals unless otherwise stated)

21.1 Movement in the allowance for slow moving spare parts and consumable materials is as follows:

	Notes	31 December 2024	31 December 2023
1 January		**8,421,884**	17,242,067
Additions / (write off)	6	**1,845,110**	(8,820,183)
31 December	21	**10,266,994**	8,421,884

22 Trade and other receivables

	Notes	31 December 2024	31 December 2023
Trade receivables			
MAC	35.2	**317,106,926**	150,991,698
Third parties		**185,173,280**	87,143,566
Sub-total		**502,280,206**	238,135,264
Other receivables			
Value added tax receivable		**9,212,899**	10,477,078
Others		**142,427**	213,075
Sub-total		**9,355,326**	10,690,153
Total	39	**511,635,532**	248,825,417

23 Time deposits

	Note	31 December 2024	31 December 2023
Time deposits with original maturities of more than three months and less than a year at the date of acquisition - unrestricted		**-**	2,138,120
Income receivable from time deposits		**-**	-
Total	36	**-**	2,138,120

24 Cash and cash equivalents

	Notes	31 December 2024	31 December 2023
Time deposits with original maturities equal to or less than three months at the date of acquisition - unrestricted		**3,767,235**	273,470
Cash and bank balances			
- unrestricted		**42,060,387**	230,985,095
- restricted	30.2	**-**	9,994,638
Sub-total		**45,827,622**	241,253,203
Total unrestricted cash and cash equivalents		**45,827,622**	231,258,565
Total restricted cash and cash equivalents		**-**	9,994,638
Total	39	**45,827,622**	241,253,203

The restricted cash and cash equivalents relate to employees' savings plan obligation (Note 30.2)

(All amounts in Saudi Riyals unless otherwise stated)

25 Share capital

25.1 Share capital

	Note	31 December 2024	31 December 2023
Authorized share capital			
510,000,000 ordinary shares, with a nominal value of SAR 10 per share	1	**5,100,000,000**	5,100,000,000
Issued and partly paid up share capital			
510,000,000 ordinary shares, with a nominal value of SAR 10 per share partly paid up at SAR 9.47, (31 December 2022: SAR 9.47) per share, approximately.		**4,828,464,412**	4,828,464,412

The shareholding is distributed as follows:

Shareholders	Number of shares	% Holding	31 December 2024	31 December 2023
Saudi Arabian				
Ma'aden	381,990,000	74.90%	**3,616,519,845**	3,616,519,845
Foreign				
ASSI	128,010,000	25.10%	**1,211,944,567**	1,211,944,567
Total	**510,000,000**	100.00%	**4,828,464,412**	4,828,464,412

25.2 Payments to increase share capital

	31 December 2024	31 December 2023
Ma'aden	**203,380,155**	203,380,155
ASSI	**68,155,432**	68,155,432
Total	**271,535,587**	271,535,587

The Company is ultimately owned by the Government of Saudi Arabia by virture of of its control over Public Investment Fund ("PIF") (a sovereign wealth fund of the Kingdom of Saudi Arabia).

26 Transfer of net income

Statutory reserve

	31 December 2024	31 December 2023
1 January	**3,153,947**	3,153,947
Transferred out to general reserve during the year	**(3,153,947)**	-
31 December	**-**	3,153,947

General reserve

	31 December 2024	31 December 2023
Transferred in from statutory reserve during the year	**3,153,947**	-
31 December	**3,153,947**	**-**

Shareholders	Participation %	31 December 2024	31 December 2023
Saudi Arabian			
Ma'aden	74.9%	**2,560,638**	2,560,638
Foreign			
ASSI	25.1%	**593,309**	593,309
Total	**100.0%**	**3,153,947**	3,153,947

(All amounts in Saudi Riyals unless otherwise stated)

In accordance with the Company's Articles of Association, the Company is required to establish a General reserve by apportioning 4% of its annual net income to the General reserve after adjusting accumulated losses, until the General reserve equals or exceed 50% of the Company's paid up share capital. Such a transfer is to be made on an annual basis and the General reserve so created is not available for distribution as dividends.

27 Long-term borrowings

27.1 Facilities approved

On 27 November 2011, the "Company" entered into the Common Terms Agreement ('CTA') and other agreements (collectively referred to as "Financing Agreements") with a group of financial institutions. On 16 July 2018 the facility with PIF was restructured resulting in a revised repayment schedule and covenants. Effective on the same date, the Company entered into a new CTA agreement with commercial banks in respect of new Riyal Murabaha and Riyal Wakala facilities to replace the balance of the facilities. On 9 January 2019 the working capital facility restructured for five years. Consequently, the Company's financing facilities comprised:

Financial institutions	Date of approval	Facilities approved
PIF – Amendment to the existing Agreement	16 July 2018	**3,506,250,000**
Islamic and commercial banks	16 July 2018	
Riyal Murabaha Tranche A		**2,370,000,000**
Riyal Murabaha Tranche B		**1,655,000,000**
Riyal Wakala		**220,000,000**
Sub-total		**4,245,000,000**
Murabaha Riyal, Working Capital Facility (WCF}	9 January 2019	**1,875,000,000**
Total		**9,626,250,000**

The new financing agreements imposed some financial covenants including:

- maintenance of financial ratios as per financial covenants clause;
  - debt will not, at any time, exceed 4 times of total tangible net worth and
  - financing cost will not exceed 50 % of Earnings before Interest, Tax, Depreciation and Amortization ('EBITDA")
- restriction on dividend distribution to shareholders

In addition to scheduled repayments, the restructured PIF facility and the Riyal Murabaha and Riyal Wakala facilities include provisions to make prepayments to the participants depending on the availability of excess cash for debt servicing. The prepayments continue until certain conditions have been met in respect of the outstanding balance under each of the facilities and are also limited in respect of time for the Riyal Murabaha and Riyal Wakala facilities.

Compliance with loan covenants

The Company complied with these covenants throughout the reporting period. As at 31 December 2024, the net debt was 1.87 times of total tangible net worth and the financing cost was 159.92% of EBITDA.

Facility agents:

- The Saudi National Bank formerly "National Commercial Bank" acts as Intercreditor Agent and as Riyal Murabaha Facility Agent,
- The HSBC Saudi Arabia acts as Riyal Wakala Facility Agent.
- The Al Rajhi Bank acts as Murabaha Riyal WCF Agent.

(All amounts in Saudi Riyals unless otherwise stated)

27 Long-term borrowings (continued)

27.2 Facilities utilized

		31 December 2024	31 December 2023
PIF		**2,525,238,179**	2,583,195,425
Less: Repaid during the year		**(62,055,233)**	(57,957,246)
Sub-total	35.2	**2,463,182,946**	2,525,238,179
Less: Unamortized transaction costs		**(61,381,751)**	(70,726,739)
Sub-total		**2,401,801,195**	2,454,511,440

The rate of commission on the principal amount of the loan drawn for each commission period is London Interbank Offered Rate ("LIBOR") plus 1.5%.

The repayment of the loan started on 30 June 2019, on a six-monthly basis, starting at SAR 36 million and increasing over the term of the loan with the final repayment of SAR 328 million on 30 June 2032. In addition, MBAC is required to make certain prepayments as described above.

The upfront transaction cost incurred is amortized over the term of the loan. The transaction cost amortized over the term of the loan during the period ended 31 December 2024 amounted to **SAR 9.3 million** (31 December 2023: SAR 9.2 million)

Islamic and commercial banks

	31 December 2024	31 December 2023
Riyal Murabaha Tranche A	**1,722,385,000**	1,943,743,000
Riyal Murabaha Tranche B	**1,343,347,000**	1,378,433,000
Riyal Wakala	**169,657,000**	174,321,000
Sub-total	**3,235,389,000**	3,496,497,000
Less: Repaid during the year	**(280,036,500)**	(261,108,000)
Sub-total	**2,955,352,500**	3,235,389,000
Less: Unamortized transaction costs	**(12,233,164)**	(15,770,633)
Sub-total	**2,943,119,336**	3,219,618,367

The rate of commission on the principal amount (lease base amount in case of Wakala facilities) of the loan drawn for each commission period on all the Saudi Riyal facilities is SIBOR plus a margin (mark-up in case of Wakala facilities) of 1.45% for Riyal Murabaha Tranche A and 1.55% for Riyal Murabaha Tranche B and Riyal Wakala.

Repayment of the principal amounts of total approved facilities commenced from 30 September 2019. The repayments started at SAR 34 million and will increase over the term of the loan with the final repayment of SAR 274 million for Riyal Murabaha Tranche A on 30 June 2028 and the final repayment of SAR 223 million for Wakala Riyal and Riyal Murabaha Tranche B on 31 December 2030.

The upfront transaction cost incurred is amortized over the term of the loan. The transaction cost amortized over the term of the loan during the period ended 31 December 2024 amounted to **SAR 3.5 million** (31 December 2023: SAR 3.9 million).

	31 December 2024	31 December 2023
Riyal Murabaha	**750,000,000**	346,693,750
Drawn during the year	**200,000,000**	403,306,250
Sub-total	**950,000,000**	750,000,000
Less: Unamortized transaction costs	**-**	(113,915)
Sub-total	**950,000,000**	749,886,085
Total Borrowings	**6,294,920,531**	6,424,015,892
Accrued finance cost	**1,196,398**	109,041
Sub-total carried forward	**6,296,116,929**	6,424,124,933

(All amounts in Saudi Riyals unless otherwise stated)

27 Long-term borrowings (continued)

27.2 Facilities utilized (continued)

	31 December 2024	31 December 2023
Subtotal brought forward	**6,296,116,929**	6,424,124,933

The rate of profit on the purchase price (i.e., the principal amount of the loan drawn for each commission period) is SIBOR plus 0.70%.

The Working Capital Murabaha Riyal facility amounting to SAR 340,000,000 was repaid on 9 January 2019 and a new Murabaha Riyal facility agreement was signed for a total commitment of SAR 750 million. On the same date a drawn down amounting to SAR 347 million was made. On 12 October 2023 the balance commitment of the loan amounting to SAR 403 million was withdrawn. During the period, the Company has entered into a revised arrangement for its Murabaha working capital facility. The revised terms resulted in increased approved financing from SAR 750 million to SAR 1,875 million. In addition, the maturity date of such facility was extended from 2024 to 2029.

No transaction cost amortized over the term of the loan during the period ended 31 December 2024 (31 December 2023: SAR 0.5 million)

	31 December 2024	31 December 2023
Less: Current portion of long-term borrowings	**(411,879,226)**	(688,785,483)
Less: Accrued finance cost	**(1,196,398)**	(109,041)
Sub-total - Current portion of borrowings shown under current liabilities	**(413,075,624)**	(688,894,524)
Long-term portion	**5,883,041,305**	5,735,230,409

27.3 Maturity profile of long-term borrowings

	Note	31 December 2024	31 December 2023
2024		**-**	688,894,524
2025		**413,075,624**	411,879,226
2026		**390,568,985**	390,568,985
2027		**614,956,888**	614,956,888
2028		**898,392,485**	898,392,485
2029		**1,939,315,354**	1,739,315,354
2030 onwards		**2,113,422,507**	1,766,728,758
Total	35.3	**6,369,731,843**	6,510,736,220

The above maturities are subject to prepayment provisions as defined in the CTA (Note 27.1).

27 Long-term borrowings (continued)

27.4 Facilities' currency denomination

Essentially 43% of the Company's facilities have been contracted in SAR and 57% in United States dollars (US$) and the drawdown balances in US$ are shown below:

	31 December 2024 (US$)	31 December 2023 (US$)
PIF (US$)	**656,848,786**	673,396,848
Unamortized transaction cost	**(16,125,049)**	(18,860,464)
Sub-total	**640,723,737**	654,536,384
Islamic and commercial banks		
Riyal Murabaha Tranche A	**459,302,667**	518,331,467
Riyal Murabaha Tranche B	**358,225,867**	367,582,133
Riyal Wakala	**45,241,867**	46,485,600
Sub-total	**862,770,400**	932,399,200
Less: Repaid during the year	**(74,676,400)**	(69,628,800)
Sub-total	**788,094,000**	862,770,400
Unamortized transaction cost	**(3,475,217)**	(4,205,502)
Sub-total	**784,618,783**	858,564,898
Riyal Murabaha	**200,000,000**	92,451,667
Drawn during the year	**53,333,333**	107,548,333
	253,333,333	200,000,000
Unamortized transaction cost	**(30,377)**	(30,377)
Sub-total	**253,302,956**	199,969,623
Add: accrued finance cost	**319,039**	29,078
Total borrowings	**1,678,964,515**	1,713,099,983
Less: Current portion of long-term borrowings	**(109,834,460)**	(183,676,129)
Less: accrued finance cost	**(319,039)**	(29,078)
Sub-total - Current portion of borrowings shown under current liabilities	**(110,153,499)**	(183,705,207)
Long-term portion	**1,568,811,016**	1,529,394,776

27.5 Security

Borrowings from Islamic and commercial banks are secured through promissory notes.

28 Provision for decommissioning, site rehabilitation and dismantling obligations

		31 December 2024	31 December 2023
Mine site rehabilitation	28.1	**206,554,830**	269,031,441
Plant dismantling	28.2	**212,810,980**	258,645,411
Total		**419,365,810**	527,676,852

(All amounts in Saudi Riyals unless otherwise stated)

28 Provision for decommissioning, site rehabilitation and dismantling obligations (continued)

28.1 Bauxite mine

Decommissioning provisions are made for the mine closure, reclamation and dismantling obligation of the mine, 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 Company'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 Company'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 estimate of mine closure obligation was revised. The net effect of this change in the current period was a decrease in provision for mine closure costs and corresponding mine closure assets under the mine properties of SAR 81.3 million.

The movement in the provision for mine decommissioning obligation along with the year in which they commenced commercial production and expected date of closure is as follows:

	Notes	Al-Baitha Mine
1 January 2023		60,548,978
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations during the period	10	205,367,820
Accretion of provision during the year	8	3,114,643
31 December 2023		269,031,441
Adjustment in provision for decommissioning, site rehabilitation and dismantling obligations during the period	10	(81,254,764)
Accretion of provision during the period	8	18,778,153
31 December 2024		**206,554,830**
Commenced production in		2014
Expected closure date in		2063

28.2 Plant dismantling and site rehabilitation

1 January 2023		-
Addition of dismantling obligation for property, plant and equipment		253,965,402
Accretion of provision during the year		4,680,009
31 December 2023		258,645,411
Adjustment of dismantling obligation for property, plant and equipment	10	(51,753,246)
Accretion of provision during the year	8	5,918,815
31 December 2024		**212,810,980**

During 2023, the Company reassessed its obligations and recognized the provision for plant dismantling and site rehabilitation for its plants. See Note 4.3 "Changes in accounting estimates". During the year, the estimates including the related assumptions of plant dismantling and site rehabilitation were revised. The net effect of this change was a decrease in provision for plant dismantling and site rehabilitation by SAR 51.8 million with a corresponding decrease in mine closure assets under the property, plant and equipment. This change in estimate will result in a decrease in depreciation of mine closure assets and plant dismantling obligation assets for future periods, however the net effect of such changes is not material for individual periods.

(All amounts in Saudi Riyals unless otherwise stated)

29 Lease liabilities

	Notes	31 December 2024	31 December 2023
Future minimum lease payment	30.1	**285,808,020**	310,835,398
Less: Future finance cost not yet due	30.2	**(47,678,038)**	(57,197,569)
Net present value of minimum lease payment		**238,129,982**	253,637,829
Less: Current portion of lease liabilities shown under current liabilities	38	**(23,494,481)**	(18,904,893)
Long term portion of lease liabilities	38	**214,635,501**	234,732,936

The future minimum lease payments have been discounted, using the Company's incremental borrowing rate as at the date of the transition, which approximates 5.23% per annum, to its present value.

Maturity profile

Future minimum lease payments are falling due during the following years:

	Note	31 December 2024	31 December 2023
2024		**-**	30,361,378
2025		**32,641,078**	29,593,078
2026		**31,854,567**	29,568,567
2027		**29,568,567**	29,568,567
2028		**29,514,342**	29,514,342
2029		**29,496,267**	29,496,267
2030 and thereafter		**132,733,199**	132,733,199
Total	34.3	**285,808,020**	310,835,398

29.1 Movement in future minimum lease payments

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
1 January		**310,835,398**	338,899,282
Addition during the year		**6,096,000**	-
Payments during the year		**(31,123,378)**	(28,063,884)
31 December	33	**285,808,020**	310,835,398

29.2 Movement in future finance cost

	Notes	Year end 31 December 2024	Year end 31 December 2023
1 January		**(57,197,569)**	(67,688,028)
Addition during the year		**(319,921)**	-
Payments during the year	12	**-**	(42,768)
Sub-total		**(57,517,490)**	(67,730,796)
Accretion of future finance cost during the year	8	**9,839,452**	10,533,227
31 December	30	**(47,678,038)**	(57,197,569)

(All amounts in Saudi Riyals unless otherwise stated)

30 Employees' benefits

	Notes	31 December 2024	31 December 2023
Employees' end of service termination benefits obligation	31.1	**86,867,572**	72,399,985
Employees' savings plan	31.2	**11,874,245**	9,994,638
Total		**98,741,817**	82,394,623

30.1 Employees' end of service termination benefits obligation

	Notes	31 December 2024	31 December 2023
1 January		**72,399,985**	68,098,031
Total amount recognized in profit or loss		**12,369,555**	11,788,030
Current service cost		**8,954,094**	8,411,639
Interest expense	8	**3,415,461**	3,376,391
Transfer liability in/out, net		**(459,412)**	(1,181,154)
Transfer liability in		**78,704**	885,442
Transfer liability out		**(538,116)**	(2,066,596)
Re-measurements recognized in other comprehensive income		**4,202,498**	590,577
Settlements / transfers		**(1,645,054)**	(6,895,499)
31 December	31	**86,867,572**	72,399,985

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia.

Employees' end of service benefit plans are unfunded plans and the benefit payment obligation are met when they become due.

Significant actuarial assumptions

The significant actuarial assumptions used in determining employees' end of service benefits obligation were as follows:

	31 December 2024	31 December 2023
Withdrawal rate	**5.93%**	5.00%
Mortality rate	**AM 80**	WHO SA19
Salary growth rate – next five years	**5.93%**	4.50%
Salary growth rate – after five years	**5.93%**	4.75%
Discount rate	**5.50%**	4.75%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level %		Impact on defined benefit obligation	
	Increase	Decrease	Increase	Decrease
31 December 2024				
Withdrawal rate	**10%**	**10%**	**(10,722)**	**10,755**
Mortality rate	**10%**	**10%**	**(288,567)**	**303,619**
Salary growth rate	**1%**	**1%**	**11,427,118**	**(9,601,166)**
Discount rate	**1%**	**1%**	**(9,518,422)**	**11,546,556**
31 December 2023				
Withdrawal rate	10%	10%	(333,748)	319,449
Mortality rate	10%	10%	(20,565)	19,547
Salary growth rate	1%	1%	7,623,145	(6,543,831)
Discount rate	1%	1%	(7,379,440)	8,822,534

(All amounts in Saudi Riyals unless otherwise stated)

30 Employees' benefits (continued)

30.1 Employees' end of service termination benefits obligation (continued)

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 defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability summarized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Effect of defined benefit plan on the Company's future cash flows

The expected maturity analysis of undiscounted defined benefit obligation is as follows:

	31 December 2024	31 December 2023
2024	**-**	4,571,777
2025	**5,028,924**	5,684,261
2026	**5,667,103**	5,470,952
2027	**4,923,913**	6,180,802
2028	**4,951,511**	7,707,787
2029	**4,099,482**	4,099,482
2030 and thereafter	**170,569,541**	37,200,610
Total	**195,240,474**	70,915,671

30.2 Employees' savings plan

	Notes	31 December 2024	31 December 2023
1 January		**9,994,638**	13,035,507
Contribution for the year		**1,879,607**	(3,040,869)
31 December	22,31	**11,874,245**	9,994,638

31 Derivative financial instruments

	Note	31 December 2024	31 December 2023
1 January		**(20,407,808)**	(54,730,074)
Net accrual for settlement of derivative interest		**22,253,066**	4,016,529
Accrual during the year	8	-	(39,806,468)
Derivative interest received during the year		**22,253,066**	43,822,997
(Gain) loss in fair value of hedge instrument charged to other comprehensive income		**(1,845,258)**	30,305,737
31 December		**-**	(20,407,808)

On 16 May 2019, the Company 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 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 a hedging arrangement since its inception and subject to prospective testing of hedge effectiveness at each reporting date. As on 31December 2023, the hedge effectiveness was evaluated to be 100% as all critical terms matched throughout the period. The agreement entered into, by the company was as follows:

	Note	31 December 2024	31 December 2023
Carrying amount (liability)		**-**	20,407,808
Notional amount	37.1.2	**1,227,187,500**	1,227,187,500
Maturity date		**-**	-
Hedge ratio		**1:1**	1:1
Gain/ (loss) in fair value of outstanding hedging instruments since start of year		**1,845,258**	(30,305,737)
Loss / (gain) in value of hedged item used to determine hedge effectiveness		**1,845,258**	(30,305,737)

(All amounts in Saudi Riyals unless otherwise stated)

31 Derivative financial instruments (continued)

Accumulated loss in fair value of outstanding hedging instruments

	31 December 2024	31 December 2023
1 January	**(20,407,808)**	(50,713,545)
Change in fair value of hedging instrument recognized in OCI	**(1,845,258)**	(9,500,731)
Transferred from OCI to profit / (loss)	**22,253,066**	39,806,468
Changes in fair value and transfer to profit	**20,407,808**	30,305,737
31 December	**-**	(20,407,808)

Cash flow hedge reserve split between shareholders (Note 25.1)

Shareholders	Number of shares	% Holding	31 December 2024	31 December 2023
Saudi Arabian				
Ma'aden	381,990,000	74.9%	-	15,285,448
Foreign				
ASSI	128,010,000	25.1%	-	5,122,360
Total	**510,000,000**	**100.0%**	-	20,407,808

32 Trade and other payables

	Note	31 December 2024	31 December 2023
Trade payables		**129,162,900**	173,272,001
Payable to Ma'aden		**56,289,721**	331,341,086
Others		**5,301,081**	1,649,185
	38	**190,753,702**	506,262,272

33 Accrued expenses

	Notes	31 December 2024	31 December 2023
Trade and project		**304,162,504**	253,293,988
Due to Alcoa Corporation	35.2	**386,936**	4,484,579
Trade accruals Ma'aden	35.2	**1,535,870**	35,028,502
Employee related		**35,697,922**	35,315,700
Total	39	**341,783,232**	328,122,769

Accruals represent goods and services received by the Company for which invoices have not been received. Due to Alcoa Corporation relates to seconded employees' salaries and other costs.

(All amounts in Saudi Riyals unless otherwise stated)

34 Related party transactions and balances

34.1 Related party transactions

Transactions with related parties carried out during the year, in the normal course of business, are summarized below:

	Note	Year end 31 December 2024	Year end 31 December 2023
Sales made to MAC	5	**2,656,705,861**	1,718,078,722
Cost of seconded employees from Alcoa Corporation		**2,134,945**	9,678,856
Support function, development and other costs paid by MAC and charged to the Company		**23,046,507**	190,971,957
Costs paid by the Company on behalf of:			
Ma'aden		**123,048,198**	126,449,165
MIC		**2,928**	-
MRC		**2,184,243**	200,209
MFC		**-**	2,007,168
MWSPC		**137,262**	86,168
MGBM		**54,036**	824,666
Total		**125,426,667**	129,567,376
Costs paid on behalf of the Company and other costs allocations by:			
Ma'aden		**139,695,056**	72,222,205
MAC		**494,932,433**	482,201,384
MRC		**2,131**	238,763
MFC		**-**	1,773,541
MGBM		**461,049**	83,410
MPC		**218,408**	709,534
MWSPC		**79,505**	826,889
Total		**635,388,582**	558,055,726
Finance cost incurred on long term borrowings from PIF		**182,704,756**	180,804,744
Rentals and services charged by MIC to the Company under Land Use and Service Agreement ("LUSA") and the agreement for Provision of Facilities at Ras Al-Khair (RAK)		**31,638,888**	27,729,131
Purchases of caustic soda from SAMAPCO (Ma'aden acting as agent)		**304,160,911**	778,717,823

Development cost includes rentals paid by MAC to MIC under Land Use and Service Agreement ("LUSA") on behalf of the Company and recharged to the Company.

(All amounts in Saudi Riyals unless otherwise stated)

34 Related party transactions and balances (continued)

34.2 Related party balances

Amount due from / (to) related parties arising from transaction with related parties are as follows:

	Notes	31 December 2024	31 December 2023
Due from a shareholder			
Ma'aden	18.1	**33,590,406**	16,480,287
Due to a shareholder			
Ma'aden	18.2	**36,154,538**	35,733,214
Ma'aden – Trade payables (as an agent for SAMAPCO)	33	**56,289,721**	331,341,086
Ma'aden – Trade accruals (as an agent for SAMAPCO)	34	**1,535,870**	35,028,502
Sub-total		**93,980,129**	402,102,802
Alcoa Corporation – Trade accruals	34	**386,936**	4,484,579
Total		**94,367,065**	406,587,381
Due from a fellow subsidiary			
MAC	19.1	**11,717,032**	12,689,161
MRC	19.1	**2,088,584**	295,868
MGBM	19.1	**18,386**	52,432
MWSPC	19.1	**60,318**	-
MIC	19.1	**2,928**	-
Total		**13,887,248**	13,037,461
Due to fellow subsidiaries			
MAC	19.2	**121,457,31**	223,006,847
MRC	19.2	**2,13**	238,763
MGBM	19.2	**231,55**	83,410
MIC	19.2	**5,414,01**	11,546,865
MPC	19.2	**132,83**	310,553
MWSPC	19.2	**79,50**	826,889
MFC	19.2	**-**	2,450
Total		**127,317,34**	236,015,777
Trade and other receivables			
MAC	22	**317,106,926**	150,991,698
Long-term borrowing from a majority shareholder of Ma'aden			
PIF for financing MBAC	27.2	**2,463,182,946**	2,525,238,179

34.3 Key management personnel compensation

	31 December 2024	31 December 2023
Short-term employee benefits	**1,648,694**	944,317
Employees' end of service termination benefits	**120,582**	67,804
Total	**1,769,276**	1,012,121

35 Commitments and contingent liabilities

35.1 Capital commitments

	31 December 2024	31 December 2023
Capital expenditure contracted for:		
Property, plant and equipment and mining properties	**27,365,963**	42,289,318

35.2 Guarantees

Guarantee in favor of Saudi Aramco	**6,010,200**	6,010,200
Total	**6,010,200**	6,010,200

35 Commitments and contingent liabilities (continued)

35.3 Contingent liabilities

The Company is not anticipating that any material liabilities will be incurred as a result of any contingent liabilities. There are no environmental obligations or decommissioning liabilities as at the reporting date.

36 Financial risk management

The Company's activities expose it to a variety of financial risks such as:

- market risk
- credit risk and
- liquidity risk

36.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk:

- foreign currency risk,
- interest rate risk and
- commodity price risk

Financial instruments affected by market risk include loans and borrowings, trade and other receivables, time deposits, cash and cash equivalents, trade payables, accrued liabilities and derivatives financial instruments.

The sensitivity analysis in the following sections relates to the positions as at 31 December 2024 and 31 December 2023.

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 the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The Company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Company's financial performance.

36.1.1 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Saudi Riyal. The Company's transactions are principally in Saudi Riyals, US Dollars, Euros, British Pounds, Emirati Dirham and Australian Dollars. Management monitor the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75: USD 1 therefore, the Company is not exposed to any risk from USD denominated financial instruments.

All commodity sales contracts are USD price and so is the bulk of the procurement and capital expenditure contracts.

36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.1 Foreign currency risk (continued)

Foreign currency exposure

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in SAR, was as follows:

	31 December 2024	31 December 2023
Trade payables – EUR	**-**	85,738
Trade payables – AUD	**79,958**	14,217
Total	**79,958**	99,955

Amount recognised in financial statements

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	Note	Year end 31 December 2024	Year end 31 December 2023
Foreign exchange loss gain included in other operating income	9	**(1,247,181)**	(1,177,801)

Foreign currency sensitivity analysis

As shown in the table above, the Company is primarily exposed to changes in SAR/AUD exchange rates. The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from AUD denominated balances.

Impact on post tax profit / equity of increase / (decrease) in foreign exchange rate:

		31 December 2024	31 December 2023
SAR/EURO exchange rate	- increase 10%	**-**	(8,574)
	- decrease (10%)	**-**	8,574
SAR/AUD exchange rate	- increase 10%	**(7,996)**	(1,422)
	- decrease (10%)	**7,996**	1,422

36.1.2 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing which exposes the Company to cash flow interest rate risk.

The Company'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 Company is not exposed to fair value interest rate risk.

(All amounts in Saudi Riyals unless otherwise stated)

36 Financial risk management (continued)

36.1 Market risk (continued)

36.1.2 Interest rate risk (continued)

The exposure of the Company's borrowing to interest rate changes and the contractual re-pricing dates of the fixed interest rate borrowings at the end of the reporting period are as follows:

Interest rate exposure	**31 December 2024**	**31 December 2023**
Variable interest rate – repricing dates 6 months or less	**6,368,535,446**	6,510,627,179

Cash flow hedge

The Company 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 and the sensitivity of the interest rate swap covered under the hedging arrangement:

	Note	**31 December 2024**	**31 December 2023**
Notional amount hedged	30	**-**	1,227,187,500

Other comprehensive income / (loss) is sensitive to higher / lower interest expense from net settled derivative as a result of changes in interest rates. Hence, the Company's exposure to fair value interest rate risk is not material.

	31 December 2024	**31 December 2023**
Interest rate – increase by 100 basis points	**-**	24,788,780
Interest rate – decrease by 100 basis points	**-**	(24,788,780)

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 Company's profit before tax is affected as follows:

	31 December 2024	**31 December 2023**
Interest rate – increase by 100 basis points	**(64,395,813)**	(15,778,317)
Interest rate – decrease by 100 basis points	**64,395,813**	15,778,317

36.2 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on the following financial instruments, while it uses two types of ECL approaches for its financial instruments;

Financial assets class	**Notes**	**Category**	**31 December 2024**	**31 December 2023**	**Impairment model approach**
Trade and other receivable (less VAT)	22	Amortised cost	**502,280,206**	238,348,339	**Simplified**
Time deposits	24	Amortised cost	**-**	2,138,120	**General**
Cash and cash equivalents	22	Amortised cost	**45,827,622**	241,253,203	**General**
Total			**548,107,828**	481,739,662	

36 Financial risk management (continued)

36.2 Credit risk (continued)

ECL approaches

The Company uses staging criteria to determine the ECL on its financial instruments. Following are the stages which are being used by the Company to determine ECL:

Stage	Description	Loss Recognition
1	Performing	12 months ECL
2	Significant increase in credit risk	Lifetime ECL
3	Credit impaired	Lifetime ECL

Stage-1 - Performing or low credit risk

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	0	0
2	External rating (where applicable)*	Investment Grade	Investment Grade

*External ratings present classification of the rating grades, issued by the External Credit Assessment Institutions (ECAI), into those considered as "investment grades", "non-investment grades" and "in default". If Counterparty does not have external rating, the Company uses Sovereign Rating. Where Sovereign Rating is Investment Grade, Counterparty's rating should be one notch downgraded (vis a vis Sovereign rating). While, where Sovereign Rating is Non-Investment Grade, Counterparty's rating should be two notches downgraded (vis a vis Sovereign Rating).

The Company uses "low credit risk" practical expedient for the following financial instruments categories:

- Cash & Cash equivalents; and
- Time deposits.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition, and therefore the ECL is estimated at an amount equal to the expected credit losses for a period of 12 months, as these financial instruments are determined to have low credit risk at the reporting date.

Stage-2 - Significant increase in credit risk ("SICR")

The Company considers the following indicators to be determinants of the SICR:

Sr. no	Indicators	Cash and Cash equivalents	Time deposits
1	Days past Due	1-6	1-6
2	External rating	External rating for the counterparty downgraded to "Non-Investment Grade" (NIG) relative to "Investment Grade" (IG) as of initial recognition date.	

To identify SICR, where applicable, the Company undertakes a holistic analysis of various factors, including those which are specific to a particular financial instrument or to a Counterparty.

Stage-3 - Credit impaired or definition of default

The Company considers the following indicators to be determinants of a credit impaired financial asset:

Sr. no	Indicators	Cash and cash equivalents	Time deposits	Trade and other receivables*
1	Days past due (DPD)	7+	7+	90+
2	External rating (where applicable)		In default	

* If the Company has reasonable and supporting information to demonstrate that the counterparty is not impaired, but has crossed DPD of 90+, then it would be classed as Stage 2 exposure and the Company applies stage-2 for ECL estimation.

Similarly, where the counterparty balance does not go beyond DPD of 90+, but the Company has reasonable and supporting information to demonstrate that counterparty will face significant financial difficulty:

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- other information.

In this case, ECL would be applied as follows:

a) The Company estimates definition of default at the counterparty's level and includes all financial instruments to Stage 2, if the balance amount of the exposure in default is not more than 5% from the total receivables amount from the counterparty; and
b) The Company evaluates definition of default at the counterparty's level and includes all financial instruments for Stage 3, if the balance amount of exposure in default exceeds 5% of the total receivable amount from the counterparty.

General approach for estimating ECL:

The Company uses the following staging criteria when using the general approach for estimating ECL:

a) At initial recognition, Stage 1 is assigned to the financial asset;

b) At subsequent measurement date, a financial asset would be classed in:

- **Stage 1**, if at the reporting date it is not credit-impaired and credit risk has not increased significantly since initial recognition or it belongs to a low credit risk portfolio;
- **Stage 2**, if at the reporting date it is not credit-impaired and credit risk has increased significantly since initial recognition; or
- **Stage 3**, if at the reporting date it is credit-impaired.

Simplified approach for estimating ECL:

The Company uses a simplified approach for estimating ECL of trade and other receivables using the credit ratings for the counterparties.

The Company has limited number of customers and have no history of defaults. The Company does not use any groupings for the counterparties for the assessment of credit risk. The Company calculates life time ECL through an internally developed model. Life time ECL is computed based on days past due and rating grade of the counterparty. An allowance for life time ECL is reported either as "not impaired" or "impaired" exposure accordingly.

Where the receivable is credit impaired, the indicators for which include the receivable being 90 days overdue or the credit rating for the counterparty being downgraded to NIG relative to IG as of initial recognition date, the probability of default for ECL determination is considered as 100%. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment, based on which, the Company does not have any history of material write-offs. The Company ensures that the cash collection is made on time from its counterparties, including deposits with banks and financial institutions. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Credit risk exposure

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.

The Company 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 Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In addition to the use of credit ratings, it considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

(All amounts in Saudi Riyals unless otherwise stated)

- 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 Company and changes to the operating results of the borrower.

	Note	Life time ECL not credit impaired	Life time ECL Credit impaired	Total
Trade and other receivable (less VAT)	22	**502,280,206**	-	**502,280,206**
Carrying amount		**502,280,206**	**-**	**502,280,206**

Trade receivables

The analysis of trade receivables that were past due but not impaired are as follows:

	Note	31 December 2024	31 December 2023
Neither past due nor impaired		**408,459,261**	232,227,739
Past due not impaired			
< 30 days		**87,458,161**	5,907,525
>30 days < 60 days		**6,362,784**	-
61 days above		**-**	-
Total	22	**502,280,206**	238,135,264

Based on the above analysis for the receivable from third parties under ECL method, credit risk was considered minimal and therefore no provision was recorded.

As of 31 December 2024 and 31 December 2023, the amount due for other receivables are neither past due and nor impaired.

36.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

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 Company held the following deposits and cash and cash equivalents that are expected to readily generate cash inflows for managing liquidity risk. Further, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

	Notes	31 December 2024	31 December 2023
Unrestricted time deposits	23	**-**	2,138,120
Unrestricted cash and cash equivalents	24	**45,827,622**	231,258,565
Total		**45,827,622**	233,396,685

(All amounts in Saudi Riyals unless otherwise stated)

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Notes	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Non-derivatives as at: 31 December 2024							
Due to shareholder	18.2	36,154,538	-	-	-	36,154,538	36,154,538
Due to fellow subsidiaries	19.2	127,317,349	-	-	-	127,317,349	127,317,349
Long-term borrowings	27.3	838,510,154	746,617,076	4,251,554,494	2,210,868,882	8,047,550,606	6,296,116,929
Lease liabilities	30	32,641,078	31,854,567	88,579,175	132,733,200	285,808,020	238,129,982
Trade and other payables	33	190,753,702	-	-	-	190,753,702	190,753,702
Accrued expenses	34	341,783,232	-	-	-	341,783,232	341,783,232
Total		**1,567,160,053**	**778,471,643**	**4,340,133,669**	**2,343,602,082**	**9,029,367,447**	**7,230,255,732**
Non-derivative as at: 31 December 2023							
Due to a shareholder	18.2	35,733,214	-	-	-	35,733,214	35,733,214
Due to fellow subsidiaries	19.2	236,015,777	-	-	-	236,015,777	236,015,777
Long-term borrowings	27.3	1,130,708,778	803,865,035	2,878,785,917	3,717,563,890	8,530,923,620	6,424,124,933
Lease liabilities	30	30,361,378	29,593,078	88,651,476	162,229,466	310,835,398	253,637,829
Trade and other payables	33	506,262,272	-	-	-	506,262,272	506,262,272
Accrued expenses	34	328,122,769	-	-	-	328,122,769	328,122,769
Total		2,267,204,188	833,458,113	2,967,437,393	3,879,793,356	9,947,893,050	7,783,896,794

37 Capital management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company relies on the shareholders' support.

The net debts of the Company are as follows:

	Note	31 December 2024	31 December 2023
Cash and cash equivalents (unrestricted)	24	**45,827,622**	231,258,565
Time deposits	23	**-**	2,138,120
Long-term borrowings – payable within one year	27.2	**(413,075,624)**	(688,894,524)
Long-term borrowings – payable after one year	27.2	**(5,883,041,305)**	(5,735,230,409)
Lease liabilities – payable within one year	29	**(23,494,481)**	(18,904,893)
Lease liabilities – payable after one year	29	**(214,635,501)**	(234,732,936)
Net debt		**(6,488,419,289)**	(6,444,366,077)

(All amounts in Saudi Riyals unless otherwise stated)

The movement in net debt is as follows:

	Cash and cash equivalents	Time deposits	Borrowings	Lease liability	Total
1 January 2023	482,760,672	-	(6,328,097,484)	(271,211,254)	(6,116,548,066)
Addition	-	-	-	(318,732)	(318,732)
Cash flows for the year	(251,502,107)	2,138,120	(84,241,004)	17,528,267	(316,076,724)
Interest expense	-	-	(490,159,163)	(10,533,227)	(500,692,390)
Interest paid	-	-	478,372,718	10,897,117	489,269,835
31 December 2023	231,258,565	2,138,120	(6,424,124,933)	(253,637,829)	(6,444,366,077)
Addition	-	-	-	(5,776,079)	(5,776,079)
Cash flows for the year	(185,430,943)	(2,138,120)	142,091,733	21,283,926	(24,193,404)
Interest expense	-	-	(516,940,251)	(9,789,935)	(526,730,186)
Interest paid	-	-	502,856,522	9,789,935	512,646,457
31 December 2024	**45,827,622**	**-**	**(6,296,116,929)**	**(238,129,982)**	**(6,488,419,289)**

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

"Long-term borrowings divided by total equity and long-term borrowings."

The gearing ratios, in accordance with the financial covenants pertaining to the long-term borrowings (Note 27.2), as at the end of the year were as follows:

	Note	31 December 2024	31 December 2023
Long term borrowings	27.2	**6,296,116,929**	6,424,124,933
Total equity		**4,292,904,320**	3,862,693,017
Total capital		**10,589,021,249**	10,286,817,950
Debt to total capital		**0.59**	0.62

38 Financial assets and financial liabilities

	Notes	31 December 2024	31 December 2023
Financial assets measured at amortized cost			
Due from a shareholder	18.1	**33,590,406**	16,480,287
Due from fellow subsidiaries	19.1	**13,887,248**	13,037,461
Trade and other receivables (excluding VAT)	22	**502,422,633**	238,348,339
Time deposits	23	**-**	2,138,120
Cash and cash equivalents	24	**45,827,622**	241,253,203
Total		**595,727,909**	511,257,410

	Notes	31 December 2024	31 December 2023
Financial liabilities measured at amortized cost			
Due to a shareholder	18.2	**36,154,538**	35,733,214
Due to fellow subsidiaries	19.2	**127,317,349**	236,015,777
Long-term borrowings	27.2	**6,296,116,929**	6,424,124,933
Lease liabilities	29	**238,129,982**	253,637,829
Trade and other payables	32	**190,753,702**	506,262,272
Accrued expenses	33	**341,783,232**	328,122,769
Total		**7,230,255,732**	7,783,896,794
Financial asset at fair value through OCI			
Derivative financial instruments	31	**-**	20,407,808

39 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

Financial instruments are carried at fair value, using the following different levels of valuation methods:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

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 Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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 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.

Derivatives:

On the basis of its analysis of the nature, characteristics and risks of the derivatives, the Company has determined that presenting them as a single class is appropriate.

The fair value of the derivatives is determined with reference to an active market index and is classified as level 2 in the fair value hierarchy. The fair values for the derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves for the interest rate swaps. There was no transfer between any levels during the period.

40 Events after the reporting date

No events have arisen subsequent to 31 December 2024 and before the date of signing the auditors' report, that could have a significant effect on the financial statements as at 31 December 2024.

Appendix (3)

Ma'aden's unaudited pro forma consolidated financial information for the year ended 31 December 2024G

SAUDI ARABIAN MINING COMPANY (MAADEN)

Unaudited pro forma consolidated financial information
and the independent practitioner's assurance report on the compilation of unaudited pro forma consolidated financial information included in shareholder circular
for the year ended 31 December 2024

SAUDI ARABIAN MINING COMPANY (MAADEN)

Unaudited pro forma consolidated financial information for the year ended 31 December 2024

Contents

SAUDI ARABIAN MINING COMPANY (MAADEN)
Administration and contact details

Commercial registration number	1010164391
Board of Directors (Directors)	Yasir bin Othman Al-Rumayyan – Chairman Khalid bin Saleh Al-Mudaifer – Deputy Chairman Richard O'Brien Sofia Bianchi Ganesh Kishore Mohammed bin Yahya Al-Qahtani Robert Wilt Ahmed Abdulaziz Alhakbani Abdullah bin Saleh bin Jum'ah Nabila bint Mohammed Al-Tunisi Manar Moneef AlMoneef
Senior Executives	Robert Wilt – Chief Executive Officer Louis Irvine – Chief Financial Officer
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

Independent practitioner's assurance report on the compilation of unaudited pro forma consolidated financial information included in the shareholder circular

To the board of directors of Saudi Arabian Mining Company (Maaden)

Report on the compilation of unaudited pro forma consolidated financial information

We have completed our assurance engagement to report on the compilation of unaudited pro forma consolidated financial information of Saudi Arabian Mining Company (Maaden) ("Maaden" or the "Company") and its subsidiaries (together the "Group") by management of the Group. The unaudited pro forma consolidated financial information consists of the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2024 and the unaudited pro forma consolidated statement of financial position as at 31 December 2024 and the related notes (the "unaudited pro forma consolidated financial information"). The applicable criteria on the basis of which management has compiled the unaudited pro forma consolidated financial information are specified in Annex 20 and Annex 21 of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia and described in Note 1 to the accompanying unaudited pro forma consolidated financial information (the "applicable criteria").

The unaudited pro forma consolidated financial information has been compiled by management to illustrate the impact of the acquisitions by Maaden of twenty-five point one percent (25.1%) equity interest in Maaden Bauxite and Alumina Company ("MBAC"), a subsidiary of the Company, from a minority shareholder in MBAC holding twenty-five point one percent (25.1%) equity interest ("Seller 1"), and twenty-five point one percent (25.1%) equity interest in Maaden Aluminium Company ("MAC"), a subsidiary of the Company, from a minority shareholder in MAC holding twenty-five point one percent (25.1%) equity interest ("Seller 2") through cash payment by the Company to Seller 1 and issuance of new ordinary shares of the Company to Seller 1 and Seller 2 (the "Transaction"), as set out in Note 1 to the unaudited pro forma consolidated financial information, on the Group's consolidated statement of financial position as at 31 December 2024 as if the Transaction had taken place at 31 December 2024 and on the Group's consolidated statement of profit or loss and the consolidated statement of comprehensive income for the year ended 31 December 2024 as if the Transaction had taken place at 1 January 2024. As part of this process, the information about the Group's financial position and financial performance has been extracted by management from the audited consolidated financial statements of the Group as at and for the year ended 31 December 2024, on which an unqualified audit report, dated 9 March 2025, was issued.

Management's responsibility for the unaudited pro forma consolidated financial information

Management is responsible for compiling the unaudited pro forma consolidated financial information on the basis of the applicable criteria described in Note 1 to the unaudited pro forma consolidated financial information and in accordance with the requirements of Annex 20 and Annex 21 of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Management (ISQM) 1, as endorsed in the Kingdom of Saudi Arabia, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Independent practitioner's assurance report on the compilation of unaudited pro forma consolidated financial information included in shareholder circular (continued)

Practitioner's responsibilities

Our responsibility is to express an opinion, as required by Annex 20 and Annex 21 of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia, about whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, by management on the basis of the applicable criteria described in Note 1 to the unaudited pro forma consolidated financial information.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus", as endorsed in the Kingdom of Saudi Arabia. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the unaudited pro forma consolidated financial information on the basis of the applicable criteria described in Note 1 to the unaudited pro forma consolidated financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma consolidated financial information.

The purpose of unaudited pro forma consolidated financial information included in the shareholder circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at and for the year ended 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by management in the compilation of the unaudited pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent practitioner's assurance report on the compilation of unaudited pro forma consolidated financial information included in shareholder circular (continued)

Opinion

In our opinion, the unaudited pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria set out in Note 1 to the unaudited pro forma consolidated financial information.

Intended users and purpose

This unaudited pro forma consolidated financial information has been prepared solely for inclusion in the shareholder circular of the Company to be filed with the Capital Market Authority of the Kingdom of Saudi Arabia in connection with the Transaction and may therefore not be appropriate for another purpose.

Bader I. Benmohareb
License Number 471

30 April 2025

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص ٣٢٣/١١/٢٥/٢
س.ت ٢٠٥١٠٦٢٣٨٤
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
Lic No. 323/11/25/2
C.R. 2051062384

SAUDI ARABIAN MINING COMPANY (MAADEN)
Unaudited pro forma consolidated statement of profit or loss
for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2024 (Audited)	Pro forma adjustments	Year ended 31 December 2024 (Unaudited pro forma)
Revenue	1	**32,546,157,340**	15,344,679	**32,561,502,019**
Cost of sales		**(23,301,998,978)**	-	**(23,301,998,978)**
Gross profit		**9,244,158,362**	15,344,679	**9,259,503,041**
Operating expenses				
Selling, marketing and logistic expenses		**(666,420,530)**	-	**(666,420,530)**
General and administrative expenses		**(2,060,701,517)**	-	**(2,060,701,517)**
Exploration and technical services expenses		**(637,562,039)**	-	**(637,562,039)**
Expected credit loss allowance		**(165,919,179)**	-	**(165,919,179)**
Other operating income, net		**541,078,564**	-	**541,078,564**
Operating profit		**6,254,633,661**	15,344,679	**6,269,978,340**
Finance income		**797,972,012**	-	**797,972,012**
Finance cost		**(2,548,613,137)**	-	**(2,548,613,137)**
Share in net profit of joint ventures that have been equity accounted		**182,814,117**	-	**182,814,117**
Profit before zakat, income tax and severance fees		**4,686,806,653**	15,344,679	**4,702,151,332**
Income tax		**115,709,626**	-	**115,709,626**
Zakat expense		**(503,042,854)**	-	**(503,042,854)**
Severance fees		**(165,581,161)**	-	**(165,581,161)**
Profit for the year		**4,133,892,264**	15,344,679	**4,149,236,943**
Profit for the year is attributable to:				
Ordinary shareholders of the parent company		**2,871,544,808**	110,805,236	**2,982,350,044**
Non-controlling interest	5	**1,262,347,456**	(95,460,557)	**1,166,886,899**
		4,133,892,264	15,344,679	**4,149,236,943**
Earnings per ordinary share (Saudi Riyals)				
Basic and diluted earnings per share attributable to ordinary shareholders of the parent company	2	**0.78**	0.01	**0.79**

Robert Wilt
Chief Executive Officer

Louis Irvine
Chief Financial Officer

SAUDI ARABIAN MINING COMPANY (MAADEN)
Unaudited pro forma consolidated statement of comprehensive income
for the year ended 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2024 (Audited)	Pro forma adjustments	Year ended 31 December 2024 (Unaudited pro forma)
Profit for the year	1	**4,133,892,264**	15,344,679	**4,149,236,943**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Share in other comprehensive loss of a joint venture that has been equity accounted		**(182,452,500)**		**(182,452,500)**
Loss on exchange differences on translation		**(31,099,997)**	-	**(31,099,997)**
Cash flow hedge - changes in fair value and transfer to profit or loss, net		**130,971,393**	-	**130,971,393**
Items that will not be reclassified to profit or loss				
Share in other comprehensive loss of a joint venture that has been equity accounted		**(169,435)**	-	**(169,435)**
Change in fair value of equity investment classified as fair value through other comprehensive income		**(111,793,623)**	-	**(111,793,623)**
Loss attributable to the re-measurements of employees' end of service termination benefits obligation		**(66,933,593)**	-	**(66,933,593)**
Other comprehensive loss for the year		**(261,477,755)**	-	**(261,477,755)**
Total comprehensive income for the year		**3,872,414,509**	15,344,679	**3,887,759,188**
Total comprehensive income for the year is attributable to:				
Ordinary shareholders of the parent company		**2,630,860,506**	96,343,490	**2,727,203,996**
Non-controlling interest	5	**1,241,554,003**	(80,998,811)	**1,160,555,192**
		3,872,414,509	15,344,679	**3,887,759,188**

Robert Wilt
Chief Executive Officer

Louis Irvine
Chief Financial Officer

SAUDI ARABIAN MINING COMPANY (MAADEN)
Unaudited pro forma consolidated statement of financial position as at 31 December 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2024 (Audited)	Pro forma adjustments	31 December 2024 (Unaudited pro forma)
Assets				
Non-current assets				
Mine properties		12,772,183,515	-	12,772,183,515
Property, plant and equipment		57,031,399,645	-	57,031,399,645
Right-of-use assets		1,482,897,489	-	1,482,897,489
Capital work-in-progress		5,939,457,218	-	5,939,457,218
Intangible assets and goodwill		184,952,568	-	184,952,568
Investment in joint ventures		6,167,061,237	-	6,167,061,237
Deferred tax assets		1,193,988,877	-	1,193,988,877
Investment in securities		644,867,955	-	644,867,955
Other non-current assets		707,015,230	-	707,015,230
Total non-current assets		86,123,823,734	-	86,123,823,734
Current assets				
Advances and prepayments		447,811,412	-	447,811,412
Inventories		6,892,235,413	-	6,892,235,413
Trade and other receivables		6,131,193,721	-	6,131,193,721
Investment in securities		27,228,369	-	27,228,369
Derivative financial instruments		172,260,810	-	172,260,810
Time deposits		79,568,190	-	79,568,190
Cash and cash equivalents	1	15,215,248,369	(562,500,000)	14,652,748,369
Total current assets		28,965,546,284	(562,500,000)	28,403,046,284
Total assets		115,089,370,018	(562,500,000)	114,526,870,018
Equity and liabilities				
Equity				
Share capital	3	38,027,858,710	859,775,470	38,887,634,180
Share premium	4	4,334,902,008	3,415,028,167	7,749,930,175
Statutory reserve		157,732,649	-	157,732,649
Treasury shares held under employees' share-based payment plan		(345,583,162)	-	(345,583,162)
Other reserves		(346,587,222)	-	(346,587,222)
Retained earnings		10,057,828,380	(2,459,012,179)	7,598,816,201
Equity attributable to ordinary shareholders of the parent company		51,886,151,363	1,815,791,458	53,701,942,821
Non-controlling interest	5	8,270,080,164	(2,378,291,458)	5,891,788,706
Total equity		60,156,231,527	(562,500,000)	59,593,731,527
Liabilities				
Non-current liabilities				
Borrowings		29,038,184,390	-	29,038,184,390
Provision for decommissioning, site rehabilitation and dismantling obligations		1,954,435,249	-	1,954,435,249
Lease liabilities		1,213,678,022	-	1,213,678,022
Deferred tax liabilities		1,234,982,938	-	1,234,982,938
Employees' benefits		1,454,901,258	-	1,454,901,258
Trade, projects, and other payables		543,203,526	-	543,203,526
Total non-current liabilities		35,439,385,383	-	35,439,385,383

(Continued)

(All amounts in Saudi Riyals unless otherwise stated)

Continued

	31 December 2024 (Audited)	Pro forma adjustments	31 December 2024 (Unaudited pro forma)
Current liabilities			
Trade, projects, and other payables	4,698,427,438	-	4,698,427,438
Accrued expenses	6,685,500,436	-	6,685,500,436
Zakat and income tax payable	587,165,280	-	587,165,280
Severance fees payable	225,118,701	-	225,118,701
Borrowings	7,077,428,576	-	7,077,428,576
Lease liabilities	220,112,677	-	220,112,677
Total current liabilities	19,493,753,108	-	19,493,753,108
Total liabilities	54,933,138,491	-	54,933,138,491
Total equity and liabilities	115,089,370,018	(562,500,000)	114,526,870,018

Robert Wilt
Chief Executive Officer

Louis Irvine
Chief Financial Officer

1 Company overview and basis of preparation

Company overview

Saudi Arabian Mining Company ("Maaden") (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 Dhu al-Qadah 1417H (corresponding to 23 March 1997) with Commercial Registration No. 1010164391, dated 10 Dhu al-Qadah 1421H (corresponding to 4 February 2001). The Company has an authorized and issued share capital of Saudi Riyals ("SAR") 38,027,858,710 divided into 3,802,785,871 with a nominal value of SAR 10 per share.

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.

Basis of preparation

This unaudited pro forma consolidated financial information has been prepared by management in accordance with the applicable requirements of Annex 20 and Annex 21 of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia, to illustrate the financial impact of the below mentioned transaction, on the historical consolidated financial statements of the Group as of and for the year ended 31 December 2024 as if the transaction had taken place at 31 December 2024 for the purposes of the Group's consolidated statement of financial position and as if the transaction had taken place at 1 January 2024 for the purposes of consolidated statement of profit or loss and consolidated statement of comprehensive income for the year ended 31 December 2024, and the consequential adjustments arising from 1 January 2024 to 31 December 2024. The unaudited pro forma consolidated financial information is included for illustrative purposes only and the pro forma adjustments are based upon assumptions which are described below. Because of its nature, the unaudited pro forma consolidated financial information illustrates what the impact would have been if the transaction had been consummated at an earlier point in time and does not represent the Group's actual financial results or position, and does not give any indication of the results and future financial situation of the activities of the Group upon completion of the below mentioned transaction.

The unaudited pro forma consolidated financial information comprise:

- the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2024,
- the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2024,
- the unaudited pro forma consolidated statement of financial position as at 31 December 2024, and
- the notes to the unaudited pro forma consolidated financial information.

For the preparation of the accompanying unaudited pro forma consolidated financial information, management has used audited consolidated financial statements of the Group for the year ended 31 December 2024, which are prepared in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

1 Company overview and basis of preparation (continued)

The unaudited pro forma consolidated financial information illustrates the financial impact of the following transaction:

Transaction

The further acquisition by the Company of twenty-five point one percent (25.1%) equity interest in Maaden Bauxite and Alumina Company ("MBAC"), a subsidiary of the Company, from AWA Saudi Limited ("Seller 1"), a minority shareholder in MBAC holding twenty-five point one percent (25.1%) equity interest in MBAC, and twenty-five point one percent (25.1%) equity interest in Maaden Aluminium Company ("MAC"), a subsidiary of the Company, from Alcoa Saudi Smelting Investments, B.V. (formerly known as Alcoa Saudi Smelting Inversiones S.L) ("Seller 2"), a minority shareholder in MAC holding twenty-five point one percent (25.1%) equity interest in MAC. Such further acquisition by the Company will be made through a cash consideration of SAR 562,500,000 to Seller 1 and through issuance of 85,977,547 new ordinary shares of the Company to Seller 1 and Seller 2, based on the Share Purchase and Subscription Agreement ("SPSA") signed between the Company, Alcoa Corporation (as the "Guarantor"), Seller 1 and Seller 2 on 15 September 2024 and subsequent communication with Alcoa Corporation on 10 April 2025, (the "Transaction"). The Transaction was approved by the Board of Directors of the Company on 12 August 2024 and is expected to be concluded in the second quarter of the financial year 2025.

Financial impact

On the completion of the Transaction, the following financial impacts will be reflected (i) transfer of cash consideration of SAR 562,500,000 by the Company to Seller 1, (ii) an increase in the share capital and share premium of the Company to reflect the issuance of 85,977,547 new ordinary shares to Seller 1 and Seller 2, (iii) a decrease in the non-controlling interest representing the share of Seller 1 and Seller 2 consisting of twenty-five point one percent (25.1%) equity interest in MBAC and MAC each, and (iv) the remaining impact on the retained earnings of the Group.

For the purpose of the illustration of the Transaction in this unaudited pro forma consolidated financial information, the share price of the new shares to be issued to Seller 1 and Seller 2 has been determined based on the volume-weighted average market price of the Company's shares on the Saudi Stock Exchange ("Tadawul") during the five trading days immediately prior to 31 December 2024. See Notes 3, 4 and 5. In accordance with the terms of the SPSA, any fluctuations in the share price of the Company between the date of the SPSA and the execution date, will not result in any adjustment to the number of new ordinary shares to be issued to Seller 1 and Seller 2 therein.

Pro forma assumptions and related impact

The unaudited pro forma consolidated financial information is impacted by the following assumptions:

- The share issue price used for the purpose of determining the total value of 85,977,547 new ordinary shares, to be issued to Seller 1 and Seller 2, is assumed based on the volume-weighted average market price of the Company's shares on Tadawul during the five trading days immediately prior to 31 December 2024.

- In accordance with the Aluminium Purchase Agreement originally signed between MAC and the Guarantor dated 20 December 2009 and as amended and novated from time to time (the "Offtake Agreement"), MAC agreed to sell a portion of its products to the Guarantor, that equates to Seller 2's shareholding percentage in MAC, at a discounted price (fixed percentage) as compared to the prevailing market price of its products in addition to certain off-grade discount for products with certain production specifications.

  In accordance with a side letter ("Side Letter") to the Offtake Agreement signed between MAC and the Guarantor on 15 September 2024, the Offtake Agreement would be suspended to extinguish the rights and obligations of the parties to the contract with effect from 1 January 2025 against a monthly compensation of USD 1,500,000 to the Guarantor until the earlier of completion of the Transaction or 1 January 2026.

  As a result, the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2024 reflects an adjustment to increase the sales by reversing the discount of SAR 15,344,679 which was provided to the Guarantor in respect of the sales made during the year ended 31 December 2024 assuming the Offtake Agreement had been suspended with effect from 1 January 2024. This pro forma adjustment is resulting in a net increase of SAR 15,344,679 in the consolidated profits attributable to ordinary shareholders of the parent company. However, no pro forma adjustment has been recorded to reflect the impact of the monthly compensation of USD 1,500,000 that would have been paid for the suspension of the Offtake Agreement had the Side Letter existed as at 1 January 2024 as the total amount of the compensation is unknown since the Transaction is yet to close as at the date of this unaudited pro forma consolidated financial information.

- No impact on the zakat, income tax, severance fee and deferred tax assets and liabilities of the Group has been considered as a result of the Transaction. Also, no adjustments have been made to the zakat and income tax provisions and deferred tax assets and liabilities balances as at and for the year ended 31 December 2024 as a result of the Transaction.

No further assumptions have been made with respect to the preparation of the unaudited pro forma consolidated financial information.

(All amounts in Saudi Riyals unless otherwise stated)

2 Earnings per ordinary share

	Year ended 31 December 2024 (Audited)	Pro forma adjustments	Year ended 31 December 2024 (Unaudited pro forma)
Earnings attributable to ordinary shareholders of the parent company	**2,871,544,808**	110,805,237	**2,982,350,045**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (Note 2.1)	**3,689,770,384**	85,977,547	**3,775,747,931**
Basic and diluted earnings per ordinary share	**0.78**	0.01	**0.79**

Basic and diluted earnings per ordinary share is calculated by dividing the adjusted profit attributable to the ordinary shareholders of the parent company by the adjusted weighted average number of ordinary shares in issue during the year.

2.1 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 December 2024 (Audited)	Pro forma adjustment	Year ended 31 December 2024 (Unaudited pro forma)
Issued ordinary shares	**3,691,773,438**	85,977,547	**3,777,750,985**
Effect of issuance of shares	**2,123,189**	-	**2,123,189**
Effect of treasury shares	**(4,126,243)**	-	**(4,126,243)**
Weighted average number of ordinary shares outstanding	**3,689,770,384**	85,977,547	**3,775,747,931**

(All amounts in Saudi Riyals unless otherwise stated)

3 Share capital

		31 December 2024 Before the Transaction	31 December 2024 After the Transaction
Authorized, issued and fully paid-up			
	Balance as reported		
3,802,785,871	Ordinary shares with a nominal value of SAR 10 per share	**38,027,858,710**	**38,027,858,710**
	Pro forma adjustment		
85,977,547	Ordinary shares with a nominal value of SAR 10 per share, following the Transaction	**-**	**859,775,470**
3,888,763,418		**38,027,858,710**	**38,887,634,180**

The actual issue price of 85,977,547 new shares to be issued to Seller 1 and Seller 2 at the date of the Transaction will be determined based on the actual market share price of the Company on the date of the Transaction.

For the purposes of preparing the unaudited pro forma consolidated statement of financial position as at 31 December 2024, management has calculated the trading price of the shares as the volume-weighted average market price of the Company's shares during the five trading days immediately prior to 31 December 2024 and it was SAR 49.72 (SAR forty-nine and seventy-two halalas) per share to determine the total value of 85,977,547 new ordinary shares to be issued to Seller 1 and Seller 2. This assumed share issue price of SAR 49.72 per share (SAR 10 nominal value plus premium of SAR 39.72 per share) would result in the increase of the share capital by SAR 859,775,470 and the share premium by SAR 3,415,028,167.

Note that the actual issue price may significantly differ from the assumed share issue price used for the purposes of preparing the unaudited pro forma consolidated financial information for the year ended 31 December 2024.

	SAR
Equity attributable to ordinary shareholders of the parent company	
Increase in issued share capital by issuance of 85,977,547 new ordinary shares at a nominal value of SAR 10 per share	**859,775,470**
Increase in share premium by issuance of 85,977,547 new ordinary shares at a premium of SAR 39.72 per share	**3,415,028,167**
Share consideration of the Transaction based on the assumed share issue price	**4,274,803,637**
Cash consideration of the Transaction	**562,500,000**
Total value of the Transaction	**4,837,303,637**

Structure of the ordinary shares' ownership before and after the issuance of new shares is as follows:

	Before Transaction			**After Transaction**		
Shareholders	**Number of shares**	**SAR**	**% shares**	**Number of shares**	**SAR**	**% shares**
Public Investment Fund	2,480,263,014	24,802,630,140	65.22	2,480,263,014	24,802,630,140	63.78
AWA Saudi Limited and Alcoa Saudi Smelting Investments, B.V. (formerly known as Alcoa Saudi Smelting Inversiones S.L)	-	-	-	85,977,547	859,775,470	2.21
Free float - general public, including directors and treasury shares	1,322,522,857	13,225,228,570	34.78	1,322,522,857	13,225,228,570	34.01
Total	**3,802,785,871**	**38,027,858,710**	**100**	**3,888,763,418**	**38,887,634,180**	**100**

(All amounts in Saudi Riyals unless otherwise stated)

4 Share premium

		31 December 2024 Before the Transaction	31 December 2024 After the Transaction
	Balance as reported	**4,334,902,008**	**4,334,902,008**
	Pro forma adjustment		
85,977,547	Ordinary shares with a nominal value of SAR 10 per share, issued at a premium of SAR 39.72 per share	**-**	**3,415,028,167**
85,977,547		**4,334,902,008**	**7,749,930,175**

5 Non-controlling interest

	Note	Year ended 31 December 2024 (Audited)	Pro forma adjustments	Year ended 31 December 2024 (Unaudited pro forma)
31 December 2024 (Before pro forma adjustment)		**8,270,080,164**	-	**8,270,080,164**
Pro forma adjustment				
Derecognition of non-controlling interest in the unaudited pro forma consolidated financial information representing twenty-five point one percent (25.1%) equity interest each of Seller 1 and Seller 2 in MBAC and MAC, respectively, at 31 December 2024.	1	**-**	(2,378,291,458)	**(2,378,291,458)**
31 December 2024		**8,270,080,164**	(2,378,291,458)	**5,891,788,706**

6 Approval and authorization for issue of the unaudited pro forma consolidated financial information

The unaudited pro forma consolidated financial information for the year ended 31 December 2024 was approved and authorized for issue by the Board of Directors on 30 April 2025.

Appendix (4)

Copy of MAC's articles of association and any amendments thereto

Articles of Association
Ma'aden Aluminium Company
(Limited Liability Company)

عقد تأسيس
شركة معادن للألمنيوم
(شركة ذات مسئولية محدودة)

It has been agreed by and between:

1. Saudi Arabian Mining Company (Ma'aden), a Saudi joint stock company established under the Royal Decree No. m/17 dated 14/11/1417H, Commercial Register No. 1010164391, Riyadh, dated 10/11/1421H, with its main office at Riyadh City, P.O. Box 68861 Riyadh 11537.

2. Alcoa Saudi Smelting Inversiones S.L, Commercial RegistrationNo:B85947356/City:Madrid - Spain dated:23-4-2010, Main office at Calle Pedro Teixeira,8 Madrid 28020 Spain to incorporate a limited liability company, (hereinafter referred to as the "company" in accordance with Foreign Investment License No. (121031088618) , dated21/ 8 /1431 H issued by the Saudi Arabian General Investment Authority("SAGIA") in accordance with the Companies Law , enacted pursuant to Royal Decree No. M/6 dated 22/3/1385H and its amendment and the Foreign Investment Law, enacted pursuant to Royal Decree No. M/1 dated 5/1/1421H; and in accordance with the provisions and conditions of this Articles of Association.

لقد تم الاتفاق بين كل من:

١.شركة التعدين العربية السعودية (معادن)، شركة مساهمة سعـودية تأسست بموجب المرسوم الملكي رقم م / ١٧ وتاريخ ١٤١٧/١١/١٤هـ، ومسجلة في السجل التجاري لمدينة الرياض تحت رقم ١٠١٠١٦٤٣٩١ بتاريخ ١٤٢١/١١/١٠هـ، ومركزها الرئيسي في مدينة الرياض وعنوانها ص.ب ٦٨٨٦١ الرياض ١١٥٣٧.

٢.شركة الكوا سملتينج انفرثيونيس السعودية ش.م.م، شركة مسجلة في السجل التجاري لمدينة مدريد إسبانيا تحت رقم/ B٨٥٩٤٧٣٥٦ وتاريخ ٢٠١٠/٤/٢٣م ومركزها الرئيسي في شارع كالي بدرو تكسيرا رقم ٨ مدريد ٢٨٠٢٠ اسبانيا.

على تأسيس شركة ذات مسئولية محدودة، (يشار إليها لاحقاً بـ "الشركة") وفقاً لترخيص الاستثمار الأجنبي رقم (١٢١٠٣١٠٨٨٦١٨) وتاريخ ٢١/ ٨ / ١٤٣١الصادر من الهيئة العامة للاستثمار ووفقاً لنظام الشركات السعودي الصادر بالمرسوم الملكي الكريم رقم م/٦ وتاريخ ١٣٨٥/٣/٢٢هـ وتعديلاته ووفقاً لنظام الاستثمار الأجنبي الصادر بالمرسوم الملكي رقم (م/١) وتاريخ ١٤٢١/١/٥هـ ووفقاً لأحكام وشروط عقد التأسيس هذا.

Article (1)

The name of the company is: "Ma'aden Aluminium Company", a Limited Liability Company.

المادة الأولى (١)

اسم الشركة هو " شركة معادن للألمنيوم " شركة ذات مسئولية محدودة.

Article (2)

Objectives of the Company:

1. Produce Aluminum Ingots, Aluminum Billets, Aluminum T Shape Ingots, and Aluminum Slabs.

المادة الثانية(٢)

أغراض الشركة:

١. إنتاج سبائك الألمنيوم و بلتات الألمنيوم و سبائك الألمنيوم على شكل تي و بلاطات الألمنيوم

وزارة التجارة والصناعة
مكتب الوزارة بمركز الخدمة الشاملة
بالهيئة العامة للاستثمار بالرياض
تم تدقيق هذا العقد بمعرفة
مكتب الدمام

وزارة العدل

Article (3)

Merger and Partnership:

The Company may own Shares in other existing companies and may merge with, and shall have the right to establish its own or shared companies in mining, Aluminium industry and related industries, or participate with others to form joint stock or limited liability companies to perform similar or complementary activities, after satisfying the regulatory requirements. The Company may deal in such Shares, provided that it shall not engage in financial brokerage for such Shares.

المادة الثالثة(٣)

الاندماج والمشاركة:

يجوز للشركة أن تمتلك الأسهم أو الحصص في شركات أخرى قائمة أو تندمجمعها ولها حق إنشاء شركات تملكها أو تساهم في رأسمالها للاشتغال في صناعة التعدين والألمنيوم والصناعة ذات العلاقة والاشتراك مع الغير في تأسيس الشركات المساهمة أو ذات المسؤولية المحدودة لمزاولة نشاط مماثل أو متمم لها وذلك بعد استيفاء ما تتطلبه الأنظمة والتعليمات المتبعة في هذا الشأن، كما يجوز للشركة أن تتصرف في هذه الأسهم أو الحصص على ألا يشمل ذلك الوساطة في تداولها.

Article (4)

The Company Headquarter:

The Headquarter of the company shall be based in the city of Jubail - Ras Al Zur and the company may transfer it's headquarter to any other location in the Kingdom of Saudi Arabia and may establish branches or offices inside or outside the Kingdom.

المادة الرابعة(٤)

المركز الرئيسي للشركة:

يكون المركز الرئيس للشركة في مدينة الجبيل - رأس الزور بالمملكة العربية السعودية، ويجوز للشركة أن تنقل مركزها الرئيسي إلى مكان أخر في المملكة العربية السعودية، كما يجوز لها إنشاء فروع أو مكاتب داخل أو خارج المملكة.

Article (5)

Term of the company:

The Company has been formed for a period of Fifty (50) years starting from the date of its registration in the Commercial Register. The duration of the Company shall automatically be extended for similar periods unless one of the Shareholders notifies the other of its desire not to continue the Company at least three (3) years prior to the expiration of the initial or renewed period.

المادة الخامسة(٥)

مدة الشركة:

تأسست الشركة لمدة خمسون (٥٠) عاماً تبدأ من تاريخ قيدها بالسجل التجاري، وتجدد مدتها تلقائياً لمدد مماثلة ما لم يخطر أحد الشركاء الآخر برغبته في عدم استمرار الشركة قبل ثلاثة سنوات على الأقل من نهاية المدة الأصلية أو المجددة.

Article (6)

Capital:

The Share Capital of the Company is SR 6.573.750.000 (Six Thousand Five Hundred Seventy Three Million & Seven Hundred fifty Thousand Saudi Riyals divided into 657.375.000 equal Shares. Each share is ten Saudi Riyals

المادة السادسة (٦)

رأس المال:

حدد رأسمال الشركة ٦,٥٧٣,٧٥٠,٠٠٠ ستة آلاف وخمسمائة وثلاثة وسبعون مليون وسبعمائة وخمسون ألف ريال سعودي قيمة كل حصة عشرة ريال سعودي (١٠ ريال) مقسمة إلى

(SR 10) The paid up Capital is (657.375.000) divided into cash shares between the Shareholders as follows:

(٦٥٧,٣٧٥,٠٠٠) حصة متساوية، المدفوع منه واحد ريال (١ريال) مقسمة على(٦٥٧,٣٧٥,٠٠٠) حصة نقدية تم توزيعها على الشركاء كالآتي:

الشريك	عدد الحصص الكلية	قيمة الحصة الواحدة	قيمة الحصة الاسمية	قيمة الحصة الواحدة المدفوعة	قيمة الحصص المدفوعة	النسبة المئوية
١. معادن	٤٩٢,٣٧٣,٨٧٥	١٠	٤,٩٢٣,٧٣٨,٧٥٠	١	٤٩٢,٣٧٣,٨٧٥	%٧٤,٩
٢. الكوا سملتينج	١٦٥,٠٠١,١٢٥	١٠	١,٦٥٠,٠١١,٢٥٠	١	١٦٥,٠٠١,١٢٥	%٢٥,١
المجموع	٦٥٧,٣٧٥,٠٠٠	١٠	٦,٥٧٣,٧٥٠,٠٠٠	١	٦٥٧,٣٧٥,٠٠٠	%١٠٠

ويقر الشركاء بأنه تم الوفاء برأسمال الشركة المدفوع عند التأسيس وأودع لدى أحد البنوك المعتمدة بموجب الشهادة الصادرةمن البنك بهذا الخصوص.

Partner	Total Shares	Share Value	Value of Share	Value of Paid up Share	Value of Paid up Shares	%
1. Ma'aden	492.373.875	10	4.923.738.750	1	492.373.875	74.9%
2.Alcoa Smelting	165.001.125	10	1.650.011.250	1	165.001.125	25.1%
Total	657.375.000	10	6.573.750.000	1	657.375.000	100%

Shareholders hereby acknowledge that the Company's paid up Capital is deposited at an authorized bank and the related certificate has been obtained.

Article (7)

Increase or Decrease of the Capital:

The capital of the Company may be increased with the unanimous consent of all Shareholders if the increase in the Company's capital is effected by raising the nominal value of Shareholders' shares or by issuing new shares whose value must be paid by all of the Shareholders in proportion to their respective participation in the Company's capital. Apart from the two methods referred to above, the capital of the Company may be increased with the consent of the majority of Shareholders representing at least three-fourths (3/4) of the capital of the Company.

The Share capital of the Company may be decreased by a decision of the Shareholders assembly, provided, as follows:

a- If the decrease is because the capital is in excess of the Company's needs, then the Company's creditors shall be notified to show

المادة السابعة (٧)

زيادة أو تخفيض رأس المال:

يجوز زيادة رأسمال الشركة، بموافقة جميع الشركاء، إذا تمت الزيادة في رأسمال الشركة عن طريق رفع القيمة الاسمية لحصص الشركاء، أو إذا تمت الزيادة عن طريق إصدار حصص جديدة، مع إلزام جميع الشركاء بدفع قيمتها بنسبة مشاركة كل منهم في رأسمال الشركة. وباستثناء الحالتين المشار إليهما، يجوز زيادة رأسمال الشركة بموافقة أغلبية الشركاء الذين يمثلون ثلاثة أرباع رأسمال الشركة على الأقل.

كما يجوز، بقرار من جمعية الشركاء، تخفيض رأس المال وفقاً لما يلي:

أ- إذا كان تخفيض رأس المال نتيجة زيادة رأس المال

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their objections within sixty (60) days from the date of publishing the decision to decrease the capital in a daily newspaper to be distributed in the Company's headquarters. If a creditor objects within the set time limit and presents documents supporting his claims, the Company shall immediately pay his debt or provide adequate guarantee if the debt will be due in the future.

عن حاجة الشركة فإنه يجب دعوة الدائنين إلى إبداء اعتراضهم عليه خلال ستين يوماً من تاريخ نشر قرار التخفيض في جريدة يومية توزع في المركز الرئيسي للشركة. في حال اعتراض أحد الدائنين وتقديمه للشركة المستندات التي تؤيد مطالبته خلال المدة المذكورة فإنه يجب على الشركة أن تؤدي إليه دينه إذا كان حالاً أو تقديم ضماناً كافياً للوفاء به إذا كان آجلاً.

b- If the decrease in capital is due to a loss incurred by the Company, which totals half of the Company's capital, then no decrease in the Company's capital shall be effected.

ب- إذا كان تخفيض رأس المال نتيجة خسارة للشركة، وبلغت نسبة الخسارة نصف رأس مال الشركة، فإنه لا يجوز إجراء تخفيض رأس المال.

Article (8)

المادة الثامنة(٨)

Shares:

الحصص:

The Shares shall be freely transferable between the Shareholders or to their legal successors. No Shareholder may assign any of its Shares to a third party, with or without compensation, except after agreement by the other Shareholders, and even though, the other Shareholders may regain such Share(s) released by one of the Shareholders in accordance with Article (165) of the Companies Regulations.

الحصص قابلة للانتقال بين الشركاء أو من يخلفهم، ولا يجوز لأي شريك التنازل عن حصة أو أكثر من حصصه للغير بعوض أو بغير عوض إلا بموافقة باقي الشركاء ومع ذلك يجوز لباقي الشركاء استرداد الحصة أو الحصص التي يرغب أحد الشركاء في التنازل عنها طبقاً لأحكام المادة (١٦٥)من نظام الشركات.

Article (9)

المادة التاسعة (٩)

Share Register:

سجل الحصص:

(a) The Company shall establish and keep in its head office a Share Register in which it shall enter the names of the holders, the number of Shares owned by each and all transactions affecting the Shares. No transfer of ownership of such Shares shall be effective vis-à-vis the Company or any third party unless the reason for the transfer of ownership is entered in the aforementioned Register. The Register must contain all of the following information:
   1. The name, occupation, nationality, address and identity card or passport number and date of each Shareholder,
   2. Number and value of the Shares owned by each Shareholder;
   3. Number and value of Shares which have been transferred, along with a description of the manner in which the Shares were transferred

أ) تعد الشركة وتحفظ في مركزها الرئيسي سجل حصص يتضمن أسماء الشركاء وعدد الحصص المملوكة لكل منهم وكافة التصرفات الواردة على الحصص. ولا ينفذ انتقال ملكية أية حصص في مواجهة الشركة أو الغير إلا إذا تم قيد السبب الناقل للملكية في السجل المذكور ويجب أن يحتوي السجل على كافة البيانات التالية:
   ١. اسم الشريك ومهنته وجنسيته وعنوانه ورقم وتاريخ حفيظة النفوس أو جواز السفر.
   ٢. عدد الحصص وقيمتها التي يتملكها رأسمال الشركة.
   ٣. عدد الحصص وقيمتها التي يتم التصرف فيها مع بيان نوع التصرف أي إذا كان بيع أو شراء أو ميراث أو هبة إلى غير ذلك من تصرفات.
   ٤. اسم المتصرف والمتصرف إليه وتوقيعهما.
   ٥. تاريخ التصرف في الحصص.

- whether by sale, purchase, inheritance, gift or otherwise;
4. Name and signature of the transferor and the transferee;
5. Date of the transfer;
6. Total number and value of Shares owned by each Shareholder after any such transfer.

(b) The pages of the Share Register shall be numbered serially. No page may be detached nor any erasure or revision made to the information contained therein.

(c) A Shareholder shall have the right to examine the Share Register during the normal working hours of the Company.

Article (10)

Management of the Company:

(a) The Company shall be managed by a Board of Managers composed of five (5) managers appointed for a period of three (3) years as follows:

1. Three (3) Managers, including the Chairman of the Board, to be appointed by Saudi Arabian Mining Company "Ma'aden ".

2. Two (2) Managers appointed by Alcoa Saudi Smelting Inversiones.

(b) Board of Managers Authorities

The Board of Managers shall have the broadest possible authorities and powers to manage the Company, to the extent that no current regulations, these articles or the Framework Shareholders Agreement signed by Ma'aden and Alcoa Inc. on 20/12/2009 and its subsequent amendments limit such powers and authorities to the Shareholders., including the following:

• Representing and managing the Company with full authorities to handle the Company's affairs and shall have the authority to represent the Company in its relations with third parties, whether corporate or otherwise, and all judicial governmental and executive bodies.

• Representing the company before banking and financial institutions, and all types of

٦. مجموع ما يملكه الشريك من حصص بعد إجـــراء. التصرف وقيمتها.

ب) يتم ترقيم صفحات السجل المذكور ترقيماً مسلـــسلاً، ولا يجوز نزع أي صفحة من صفحاته أو أجراء أي كشط أو تغيير في البيانات المدونة به.

ج) يحق لكل شريك الإطلاع على سجل الحصص خـــلال ساعات العل الاعتيادية للشركة.

المادة العاشرة(١٠)

إدارة الشركة:

(أ) يدير الشركة مجلس مديرين مكون من خمسة(٥) مديرين، يتم تعيينهم لمدة ثلاث (٣) سنوات، وفقاً لما يلي:-

١ -ثلاثة (٣) مدراء من ضمنهم رئيس المجلس، تعيينهم شركة التعدين العربية السعودية (معادن).

٢ - مديرين اثنين (٢) تعيّنهم الكوا سملتينج انفرثيونيس.

(ب) صلاحيات مجلس المديرين:

يتمتع مجلس المديرين بأوسع الصلاحيات لإدارة الشركة مالم يرد النص في أي من الأنظمة النافذة أو في هذا العقد أو في اتفاقية الشراكة بين معادن والكوا الموقعة بتاريخ٢٠/١٢/٢٠٠٩م وتعديلاتها اللاحقة على قصر ممارسة صلاحيتها على الشركاء ويشمل ذلك ما يلي: -

• تمثيل وإدارة الشركة وله كافة السلطات وأوسع الصلاحيات اللازمة لتصريف أمور الشركة ويتمتع بصلاحية تمثيل الشركة في كل علاقاتها تجاه الغير من شخصيات اعتبارية أو طبيعية وكافة الجهات الحكومية القضائية والتنفيذية.

• تمثيل الشركة أمام البنوك والمصارف وبيوت التمويل

companies and organizations and to obtain loans to achieve the company's objectives.

والشركات والمؤسسات بسائر أنواعها وله في سبيل ذلك الحصول على القروض بقصد تحقيق أغراض الشركة.

• Raising claims, allegations and law suits on behalf of the Company in courts, as defendant or plaintiff . Attending court meetings, interviewing witnesses, settling claims, receiving the Company's entitlements, and arranging for the settlement of the Company's debts.

• تقديم الطلبات والاستدعاءات ورفع الدعاوي والمدافعة عن الشركة أمام القضاء بصفتها مدعية أو مدعى عليها وحضور الجلسات وطلب حلف اليمين والإبراء والمخالصات وترتيب الالتزامات على الشركة وقبول واستلام حقوقها وترتيب الديون وسدادها في حدود أغراض الشركة.

• Appointing agents and attorneys for the Company and providing them with the necessary authorities to defend the Company, raise claims, and request the entitlements of the Company .

• تعيين الوكلاء والمحامين عن الشركة ومنحهم الصلاحيات اللازمة للمدافعة والمرافعة والمطالبة بحقوق الشركة.

•
Signing all contracts and agreements, on behalf of the Company including, but not limited to, leases and shareholder agreements for the ownership, formation, merging or liquidation of other companies and their amendment agreements and shareholders resolutions for the establishment of branches, and appointment of managers and signing all such documents before the Notary Public the Ministry of Commerce and Industry and SAGIA.

• إبرام جميع أنواع العقود والاتفاقيات باسم الشركة والتوقيع عليها والقبول بها وتشمل ذلك على سبيل المثال لا الحصر، إبرام عقود الإيجار والتأجير والتوقيع على عقود مشاركة الشركة في شركات أخرى للتملك أو التأسيس أو الاندماج أو التصفية والتوقيع على ملاحق التعديل وقرارات الشركاء بفتح الفروع وتعيين المدراء والتوقيع بذلك أمام كاتب العدل ووزارة التجارة والصناعة والهيئة العامة للاستثمار.

• Following up with Ministry of Commerce & Industry, Municipality, Ministry of Foreign Affairs, Passport Department, Saudi Communications, Ministry of Water & Electricity, Saudi Industrial Development Fund, the General Investment Authority and signing necessary forms and applications before authorized officers at such governmental agencies.

• مراجعة وزارة التجارة والصناعة والبلدية ووزارة الخارجية والجوازات وشركات الاتصالات ووزارة الماء والكهرباء وصندوق التنمية الصناعي السعودي والهيئة العامة للاستثمار ومكاتب الاستقدام والتوقيع على الاستمارات والطلبات اللازمة أمام الموظفين المختصين في هذه الدوائر والدوائر الحكومية الأخرى.

• Purchasing and selling Shares and attending Meetings of Boards of managers, general assemblies of other companies in which the Company is a Shareholder whether inside or outside of the Kingdom and fully representing the company in such companies.

• شراء وبيع الحصص والأسهم وحضور اجتماعات مجالس الإدارة والمديرين والجمعيات العامة للشركات الأخرى التي تساهم فيها الشركة داخل وخارج المملكة العربية السعودية وتمثيل الشركة تمثيلاً تاماً في هذه الشركات.

• Selling and purchasing, transferring of real estate, accepting and receiving values, amending title documents, requesting amendments to limits of land and real estates, and mortgaging seizing and releasing mortgages of lands and fixed assets necessary to promote the Company's business.

• البيع والشراء والإفراغ وقبول الإفراغ وقبض الثمن وتهميش وتعديل الصكوك واستخراج بدل الفاقد منها والقسمة والفرز وطلب تعديل الحدود للأراضي والعقارات ورهن وحجز وفك رهن الأراضي والعقارات والأصول المنقولة اللازمة لتحقيق أغراض الشركة.

• Preparing periodical reports, submitting

• القيام بإعداد التقارير الدورية عن سير الشركة

recommendations to Shareholders general assembly to improve the company's work and management, in accordance with the forms and schedules approved for this purpose.

• Preparing the company general budget, accounts of interests and losses at the end of each year, reports on the company's activities, financial status, suggestions on profits, and submitting such reports to the Shareholders assembly together with a copy to the Auditor's report.

• Authorization to sign at banks, opening bank accounts, deposit, draw, or request various credit facilities and perform all banking operations in the Kingdom or abroad to achieve the objectives of the company.

• Forming one or more committees whenever the Board of managers deems it necessary and taking any necessary action which serves the effectiveness of the company.

• Delegating and authorizing all or some of its authorities stated above to others.

(c) <u>Dismissal of Managers:</u>

Each Shareholder may dismiss the managers it has appointed.

(d) <u>Board of Managers Meetings</u>:

Meetings of the Board of Managers shall be held at the head office of the Company or at such other places as may be agreed by a majority of the Board of Managers. Meetings shall be held at such times as specified by the Chairman, any two (2) managers of the Board of Managers or any Shareholder, pursuant to a fifteen (15) days notice to the Managers of the Board. The notice shall include the agenda and all documents pertaining to the business to be transacted at the Meeting. The Board may waive these requirements for notice by a unanimous vote at the beginning of the Meeting and before any other business is transacted.

A manager who is unable to attend a Meeting of the Board Of Managers or to take any other necessary action may, by written notice to the Company, give a proxy to any other Manager of the Board of Managers to vote and otherwise

وأعمالها ورفع التوصيات إلى جمعية الشركاء في سبيل تحسين العمل والإدارة، على أن يتم إعداد هذه التقارير حسب الجدول المعد لذلك.

• إعداد الميزانية العمومية وحساب الأرباح والخسائر خلال المدة المحددة في نهاية كل سنة مالية وإعداد تقرير عن نشاط الشركة وممتلكاتها ومركزها المالي واقتراحاته بشأن الأرباح، وعرض ذلك على جمعية الشركاء وإرسال صورة منها ومن تقرير مراقب الحسابات إلي جمعية الشركاء.

• التوقيع لدى البنوك وفتح لحسابات في البنوك المحلية والأجنبية والإيداع والسحب وطلب التسهيلات الائتمانية المختلفة والقيام بجميع العمليات البنكية داخل المملكة وخارجها لتحقيق أغراض الشركة وأهدافها.

• تشكيل لجنة أو أكثر من وقت لآخر كلما يراه المجلس ضرورياً وله اتخاذ أي تصرف ضروري يكفل للشركة أن تعمل بفاعلية.

• توكيل وتفويض الغير في كل أو في بعض صلاحياته المذكورة أعلاه.

<u>(ج) عزل المديرين:</u>

يجوز لكل شريك عزل المدراء المعينين من قبله.

<u>(د) اجتماعات مجلس المديرين:</u>

تعقد اجتماعات مجلس المديرين في المركز الرئيس للشركة أو في أي مكان أخر يتفق عليه المديرين بالأغلبية. ويتم عقد الاجتماعات بطلب من رئيس مجلس المديرين أو بناء على طلب اثنين من المدراء من مجلس المديرين أو أحد الشركاء. ويتم عقد الاجتماعات في الأوقات التي يحددها رئيس مجلس المديرين، وذلك بموجب إخطار موجه لمجلس المديرين مدته خمسة عشر يوماً على الأقل، ويجب أن يتضمن الإخطار برنامج عمل الاجتماع وجميع الوثائق المتعلقة بالأعمال المطلوب انجازها في الاجتماع، ويجوز لمدراء مجلس المديرين التنازل عن شرط الإخطار الوارد أعلاه بالتصويت بالإجماع على ذلك في بداية الاجتماع وقبل التطرق إلى أية موضوعات أخرى.

ويجوز للمدير الذي يتعذر عليه حضور اجتماع مجلس المديرين أو لا يستطيع أن يتخذ أية من التصرفات المقتضية أن يقوم بموجب أخطار كتابي إلى الشركة، بتفويض أي مدير أخر ليصوت وليتصرف بالنيابة عنه فيما يتعلق بأي اجتماع أو أمر محدد بعينه.

act on his behalf in connection with any particular Meeting or matter.

the necessary quorum for the meeting of the Board of Managers IS THE PRESENCE OF Four Managers , one of them representing one of the parties, whether in person or by proxy.
If, however, a quorum is not obtained for a validly called for Meeting then the Meeting shall be postponed for another date to be agreed upon by the Shareholders.

Meetings of the Board Of Managers may be held by telephone or other electronic means of communication which permit all managers present to be heard by all others present, provided that the required forum is attained.

The Chairman of the Board of Managers shall preside all the Meetings of the Board Of Managers, if the Chairman is unable to attend any Meeting, then the present Board Members may agree on a substitute Chairman to chair the Meeting. The Board shall appoint a Secretary to record the minutes of Meetings.

لا يكتمل نصاب اجتماع مجلس المديرين إلا بحضور أربعة مدراء يكون واحدا منهم ممثلا لأحد الأطراف سواء بالأصالة أو النيابة، وإذا لم يكتمل النصاب في اجتماع تم دعوته حسب الأصول يؤجل الاجتماع إلى وقت لاحق يتم الاتفاق عليه بين الشركاء.

يمكن عقد اجتماعات مجلس المديرين بواسطة الهاتف أو أي وسيلة اتصالات الكترونية تسمح لجميع المديرين الحاضرين أن يكونوا مسموعين من قبل جميع المديرين الآخرين الحاضرين إذا اكتمل النصاب الموضح سابقاً.

ويرأس رئيس مجلس المديرين جميع اجتماعات المجلس وفي حالة تعذر حضوره لاجتماع ما، فإن المديرين الحاضرين يقومون بتعيين رئيس بديل لرئاسة الاجتماع ويعين مجلس المديرين أمين سر ليقوم بإعداد محاضر كل اجتماع.

(e) <u>Resolutions of the Board</u>:

Each manager of the Board of Managers shall have one (1) vote on any matter presented to the Board for decision. Resolutions of the Board Of Managers shall be adopted by Simple Majority other than the resolutions which require the affirmative vote of (75%) of the attending managers as per the Framework Shareholders Agreement signed by Ma'aden and Alcoa Inc. on 20/12/2009 and its subsequent amendments. A resolution of the Board of Managers may be issued by circulation if necessary and in such cases all members of the Board of managers shall confirm their acceptance in writting. All resolutions by circulation shall be presented to the Board in the following Meeting and shall be attested in the minutes of that Meeting.

<u>(هـ) قرارات مجلس المديرين:</u>

لكل مدير في مجلس المديرين صوت واحد عند التصويت على أي موضوع مطروح على المجلس لإقراره. يتم تبني قرارات مجلس المديرين بالأغلبية البسيطة ماعدا القرارات الواردة في اتفاقية الشراكة بين معادن والكوا الموقعة بتاريخ ٢٠/١٢/٢٠٠٩م وتعديلاتها اللاحقة والتي تتطلب موافقة (٧٥%) من المدراء الحاضرين ويجوز للمجلس أن يصدر قرارات بطريق عرضها على المدراء متفرقين (بالتمرير) في الحالات الضرورية، ويشترط موافقة جميع أعضاء مجلس المديرين على القرارات بالتمرير كتابة، وتعرض القرارات بالتمرير على المجلس في أول اجتماع تال له لإثباتها في محضر الاجتماع.

<u>Article (11)</u>

<u>المادة الحادية عشر (١١)</u>

Shareholders Meetings:	**جمعية الشركاء:**
(a) The duly authorized representatives of each Shareholder shall have the right to attend and take part in the deliberations of and vote at all Shareholder Meetings.	(أ) يحق لممثل الشريك المفوض حسب الأصول حضور جميع اجتماعات الشركاء والمشاركة في مداولاتها والتصويت فيها.
(b) Shareholder Meetings shall be held at the head office of the Company or at such other places as may be agreed by the Shareholders. Shareholder Meetings shall be convened pursuant to a thirty (30) days notice to the Shareholders from the Chairman of the Board of Managers and the Company accounts Controller. Notice of each Shareholder Meeting shall include the agenda and all documents concerning the business to be transacted at the Meeting.	(ب) تنعقد جمعية الشركاء في المركز الرئيسي للشركة أو في أي مكان أخر يحدده الشركاء. وتنعقد جمعية الشركاء بموجب إخطار مدته ثلاثين يوماً يوجه للشريك من قبل رئيس مجلس المديرين ومراقب حسابات الشركة ويجب أن يتضمن الإخطار دعوة جمعية الشركاء على برنامج الاجتماع وكل وثائقه المتعلقة بالأعمال المطلوب إنجازها في الاجتماع.
(c) The Chairman of the Board of Managers shall call for an annual general Meeting within six (6) months after the close of each fiscal year of the Company to:	(ج) على رئيس مجلس المديرين الدعوة لعقد جمعية الشركاء السنوية خلال ستة أشهر من انتهاء السنة المالية للشركة وذلك من أجل ما يلي: -
(i) review and approve the report of the Board of Managers concerning the management and administration of the Company;	١ - مراجعة واعتماد تقرير مجلس المديرين عن إدارة الشركة.
(ii) review and approve the auditor's report for the preceding fiscal year;	٢ - مراجعة واعتماد تقرير مراقبي الحسابات عن السنة المالية السابقة.
(iii) consider and take any appropriate decision in relation to any of the foregoing matters;	٣ - النظر في أي من الأمور السابق ذكرها واتخاذ القرار المناسب بشأنها.
(iv) appoint or reappoint auditors to audit the Company's accounts for the ensuing fiscal year and determine their fees.	٤ - تعيين أو إعادة تعيين مراقبي الحسابات لتدقيق حسابات الشركة للسنة المالية التالية وتحديد أتعابهم.
(v) discuss and decide upon any other business or matter relating to the Company.	٥ - بحث أية أعمال أو أمور أخرى تتعلق بالشركة واتخاذ القرارات بشأنها.
(d) The presence of the duly authorized representatives of all Shareholders shall be necessary to constitute a valid quorum. If, however, a quorum is not obtained at a validly called Meeting, then the Meeting shall be postponed and convened later by agreement of the Shareholders. This posponed Meeting shall be valid with the attendance of any number of the Shareholders present.	(د) حضور ممثلي جميع الشركاء ضرورياً لاكتمال النصاب لقانوني، إذا لم يكتمل النصاب القانوني للاجتماع الذي تم الإخطار عنه بشكل صحيح فإنه يتم تأجيل الاجتماع، على أن يتم عقده لاحقا باتفاق الشركاء، ويعد الاجتماع الثاني صحيحاً أياً كان عدد الحصص الممثلة فيه.

(e) The Shareholders shall designate, from among those appointed to represent each of them at general Meetings, one person who shall chair the Meetings of the Shareholders'assembly. The Chairman shall select a person to act as the Secretary for the Meeting and that person will ensure that an adequate and accurate record of Shareholder Meetings is made and kept.

(ه) يقوم الشركاء بتسمية شخصاً من بين المعينين لتمثيل كل منهم في اجتماعات جمعية الشركاء ليرأس اجتماعات جمعية الشركاء. ويتعين على الرئيس أن يختار شخصاً ليكون أميناً للاجتماع وعلى أمين الاجتماع الاحتفاظ بسجل مناسب ودقيق لاجتماعات الشركاء.

Article (12)
Shareholder Resolutions:

Shareholder resolutions shall be adopted as follows:

a. by ananimous approval in relation to any decision to change the company's name or nationality or increase or decrease the financial liability of the Shareholders.
b. By approval of Shareholders who together own at least 75% of the company's capital in relation to any amendment to the Articles of Association of the company, appointment or removal of the external auditor, or Board of Managers remuneration; , or disposal of assets or incase of merger with other companies or distribution of profit, or voluntary reserve; and
c. except as mentioned in articles (A and B) above, resolutions in relation to any other matters will be adopted by the approval of Shareholders who own at least fifty one (51%)of the Company's capital.

المادة الثانية عشر(١٢)

قرارات الشركاء:

تصدر قرارات الشركاء على النحو التالي:

أ- الموافقة بالإجماع في كل ما يتعلق بأي قرار يتعلق بتغيير اسم أو جنسية الشركة أو زيادة أو تخفيض الأعباء المالية للشركاء.

ب- بموافقة الشركاء الذين يملكون نسبة لا تقل عن ٧٥% من رأس مال الشركة في كل ما يتعلق بتعديل بنود عقد تأسيس الشركة أو تعيين أو عزل مراقب الحسابات الخارجي أو تحديد تعويضات أعضاء مجلس المديرين، أو تصرف بموجودات الشركة أو قرار الاندماج في شركات أخرى أو توزيع الأرباح أو تكوين احتياطات اتفاقية.

ج- وباستثناء ما نصت عليه الفقرتين (أ و ب) أعلاه، تصدر قرارات الشركاء في جميع الأمور الأخرى بموافقة الشركاء الذين يملكون نسبة لا تقل عن واحد وخمسين (٥١%) من رأسمال الشركة.

Article (13)

المادة الثالثة عشر (١٣)

Books of Accounts and Annual Financial Statements:

(a) The Board of Managers shall cause the Company to maintain proper books of accounts and complete and accurate records regarding:

(i) all income and expenditures of the Company;
(ii) all contracts entered into by the Company;
(iii) all purchases and sales made by the Company; and
(iv) the assets and liabilities of the Company.

(b) All books of account and records shall be maintained in accordance with generally accepted accounting principles and the regulations of the Kingdom and kept at the head office of the Company.

دفتر الحسابات والقوائم المالية السنوية:

(أ) على مجلس المديرين اتخاذ الخطوات الكفيلة بإعداد والاحتفاظ بدفاتر حسابات صحيحة وسجلات كاملة ودقيقة للشركة فيما يتعلق بالتالي:

١ -جميع بنود دخل ومصروفات الشركة.
٢ -جميع العقود التي تبرمها الشركة.
٣ -جميع مشتريات ومبيعات الشركة.
٤ -أصول والتزامات الشركة.

(ب) يتم الاحتفاظ بدفاتر الحسابات والسجلات وفق المبادئ المحاسبية المتعارف عليها وأنظمة المملكة العربية السعودية، ويتم حفظها في المركز الرئيسي للشركة.

Article (14)

المادة الرابعة عشر (١٤)

Auditors:

The Shareholder(s) shall cause an Auditor to be appointed annually by a taken by the affirmative vote adopted at a general Meeting of Shareholders holding at least seventy five percent (75%) of the Company's capital. The Auditor must be licensed to practice in the Kingdom in accordance with the Auditors' Regulations. The Auditor shall ensure that the Articles of Association of the Company and the Companies Regulations are being properly applied. He shall review all inventories and final annual accounts and inspect the balance sheet and submit an annual report to each Shareholder and to the Board of Managers. For that purpose he may review all the Company's books, documents and contracts entered into with third parties and may request clarification and information as he deems necessary. The Shareholders shall determine the auditor's annual remuneration on an annual basis.

مراقب الحسابات:

يكون للشركة مراقب حسابات يختاره الشركاء سنوياً بقرار يصدر بموافقة أغلبية الشركاء الذين يمثلون ثلاثة أرباع رأس المال (٧٥%) على الأقل في جمعية الشركاء ويجب أن يكون من المحاسبين المرخص لهم بالعمل في المملكة وفقاً لأحكام نظام المحاسبين، وعلى مراقب الحسابات التأكد من تطبيق عقد تأسيس الشركة ونظام الشركات، وعليه مراجعة قوائم الجرد والحسابات الختامية السنوية وفحص الميزانية وتقديم تقرير سنوي عن ذلك لكل شريك ومجلس مديرين ، وله في سبيل ذلك الإطلاع على جميع دفاتر الشركة ووثائقها والعقود التي تبرمها مع الغير، وله أن يطلب الإيضاحات والبيانات التي يرى ضرورة الحصول عليها ويحدد الشركاء أتعاب مراقب الحسابات السنوية.

Article (15)

Fiscal Year:

(a) The fiscal year of the Company shall commence on the date of its registration in the Commercial Register and end on ١٥/ 2/ 1433 H corresponding to 31/12/ 2011 G. then each fiscal year shall be twelve(12) Geregorean months.

(b) The Board of Managers shall, within four (4) months following the end of such fiscal year, prepare a balance sheet, profit and loss account, and a report describing the Company's activities and financial position, and its recommendations as to the distribution of profits. The Board shall send copies of these documents to each Shareholder and to the Companies' Department at the Ministry of Commerce and Industry , together with a copy of the auditor's report, within two (2) months of their date of preparation.

المادة الخامسة عشر (١٥)

السنة المالية:

(أ) تبدأ السنة المالية الأولى للشركة اعتباراً من تاريخ قيدها في السجل التجاري وتنتهي في ١٥ /٢ / ١٤٣٣هـ الموافق(٢٠١١/١٢/٣١ م)، وتكون كل سنة مالية بعد ذلك اثني عشر شهراً ميلادياً.

(ب) يعد مجلس المديرين خلال أربعة أشهر من انتهاء السنة المالية للشركة ميزانية عمومية وحساب الأرباح والخسائر وتقريراً عن نشاط الشركة ومركزها المالي واقتراحاته بشأن توزيع الأرباح وعليه أن يرسل إلى كل شريك وإلى الإدارة العامة للشركات بوزارة التجارة والصناعة بنسخة من تلك الوثائق مع صور من تقرير مراقب الحسابات وذلك خلال شهرين (٢) من تاريخ إعدادها.

Article (16)
Distribution of Profits and Losses:

The annual net profits of the Company, after deduction of depreciation, operating expenses and general expenses, shall be distributed as follows:

(a) The Company shall set aside four percent (4%) of such profits to constitute the statutory reserve required by Article 176 of the Companies Act. The Company may cease setting aside this reserve when it reaches fifty percent (50%) of the Share capital of the Company.

(b) The balance of the profits shall be distributed to the Shareholders pro

المادة السادسة عشر(١٦)
توزيع الأرباح والخسائر:

توزع أرباح الشركة السنوية الصافية بعد خصم الاستهلاك ومصروفات التشغيل والمصروفات العمومية على النحو التالي:

(أ) تجنب نسبة قدرها (٤%) من الأرباح الصافية لتكون الاحتياطي النظامي المنصوص عليه في المادة (١٧٦) من نظام الشركات ويجوز للشركة أن توقف تجنيب هذا الاحتياطي متى بلغ (٥٠%) من رأسمال الشركة.

(ب) الباقي من الأرباح يوزع على الشركاء بنسبة ما يملكه كل منهم من حصص في رأس المال ما لم يقرر الشركاء تكوين احتياطات أخرى أو ترحيل الأرباح كلياً أو جزئياً للسنة المالية التالية.

rata to the percentage of the Shares owned by each Shareholder, unless the Shareholders decide to establish other reserves, or carry forward or transfer all or a portion of the profits for the next fiscal year.

(c) Losses shall be borne by the Shareholders pro-rata to their Shareholding, or if the Shareholders so agree, carry it over to the next fiscal year. No profits shall be distributed until the losses are fully covered. If the Company's losses reach (50 %) Fifty Percent of its capital the Board of Managers must call the Shareholders to a Meeting within a period not to exceed thirty (30) days from the date on which the losses reach this level in order to consider whether to continue the Company, in which case the Shareholders must undertake to pay its debts, or to dissolve it. The resolution of the Shareholders in this respect shall not be valid unless it is issued in accordance with Article 173 of the Companies Act, and the resolution must in all cases be published in the manner provided in Article 164 of the Companies Act. If the Company continues its business without the issuance of a decision to continue it pursuant to the foregoing conditions, or to dissolve it, the Shareholders shall become jointly and severally liable to pay all of the Company's debts and any interested party may request that it be dissolved.

(ج) في حالة تحقيق خسائر يتحملها الشركاء بنسبة ما يملكه كل منهم من حصص في رأسمال الشركة ما لم يتفق الشركاء على ترحيلها للسنة المالية التالية ولا يجوز توزيع الأرباح إلا بعد استهلاك كافة الخسائر، وإذا بلغت خسائر الشركة نصف رأسمالها وجب على مجلس المديرين دعوة الشركاء للاجتماع خلال مدة لا تزيد عن ثلاثين (٣٠) يوماً من تاريخ بلوغ الخسارة لهذا الحد للنظر في استمرار الشركة ، وفي هذه الحالة يجب على الشركاء التعهد بدفع ديونها ، أو حلها. ولا يكون قرار الشركاء في هذا الشأن صحيحاً إلا إذا صدر طبقاً للمادة (١٧٣) من نظام الشركات ويجب في جميع الأحوال شهر هذا القرار بالطرق المنصوص عليها في المدة (١٦٤) من نظام الشركات. وإذا استمرت الشركة في مزاولة نشاطها دون صدور قرار باستمرارها بالشروط المتقدمة أو حلها أصبح الشركاء مسئولين بالتضامن عن سداد جميع ديون الشركة وجاز لكل ذي مصلحة أن يطلب حلها.

وزارة التجارة والصناعة
مكتب الوزارة بمركز الخدمة الشاملة بالهيئة العامة للاستثمار بالرياض
تم تدقيق هذا العقد بمعرفة مكتب الدمام

وزارة العدل
كتب العدل بالهيئة العامة للاستثمار بالمنطقة الشرقية

Article (17)

المادة السابعة عشر(١٧)

Company Dissolution & Liquidation:

انقضاء الشركة وتصفيتها:

The Company may be dissolved for any of the reasons for dissolution contained in Article (15) of the Companies Act. Upon the Company's dissolution it shall enter the stage of liquidation in accordance with the provisions of Chapter 11 of the Companies Act. In case of voluntary liquidation, the following must be observed:

1) The Shareholders shall appoint one or more liquidator(s) for purposes of liquidating the Company and shall determine their authority and fees.
2) A report certified by a chartered accountant licensed to practice in the Kingdom shall be prepared regarding the financial status of the Company as of the date of issuance of the Shareholder resolution to dissolve and liquidate the Company and specifying the Company's ability to discharge its obligations and its debts vis-a-vis third parties.
3) All entitlements of creditors must be paid in full or a settlement entered into with them. Otherwise, the Company shall not be liquidated until after a decision is issued by the Board of Grievances announcing the bankruptcy of the Company pursuant to a request by the creditors or the Company in accordance with the Commercial Court Regulations.

تنقضي الشركة بأحد أسباب الانقضاء الواردة في المادة (١٥) من نظام الشركات، وبانقضائها تدخل في دور التصفية وفقاً لأحكام الباب الحادي عشر من نظام الشركات مع مراعاة أنه في حالة التصفية الاختيارية يلزم اتخاذ الآتي:

١. يقوم الشركاء بتعيين مصف واحد أو أكثر لغرض تصفية الشركة وعليهم تحديد صلاحيتهم وأتعابهم.

٢. إعداد تقرير بالمركز المالي للشركة في تاريخ صدور قرار الشركاء بحل وتصفية الشركة معتمد من محاسب قانوني مرخص له بالعمل في المملكة يثبت قدرة الشركة على الوفاء بالتزاماتها وديونها تجاه الغير.

٣. سداد كافة حقوق الدائنين أو إبرام صلح معهم، فإن تعذر ذلك فلا يتم تصفية الشركة إلا بعد صدور قرار من ديوان المظالم بشهر إفلاس الشركة بناء على طلب الدائنين أو الشركاء.

Article (18)
Company Documents:

المادة الثامنة عشر(١٨)
مستندات الشركة:

The Company's letterhead shall clearly show the name of the Company, followed by the phrase "a limited liability company," as well as the address of its head office, its commercial registration number and its capital. All other documents shall comply with all applicable rules and regulations.

يجب أن يظهر اسم الشركة بوضوح على مطبوعات الشركة، تتبعها عبارة (شركة ذات مسئولية محدودة) بالإضافة إلى عنوان مركزها الرئيسي ورقم سجلها التجاري ورأسمالها، كما يجب أن تكون كافة المستندات الأخرى متوافقة مع الأنظمة والأحكام السارية.

Article (19)

Notices:

All notices given hereunder between Shareholders or with the Company shall be deemed to be sufficiently delivered by postpaid registered mail to their addresses as indicated in the Register of Shares referred in article(9) of these articles.

Article (20)

General Rules:

a) The Company is subject to all laws and regulations prevailing in the Kingdom of Saudi Arabia.

b) All other matters not specifically provided for herein, or not agreed between the Shareholders shall be subject to the Companies Act.

c) This Articles of Association is in Arabic and English ,The Arabic version is superceeds the english version .

Article (21)

Copies of Contract:

These Articles of Incorporation have been executed in eight copies of which each Shareholder shall receive one copy. The remaining copies shall be submitted to the concerned authorities for purposes of necessary official procedures. Engineer Hussein M. S. Kadi is hereby authorized by the counterparts to take whatever action is necessary to complete the necessary procedures herein mentioned. In witness whereof the two parties signed hereunder.

المادة التاسعة عشر (١٩)

الإخطارات:

توجه جميع الإخطارات فيما بين الشركاء أو بينهم وبين الشركة بخطابات مسجلة على عناوينهم المبينة في سجل الحصص لدى الشركة والمنوه عنه بالمادة تاسعاً من هذا العقد.

المادة العشرون(٢٠)

قواعد عامة:

(أ) تخضع الشركة لكافة الأنظمة السارية المفعول بالمملكة العربية السعودية.

(ب) كل ما لم يرد بشأنه نص في هذا العقد، أو لم يتفق عليه الشركاء يطبق بشأنه نظام الشركات.

(ج) نص العقد باللغتين العربية و الإنجليزيه و السائد هو النص باللغة العربية .

المادة الحادية والعشرون (٢١)

نسخ العقد:

تم تحرير عقد التأسيس هذا من ثمان نسخ استلم كل طرف نسخة منها للعمل بموجبها والنسخ الأخرى لتقديمها للجهات المختصة لاستكمال الإجراءات النظامية.
وقد فوض الطرفان المهندس / حسين بن محمد صادق قاضي ، لإتمام الإجراءات اللازمة وعليه جرى التوقيع.

وزارة التجارة والصناعة
مكتب الوزارة بمركز الخدمة

وزارة العدل

شركة التعدين العربية السعودية (معــادن)

Saudi Arabian Mining Company (Ma'aden).

التوقيع

Signature.

شركة الكوا سملتينج انفرثيونيس السعودية ش.م.م

Alcoa Saudi Smelting Inversiones S.L.

بالوكالة / ماجد محمد طلعت المدني

التوقيع

Signature.

وزارة التجارة والصناعة
مكتب الوزارة بمركز الخدمة الشاملة
بالهيئة العامة للاستثمار بالرياض
تم تدقيق هذا العقد بمعرفة
مكتب الدمام

وزارة العدل

وزارة العدل / كاتب العدل بهيئة [illegible] للاستثمار بالمنطقة الشرقية

الحمد لله وحده وبعد: لقد جرى ضبط ملخص هذا العقد لدينا

بحضور الأطراف المعنية وتوقيعهم على ذلك بالصحيفة ٦١ عدد

٦٠ من الجلد ١٤ لعام ١٤٣١هـ وعليه جرى التصديق،

حرر في ١٧/١٠/١٤٣١هـ وصلى الله على نبينا محمد وآله وصحبه وسلم،

كاتب الضبط　　　　كاتب العدل

محمد بن عبدالعزيز الجريوي

Amended Articles of Association
Ma'aden Aluminium Company
(Limited Liability Company)

The following Parties have agreed

1. **Saudi Arabian Mining Company (Ma'aden)**, a Saudi joint stock company established pursuant to Royal Decree No. M/17 dated 14/11/1417H. and duly incorporated under the laws and regulations of the Kingdom of Saudi Arabia with commercial registration no. 1010164391 having its head office and address at P.O. Box 68861, Riyadh 11537, Kingdom Saudi Arabia (herein referred to as "First Party" or "**Ma'aden**");
2. **Alcoa Saudi Smelting Inversiones S.L**, Commercial Registration No: **B85947356**/City: Madrid - Spain dated:23/4/2010G, Main office at Calle Pedro Teixeira,8 Madrid 28020 Spain (herein referred to as "Second party " or "**Alcoa**");

(hereinafter collectively referred to as the "**Parties** or **Shareholders**").

To incorporate **Ma'aden Aluminium Company** (hereinafter referred to as the "**Company**"), Commercial Registration number (2055012511) dated 02/11/1431H. The Company Article of Association was approved by the notary public of the Saudi Arabia General Investment Authority in the eastern province, page (61), number (60), Book (14) 1431h, dated 17/10/1431H.

Whereas the Shareholders owns (100%) of the Shares agreed to amend the articles of the Company`s Article of Association according to the Companies Law issued by Royal Decree M/3 dated 28/01/1437H and its regulations in accordance with. the following terms and conditions:

Article (1) Basic of the Contract

The above preamble is an integral part of this contract.

Article (2) Company Name

The name of the Company shall be **Ma'aden Aluminium Company** (a limited liability company).

Article (3) Company Objects

The objectives for the Company as following:

Activity:

242042: Smelting, rolling, drawing, purifying, and casting aluminum and its alloys.

243211: non-ferrous metals casting (finished products) including (aluminum and zinc .. etc).

عقد التأسيس المعدل
لشركة معادن للألمنيوم
(شركة ذات مسئولية محدودة)

لقد سبق للأطراف الاتية أسماؤهم:

1- **شركة التعدين العربية السعودية(معادن)**، وهي شركة مساهمة سعودية أسست بموجب المرسوم الملكي رقم م/17 الصادر في 1417/11/14هـ، ووفقا للأنظمة واللوائح المعمول بها في المملكة العربية السعودية، وهي مقيدة بالسجل التجاري رقم (1010164391)، ويقع مركزها الرئيس في مدينة الرياض ص.ب. 68861 الرياض 11537، المملكة العربية السعودية. (ويشار إليها فيما يلي بـ "الطرف الأول "، أو "**معادن**").

2- **شركة ألكوا سملتينج انفرثيونيس السعودية ش.م.م**، شركة مسجلة في السجل التجاري لمدينة مدريد إسبانيا تحت رقم/ 85947356 بي وتاريخ 2010/04/23م ومركزها الرئيسي في شارع كالي بدرو تكسيرا رقم 8 مدريد 28020 اسبانيا.(ويشار إليها فيما يلي بـ "الطرف الثاني "، أو "**ألكوا**").

(يشار إليهما مجتمعين بـ "**الأطراف أو الشركاء**").

تأسيس شركة **معادن للألمنيوم** (ويشار إليها بـ "**الشركة**") والمقيدة في السجل التجاري رقم (2055012511) وتاريخ 1431/11/02هـ، والمثبت عقد تأسيسها لدى كاتب العدل بالهيئة العامة للاستثمار بالمنطقة الشرقية – المملكة العربية السعودية- على الصفحة (61)، عدد (60) المجلد (14) لعام 1431هـ، وتاريخ 1431/10/17هـ ،

وحيث رغب الشركاء بتعديل عقد تأسيس الشركة، لذا فقد اتفق جميع الشركاء الذين يملكون نسبة (100%) من رأس المال على تعديل عقد التأسيس وفقاً لنظام الشركات الصادر بالمرسوم الملكي رقم م/ 3 بتاريخ 28 /1 / 1437 هـ ولوائحه ووفقاً للشروط والأحكام التالية:

المادة رقم (1) أساس العقد

يعتبر التمهيد أعلاه جزء لا يتجزأ من هذا العقد.

المادة رقم (2) اسم الشركة

يكون اسم الشركة **شركة معادن للألمنيوم** (شركة ذات مسؤولية محدودة) .

المادة رقم (3) أغراض الشركة

إن الأغراض التي كونت لأجلها الشركة أدناه:

النشاط:

242042: صهر ودرفلة وسحب وتنقية وسبك الألمنيوم وخلائطه

243211: سبك المعادن غير الحديدية (منتجات تامة الصنع)، يشمل (الألمنيوم والزنك ... الخ)

243212: سبك المعادن غير الحديدية (منتجات نصف تامة الصنع)، يشمل (الألمنيوم والزنك ... الخ)

243212: non-ferrous metals casting (unfinished products) including (aluminum and zinc .. etc)

In accordance with Industrial Investment License No. 121031088618, dated 19/08/1431H (corresponding to 31/07/2010G).

وفقا لترخيص الاستثمار الصناعي رقم (121031088618) الصادر من الهيئة العامة للاستثمار في المملكة العربية السعودية. بتاريخ 1431/08/19هـ (الموافق 2010/07/31م).

Article (4) Combination with other Companies

The Company may own shares in other existing companies and may merge with, and shall have the right to establish its own or shared companies in mining, Aluminum industries, or participate with others to form joint stock or limited liability companies (capital not less than SAR (5) five Millions) to perform similar or complementary activities, after satisfying the regulatory requirements. The Company may deal in such shares, provided that it shall not engage in financial brokerage for such shares.

المادة رقم (4) المشاركة والاندماج

يجوز للشركة إنشاء شركات بمفردها أو تساهم في رأس مالها العامل في صناعة التعدين والألمنيوم والصناعة ذات العلاقة والاشتراك مع الغير (ذات مسؤولية محدودة أو مساهمة مقفلة بشرط ألا يقل رأس المال عن (5) مليون ريال كما يجوز لها أن تمتلك الأسهم والحصص في شركات أخرى قائمة أو تندمج معها ولها حق الاشتراك مع الغير في تأسيس الشركات المساهمة أو ذات المسئولية المحدودة وذلك بعد استيفاء ما تتطلبه الأنظمة والتعليمات المتبعة في هذا الشأن. كما يجوز للشركة أن تتصرف في هذه الأسهم أو الحصص على ألا يشمل ذلك الوساطة في تداولها.

Article (5) Company Head Office

The Company's headquarter shall be based in the city of Al-Jubail - Ras Al-Khair Industrial City, Kingdom of Saudi Arabia. However, the Company may, by resolution of the Shareholders, move it's headquarter or establish branches or offices within or outside the Kingdom of Saudi Arabia after obtaining the necessary consents of the concerned authorities.

المادة رقم (5) المركز الرئيس للشركة:

يكون المركز الرئيس للشركة في مدينة الجبيل – مدينة رأس الخير الصناعية بالمملكة العربية السعودية. ويجوز للشركة بقرار صادر من الشركاء أن تنقل مقر مركزها الرئيس، أو افتتاح فرع أو فروع أو مكاتب داخل أوخارج المملكة العربية السعودية بعد الحصول على الموافقة اللازمة لذلك من الجهات المختصة.

Article (6) Company Term

The Company has been incorporated for a term of fifty (50) Gregorian years starting from the date of its registration in the Commercial Register. The Company's term shall automatically extend for similar periods unless one of the Shareholders notifies the other of its desire not to continue the Company at least three (3) years prior to the expiration of the initial or renewed period.

المادة رقم (6) مدة الشركة

تأسست الشركة لمدة خمسين (50) عاماً ميلادياً بدأت من تاريخ قيدها بالسجل التجاري، وتجدد مدة الشركة تلقائياً لمدد مماثلة ما لم يخطر أحد الشركاء الآخرين برغبته في عدم التجديد، على أن يكون ذلك قبل نهاية المدة الأصلية أو المجددة بثلاث سنوات على الأقل.

Article (7) Capital.

The Company's capital is fixed at SAR 6,573,750,000 (Six Thousand Five Hundred Seventy Three Million and Seven Hundred Fifty Thousand Saudi Riyals), divided into 657,375,000 shares, each having equal value and each valued at ten (10) Saudi Riyals. The paid up capital of the Company at formation is SAR 6,573,750,000 (Six Thousand Five Hundred Seventy Three Million and Seven Hundred Fifty Thousand Saudi Riyals). The shares of the Company are divided between the Shareholders as follows:

المادة رقم (7) رأس المال

حدد رأسمال الشركة بمبلغ 6,573,750,000 ريال سعودي (ستة آلاف وخمسمائة ثلاثة وسبعون مليون وسبعمائة وخمسون ألف ريال سعودي) مقسمة إلى 657,375,000 حصة متساوية القيمة، قيمة كل حصة عشرة (10) ريالات. ورأس مال الشركة المدفوع عند التأسيس هو 6,573,750,000 ريال سعودي (ستة آلاف وخمسمائة ثلاثة وسبعون مليون، سبعمائة وخمسون ألف ريال سعودي). وقد وزعت الحصص على النحو التالي:

نسبة الحصص	إجمالي قيمة الحصص المدفوعة (ر.س.)	قيمة الحصص المدفوعة (ر.س.)	إجمالي قيمة الحصص (ر.س.)	قيمة الحصة (ر.س.)	عدد الحصص	الشريك

%74,9	4,923,738,750	10	4,923,738,750	10	492,373,875	معادن
%25,1	1,650,011,250	10	1,650,011,250	10	165,001,125	ألكوا
%100	6,573,750,000	10	6,573,750,000	10	657,375,000	الإجمالي

يقر الشركاء بأنه تم الوفاء برأسمال الشركة المدفوع عند التأسيس وأودع لدى أحد البنوك المعتمدة في المملكة العربية السعودية بموجب الشهادة الصادرة من البنك بهذا الخصوص.

Shareholder	Total no. of shares	Share value (SAR) (nominal)	Total value of shares (SAR)	Value of paid-up shares (SAR)	Total value of paid-up shares (SAR)	Share %
Ma'aden	492,373,875	10	4,923,738,750	10	4,923,738,750	74,9%
Alcoa Shareholder	165,001,125	10	1,650,011,250	10	1,650,011,250	25,1%
Total	657,375,000	10	6,573,750,000	10	6,573,750,000	100%

The Shareholders declare that the value of the Company's paid-up capital has been fully paid-up in cash and deposited with an approved bank in the Kingdom of Saudi Arabia in accordance with the certificate issued by such bank to this effect.

Article (8) Increase or Reduction of Capital

a. The Company's capital may increase with the agreement of all Shareholders by increasing the nominal value for each of the existing shares or by issuing new shares and requiring each Shareholder to subscribe to such new shares in proportion to its respective shareholding in the Company's capital. In all other cases, unless the Shareholders agree otherwise, the capital of the Company may be increased with the resolution of the Shareholders in accordance with Article (14.a) hereof.

b. The Shareholders general assembly may reduce the Company's capital if it exceeds its requirements or incurred losses which did not reach half of the Company's capital according to the terms provided in Articles of the Companies Law.

المادة رقم (8) زيادة أو تخفيض رأس المال

أ - يجوز بموافقة جميع الشركاء زيادة رأس مال الشركة، عن طريق رفع القيمة الاسمية لحصص الشركاء القائمة أو عن طريق إصدار حصص جديدة مع إلزام جميع الشركاء بدفع قيمتها بنسبة مشاركة كل منهم في رأس مال الشركة. وفي جميع الأحوال، ما لم يتفق الشركاء يتم زيادة رأس مال الشركة بقرار من الشركاء وفقا للمادة رقم (14-أ) أدناه من هذا العقد، ما لم يتفق الشركاء على غير ذلك.

ب - للجمعية العامة للشركاء أن تقرر تخفيض رأس مال الشركة إذا زاد على حاجتها أو منيت بخسائر لم تبلغ نصف رأس المال، وذلك وفقاً لأحكام نظام الشركات.

Article (9) Shares

Unless the Shareholders agree otherwise, no Shareholder may transfer any of its or his shares of the Company's capital to any third party, whether for or without consideration, without prior written notice to all other Shareholders of its or his intention to transfer such shares and complying with the procedures that shall be agreed between the Shareholders; provided that such procedures do not conflict with the terms of Articles of the Companies Law. Notwithstanding anything herein to the contrary, a Shareholder shall have the right to transfer all or part of its or his shares if such transfer to an entity which is legally and beneficially directly or indirectly wholly owned by the ultimate parent company of that Shareholder.

المادة رقم (9) الحصص

ما لم يتفق الشركاء على خلاف ذلك، لا يجوز لأي شريك نقل أي من حصصه في رأس مال الشركة لأي طرف ثالث، سواء كان ذلك بمقابل أو بدون مقابل، بدون إشعار خطي مسبق موجه لبقية الشركاء بنيته في نقل تلك الحصص، والموافقة على اتباع الإجراءات اللازمة لذلك والتي سيتفق عليها الشركاء، وعلى أن لا تتعارض تلك الإجراءات مع ما هو منصوص عليه في نظام الشركات، وبخلاف أي من أحكام هذا العقد والتي قد تتعارض مع ذلك، فيجوز لأي من الشركاء التصرف في كل أو أي جزء من الحصص لأي جهة تعود ملكيتها القانونية والمنفعة الكاملة سواء كان ملكية مباشرة أو غير مباشرة للشركة الأم للشريك المعني.

Article (10) Shares Register

The Company shall prepare a special record for shares in which names of the Shareholders and the number of shares each one owns will be entered, together with all the disposition made on these shares. Transfer of ownership of these shares shall not be executed before the Company or others, unless the reason for transfer of ownership is entered in the said record. The Company shall inform the Ministry to register it in the Company's record;

1 - Each Shareholders' name, profession, nationality, address and identity card or passport number or commercial registration number and date of issue;
2 - Number and value of the Shares owned by each Shareholder;
3 - Number and value of shares which have been transferred, along with a description of the manner in which the shares were transferred - whether by sale, purchase, inheritance, gift or otherwise;
4 - Name and signature of the transferor and the transferee;
5 - Date of the transfer;
6 - Total number and value of Shares owned by each Shareholder after any such transfer and its value;
7 - The pages of the share register shall be numbered serially, no page may be detached nor any erasure or revision made to the information contained therein; and
8 - Each Shareholder shall be entitled to access the shares register during working hours of the Company.

المادة رقم (10) سجل الحصص

تعد الشركة سجلاً خاصاً بأسماء الشركاء وعدد الحصص التي يملكها كل شريك من الشركاء، وجميع التصرفات التي ترد على الحصص. ولا يكون نافذاً انتقال الملكية في مواجهة الشركة أو الغير إلا بقيد السبب الناقل للملكية في السجل المذكور. وعلى الشركة إبلاغ الوزارة لإثباته لديها في سجل الشركة.

1 - اسم الشريك ومهنته وجنسيته وعنوانه ورقم وتاريخ بطاقة الأحوال أو جواز السفر، أو رقم السجل التجاري وتاريخ إصداره.
2 - عدد وقيمة الحصص التي يملكها كل شريك.
3 - عدد وقيمة الحصص التي تم نقلها مع بيان كيفية نقل تلك الحصص سواء كان عن طريق البيع أو الشراء أو الميراث أو الهبة وغيرها من أنواع النقل.
4 - اسم المتنازل والمتنازل إليه وتوقيعهما.
5 - تاريخ نقل الحصص.
6 - مجموع ما يملكه كل شريك من حصص بعد إتمام إجراءات النقل وقيمتها.
7 - يتم ترقيم صفحات السجل المذكور ترقيماً متسلسلاً، ولا يجوز نزع أي صفحة من صفحاته أو اجراء أي كشط أو تغيير في البيانات المدونة به.
8 - يحق لكل شريك الاطلاع على سجل الحصص خلال ساعات العمل اليومية للشركة.

Article (11) Management of the Company:

11-1 The Board of Managers authorities:

The Company shall be managed by a Board of Managers composed of five (5) managers appointed for a period of three (3) years as follows:

1- Three (3) managers, including the Chairman of the Board, to be appointed by Saudi Arabian Mining Company (Ma'aden).
2- Two (2) managers appointed by Alcoa Saudi Smelting Inversiones S.L.

المادة رقم (11) إدارة الشركة:

11-1 صلاحيات مجلس المديرين الشركة:

يدير الشركة مجلس مديرين مكون من خمسة (5) مديرين، يتم تعيينهم لمدة ثلاث (3) سنوات، وفقاً لما يلي:

1. ثلاثة (3) مديرين من ضمنهم رئيس المجلس، تعيّنهم شركة التعدين العربية السعودية (معادن).
2. مديرين اثنين (2) تعيّنهم شركة ألكوا سملتينج انفرثيونيس السعودية ش.م.م.

11-2 Authority of the Board:

With the exception of resolutions reserved to the Shareholders under Article (14) of this Articles of Association, the Board of Managers shall have all the powers and authorities to manage the business of the Company including but not limited to:

1. Represent and manage the Company with full authorities to handle the Company's affairs and shall have the authority to represent the Company

2-11 صلاحيات المجلس:

باستثناء القرارات المخصصة للشركاء بموجب المادة (14) من عقد التأسيس هذا، يتمتع مجلس المديرين بأوسع الصلاحيات لإدارة أعمال الشركة، ويشمل ذلك على سبيل المثال لا الحصر ما يلي:

1. تمثيل وإدارة الشركة وله كافة السلطات وأوسع الصلاحيات اللازمة للتصرف بأمور الشركة ويتمتع بصلاحية تمثيل الشركة في كل علاقاتها تجاه الغير من

in its relations with third parties, whether corporate or otherwise, and all judicial governmental and executive bodies;

2. Represent the Company before banking and financial institutions, and all types of companies and organizations and to obtain loans to achieve the Company's objectives;
3. Subject always to the requirements of Article (11.4.g) of these Articles of Association, obtaining and utilizing loans and finance facilities, signing such loans and finance facilities and executing related documents (including issuing promissory notes acknowledged in the Kingdom of Saudi Arabia and pledging, selling or issuing the company's assets to guarantee or secure such loans and finance facilities);
4. Raising claims, allegations and law suits on behalf of the Company in all level of courts, as defendant or plaintiff; attending court hearing, presenting evidences; interviewing witnesses, settling claims, receiving the Company's entitlements, and arranging for the settlement of the Company's debts;
5. Appointing agents and attorneys for the Company and providing them with the necessary authorities to defend the Company, raise claims, and request the entitlements of the Company;
6. Signing all contracts and agreements, on behalf of the Company including, but not limited to, leases and shareholder agreements for the ownership, formation, merging or liquidation of other companies and their amendment agreements and shareholders resolutions for the establishment of branches, and appointment of managers and signing all such documents before the Notary Public the Ministry of Commerce and Investment and the Saudi Arabian General Investment Authority;
7. Following up with Ministry of Commerce & Investment, Municipality, Ministry of Foreign Affairs, Passport Department, Saudi Communications companies, Ministry of Environment, Water and Agriculture, Saudi Electricity Company, Saudi Industrial Development Fund, the General Investment Authority and signing necessary forms and applications before authorized officers at such governmental agencies.

شخصيات اعتبارية أو طبيعية وكافة الجهات الحكومية والقضائية والتنفيذية.

2. تمثيل الشركة أمام البنوك والمؤسسات المالية والشركات والمؤسسات بسائر أنواعها والمنظمات وله في سبيل ذلك الحصول على القروض بقصد تحقيق أغراض الشركة.
3. مع مراعاة مادة (11-4-خ) من عقد التأسيس هذا، الحصول على واستعمال القروض والتسهيلات، والتوقيع عليها والتوقيع على المستندات ذات العلاقة بما يشمل إصدار سندات الأمر المعترف بها في المملكة العربية السعودية والضمانات ورهن أصول الشركة أو بيعها أو إصدارها كضمانات لتلك القروض والتسهيلات.
4. تقديم الطلبات والاستدعاءات ورفع الدعاوي والمدافعة والمرافعة عن الشركة أمام القضاء بكل درجاته بصفتها مدعية أو مدعى عليها وحضور الجلسات وتقديم البينات والمستندات وقبول الشهادة وتسوية المطالبات واستلام الحقوق عن الشركة وتسوية ديون الشركة.
5. تعيين الوكلاء والمحامين بالنيابة عن الشركة ومنحهم الصلاحيات اللازمة للمدافعة والمرافعة والمطالبة بالحقوق لصالح الشركة.
6. إبرام جميع أنواع العقود والاتفاقيات باسم الشركة ويشمل ذلك على سبيل المثال لا الحصر، إبرام عقود إيجارية واتفاقيات الشركاء للملكية والمشاركة في شركات أخرى سواءً بالتملك أو بالتأسيس أو بالاندماج أو بالتصفية لأي شركة أخرى والتعديلات الخاصة بها والتوقيع على ملاحق التعديل وقرارات الشركاء بفتح الفروع وتعيين المديرين والتوقيع بذلك أمام كاتب العدل ووزارة التجارة والاستثمار والهيئة العامة للاستثمار.
7. مراجعة وزارة التجارة والاستثمار والبلديات ووزارة الخارجية والمديرية العامة للجوازات وشركات الاتصالات السعودية ووزارة البيئة والمياه والزراعة والشركة السعودية للكهرباء وصندوق التنمية الصناعي السعودي والهيئة العامة للاستثمار ومكاتب الاستقدام والتوقيع على النماذج والطلبات اللازمة أمام الموظفين المختصين في هذه الدوائر والدوائر الحكومية الأخرى.

8. Dispute, litigate, plead, defend, apply for arbitration, accept arbitration, appoint arbitrators and experts and remove them, to represent the Company before them and in any lawsuits filed by or against the Company, to file lawsuits and hear them before all courts of all levels, request the oath, settlement, approve or reject the judicial verdict and to deal with all governmental agencies and officials, including notaries public, the Board of Grievances, the Ministry of Commerce and Investment, Chambers of Commerce, the General Organization for Social Insurance, official agencies and departments, judiciary and administrative commissions of all types and levels, labor offices and Labor Commissions, Banking Dispute Settlement Commissions, Securities Dispute Settlement Commissions, preliminary and supreme commissions and other governmental commissions and committees, the Ministry of Foreign Affairs, the Passport Department, the Communications and Information Technology Commission, the Ministry of Environment, Water and Agriculture, the Ministry of Energy, the Ministry of Industry and Minerals, the General Authority of Meteorology and Environment Protection, Saudi Industrial Development Fund, the General Investment Authority, General Authority of Zakat and Tax, police departments, Public Prosecution, governorates and ministries and before all other agencies whether individuals or companies or commissions, inside or outside the Kingdom of Saudi Arabia and to submit, sign, deliver and receive applications on behalf of the Company from whatsoever entity;

8. المخاصمة والمقاضاة والمرافعة والمدافعة وطلب وقبول التحكيم وتعيين وعزل المحكمين والخبراء وتمثيل الشركة أمامهم وفي أي دعوى ترفعها الشركة أو ترفع ضدها، ورفع الدعاوى وسماعها أمام جميع المحاكم بمختلف أنواعها ودرجاتها والتعقيب والمتابعة وطلب حلف اليمين، والمخاصة وقبول أو رفض الأحكام، لدى كافة الدوائر الحكومية والمسؤولين في الدولة، وبما في ذلك كتابات العدل وديوان المظالم ووزارة التجارة والاستثمار والغرف التجارية والمؤسسة العامة للتأمينات الاجتماعية والدوائر والإدارات الحكومية واللجان القضائية والإدارية بكافة أنواعها ودرجاتها ومكاتب العمل ولجان العمل ولجان تسوية المنازعات المصرفية ولجان تسوية منازعات الأوراق المالية واللجان الابتدائية والعليا والهيئات واللجان الحكومية الأخرى ووزارة الخارجية والمديرية العامة للجوازات وهيئة الاتصالات وتقنية المعلومات ووزارة البيئة والمياه والزراعة ووزارة الطاقة ووزارة الصناعة والثروة المعدنية والهيئة العامة للأرصاد وحماية البيئة وصندوق التنمية الصناعية السعودي والهيئة العامة للاستثمار في المملكة العربية السعودية الهيئة العامة للزكاة والدخل وأقسام الشرطة والنيابة العامة والإمارات والوزارات وأمام جميع الجهات الأخرى من أفراد وشركات وهيئات داخل وخارج المملكة العربية السعودية، وتسليم وتوقيع واستلام الطلبات باسم الشركة ونيابة عنها من الجهات الأخرى.

9. Purchasing and selling shares and attending meetings of Board of managers, general assemblies of other companies in which the Company is a Shareholder whether inside or outside of the Kingdom of Saudi Arabia and fully represent the Company in such companies;

9. شراء وبيع الحصص والأسهم وحضور اجتماعات مجالس الإدارة والمديرين والجمعيات العامة للشركات الأخرى التي تساهم فيها الشركة داخل المملكة العربية السعودية أو خارجها وتمثيل الشركة تمثيلاً تاماً في هذه الشركات.

10. Selling and purchasing, transferring of real estate, accepting and receiving values, amending title documents, requesting amendments to limits of land and real estates, and mortgaging seizing and releasing mortgages of lands and fixed assets necessary to promote the Company's business;

10. البيع والشراء والإفراغ وقبول الإفراغ وقبض الثمن وتهميش وتعديل الصكوك واستخراج بدل الفاقد منها والقسمة والفرز وطلب تعديل الحدود للأراضي والعقارات ورهن وحجز وفك رهن الأراضي والعقارات والأصول المنقولة اللازمة لتحقيق أغراض الشركة.

11. Preparing periodical reports, submitting recommendations to the Shareholders general assembly to improve the Company's work and management, in accordance with the forms and schedules approved for this purpose;
12. Preparing the Company's general budget, accounts of interests and losses at the end of each year, reports on the Company's activities, financial status, suggestions on profits, and submitting such reports to the Shareholders general assembly together with a copy to the Auditor's report;
13. Authorization to sign at banks, opening bank accounts, deposit, draw, or request various credit facilities and perform all banking operations in the Kingdom of Saudi Arabia or abroad to achieve the objectives of the Company;
14. Forming one or more committees whenever the Board of managers deems it necessary and taking any necessary action, which serves the effectiveness of the Company; and
15. Delegate some or all of these powers to any other person or persons in respect of what is mentioned hereinabove, and to revoke such delegation or authorization in whole or in part.

11. القيام بإعداد التقارير الدورية عن سير الشركة وأعمالها ورفع التوصيات إلى الجمعية العامة في سبيل تحسين العمل والإدارة، على أن يتم إعداد هذه التقارير حسب الجدول المعد لذلك.
12. إعداد الميزانية العمومية وحساب الأرباح والخسائر خلال المدة المحددة في نهاية كل سنة مالية وإعداد تقرير عن نشاط الشركة ومركزها المالي واقتراحاته بشأن الأرباح، وتسليم التقرير إلى الجمعية العامة مرفقاً به نسخة من تقرير مراجع الحسابات.
13. التوقيع لدى البنوك وفتح الحسابات في البنوك المحلية والأجنبية والإيداع والسحب وطلب التسهيلات الائتمانية المختلفة والقيام بجميع العمليات البنكية داخل المملكة أو خارجها لتحقيق أغراض الشركة وأهدافها.
14. تشكيل لجنة أو أكثر من وقت لآخر كلما رأى المجلس ذلك ضرورياً وله اتخاذ أي تصرف ضروري يكفل للشركة أن تعمل بفاعلية.
15. تفويض كل أو أي جزء من تلك الصلاحيات لأي شخص أو أشخاص آخرين بخصوص ما ذكر أعلاه، وإلغاء ذلك بالكامل التفويض أو إلغاء أي جزء منه.

11-3 Dismissal of Managers:

Each shareholder may dismiss the manager(s) it has appointed without violation to his/their right to a compensation if the dismissal occurred without acceptable justification or at inappropriate time

3-11 عزل المديرين:

يجوز لكل شريك عزل المدراء المعينين من قبله دون إخلال بحقهم في التعويض إذا وقع العزل بغير مبرر مقبول أو في وقت غير لائق.

11-4 The Board Managers Meetings:

a. Meetings of the Board of Managers shall be held at headquarter of the Company or at such other places as may be agreed by a majority of the Board of Managers. Meetings shall be held at such times as specified by the Chairman, any two (2) managers of the Board of Managers or any Shareholder, pursuant to a fifteen (15) days' notice by the Chairman of the Board of Managers. The notice shall include the agenda and all documents pertaining to the business to be transacted at the Meeting. The Board may waive these requirements for notice by a unanimous vote at the beginning of the Meeting and before any other business transacted.

b. A manager who is unable to attend a Meeting of the Board of Managers or to take any other necessary action may, by written notice to Chairman of the Board of Managers, give a proxy to any other manager of the Board of Managers to vote and otherwise act on his

11-4اجتماعات مجلس المديرين:

أ- تعقد اجتماعات مجلس المديرين في المركز الرئيسي للشركة أو في أي مكان آخر يتفق عليه أعضاء المجلس بالأغلبية. ويتم عقد الاجتماعات بالأوقات التي تحددها الدعوة الموجهة من قبل رئيس مجلس المديرين أو بناء على طلب اثنين (2) من المديرين في المجلس أو أحد الشركاء. على أن يتم إرسال إخطار إلى المديرين في المجلس مدته خمسة عشر (15) يوماً من قبل رئيس مجلس المديرين. ويجب أن يتضمن الإخطار جدول أعمال الاجتماع وجميع الوثائق المتعلقة بالأعمال المطلوب تداولها في الاجتماع، ويجوز لمدراء مجلس المديرين التنازل عن متطلبات الإخطار الوارد أعلاه بالموافقة بالإجماع على ذلك في بداية الاجتماع وقبل مناقشة أية موضوعات.

ب- ويجوز للمدير الذي يتعذر عليه حضور اجتماع مجلس المديرين أو لا يستطيع أن يتخذ أي من التصرفات الواجبة، أن يقوم، بموجب إشعار خطي موجه إلى رئيس مجلس المديرين، بتفويض أي من المدراء الآخرين في المجلس بالتصويت والتصرف نيابة عنه فيما يتعلق بأي اجتماع أو الأمر المحدد فيه.

behalf in connection with any particular Meeting or matter.

c. The necessary quorum for the meeting of the Board of Managers is the presence of four (4) managers, one of them representing one of the Shareholders, whether in person or by proxy. If, however, a quorum is not obtained for a validly called for Meeting then the Meeting shall be postponed for another date to be agreed upon by the Shareholders.

d. Meetings of the Board of Managers may be held by telephone or other electronic means of communication that permit all managers present to be heard by all others present, provided that the required forum is attained.

e. The Chairman of the Board of Managers shall preside all the Meetings of the Board of Managers, if the Chairman is unable to attend any Meeting, then the present Board Members may agree on a substitute Chairman to chair the Meeting. The Board shall appoint a Secretary to record the minutes of Meetings.

f. Each manager of the Board of Managers shall have one (1) vote on any matter presented to the Board for decision.

g. Resolutions of the Board of Managers shall be adopted by simple majority, save where (i) the Shareholders have agreed otherwise in writing whether by specific resolution or by way of any other agreement to which all Shareholders are party, and (ii) with respect to the matters set out below, which shall require the approval of at least three quarters (75%) of the Board of Managers present at a Meeting (or entitled to vote in the case of a written resolution):

1. Appointment, removal and determine remuneration of the senior officers of the Company;
2. Approval of any project budget and any material change thereto having a value in excess of the lower of fifty million US Dollars (US$50 million) or ten (10) percent of the project budget;
3. Approval of the annual operating budgets and any material change thereto (having a value in excess of the lower of fifty million US Dollars (US$50 million) or ten (10) percent of the annual operating budget);
4. Approval of any expansion, the incurring by a Company of any additional indebtedness beyond that contained in the project budget, or any capital investment projects or material changes to the same in each case having a value in excess of fifty million US Dollars (US$50 million);
5. Approval of any construction agreement to be entered into having a value in excess of fifty million US Dollars (US$50 million);
6. Approval of any project agreement to be entered into between a Shareholder or any affiliates of a Shareholder or any affiliates of the Company and

ت- لا يكتمل نصاب اجتماع مجلس المديرين إلا بحضور أربعة (4) مديرين على أن يكون واحداً منهم ممثلاً عن أحد من الشركاء سواء بالأصالة أو النيابة، وإذا لم يكتمل النصاب في الاجتماع الذي تمت الدعوة إليه حسب الأصول فإنه يتم تأجيل الاجتماع إلى وقت لاحق يتم الاتفاق عليه بين الشركاء.

ث- يمكن عقد اجتماعات مجلس المديرين بواسطة الهاتف أو أي وسيلة اتصال إلكترونية أخرى تسمح لجميع المديرين الحاضرين أن يكونوا مسموعين من قبل جميع المديرين الآخرين الحاضرين إذا اكتمل النصاب الموضح سابقاً.

ج- ويكون لرئيس مجلس المديرين الحق في ترأس جميع اجتماعات مجلس المديرين، وفي حال تعذر حضور رئيس المجلس لاجتماع من الاجتماعات، فيقوم المديرين الحاضرين بتعيين رئيس بديل لرئاسة الاجتماع. ويقوم مجلس المديرين بتعيين أمين سر ليقوم بإعداد محاضر كل اجتماع.

ح- لكل مدير في مجلس المديرين صوت واحد (1) عند التصويت على أي من الموضوعات المطروح على المجلس للتصويت بشأنها.

خ- يتم الموافقة على قرارات مجلس المديرين بالأغلبية البسيطة، (1) باستثناء إذا تم الموافقة على خلاف ذلك بين الشركاء خطياً، سواء في قرار خاص أو اتفاقية يكون جميع الشركاء طرف فيها؛ (2) ومع الأخذ بالاعتبار المسائل المحددة أدناه، والتي تتطلب الموافقة عليها ثلاث أرباع (75%) على الأقل من المدراء الحاضرين (أو الذين يحق لهم التصويت على القرارات الصادرة كتابياً):

1. تعيين المدراء التنفيذيين للشركة وعزلهم وتحديد مكافآتهم.
2. الموافقة على ميزانية المشاريع أو أي تغييرات جوهرية تبلغ قيمتها أكثر من خمسين (50) مليون دولار أمريكي أو عشرة (10) بالمائة من ميزانية المشروع؛
3. الموافقة على ميزانيات التشغيل السنوية؛ وأي تغييرات جوهرية عليها (بما يبلغ قيمته أكثر من خمسين (50) مليون دولار أمريكي أو عشرة (10) بالمائة من ميزانية التشغيل السنوية).
4. الموافقة على أية توسعات، بما يضع على عاتق الشركة مديونيات إضافية أعلى مما قد تضمنته ميزانية المشروع، أو الاستثمارات الرأسمالية، أو التغييرات الجوهرية التي يبلغ قيمة كل من هذه التغيرات على حدة أكثر من خمسين (50) مليون دولار أمريكي.
5. الموافقة على إبرام أي اتفاقية بناء وتشييد والتي تبلغ بإجمالي قيمتها أكثر من خمسين (50) مليون دولار أمريكي.
6. الموافقة على إبرام أي اتفاقية لمشروع يتم إبرامها بين أي من الشركاء بما يشمل الشركات التابعة لهم أو الشركات التابعة للشركة مع الشركة، أو إبرام الشركة

the Company, or the Company entering into any agreement with a Shareholder, any affiliates of a Shareholder or any affiliates of the Company having a term in excess of two (2) years and having a value in excess of five million US Dollars (US$5 million), or advancing or making any loan or forward sale to or forward purchase from or prepayment to (or entering into any transaction with an equivalent economic effect with) any Shareholder or any affiliate of a Shareholder, or the Company agreeing to any amendment of, or waiver or deferral of rights, or consenting to any request or accommodation (including, for the avoidance of doubt, consenting to assignments), or resolving a dispute or effecting an assignment under, any agreement with Ma'aden Rolling Company, a company incorporated in the Kingdom of Saudi Arabia with Commercial Registration No. (2055012518) dated 2/11/1431H ("**MRC**") or any of MRC's or Ma'aden's affiliates, save where the Shareholders have agreed otherwise in writing whether by specific resolution or by way of any other agreement to which all Shareholders are party;

لأي اتفاقية مع أحد الشركاء بما يشمل الشركات التابعة لهم أو الشركات التابعة للشركة بحيث تزيد إجمالي مدتها عن سنتين (2) وتتجاوز إجمالي قيمتها خمسة ملايين (5 ملايين) دولار أمريكي، أو تقديم أو عرض أي قرض أو بيع آجل أو شراء مسبق أو دفعات سابقة (أو الدخول في أي عملية مماثلة أو يكون لها نفس الأثر) لأي من الشركاء أو الشركات التابعة لهم، أو موافقة الشركة على أي تعديلات أو تنازل عن أي حقوق آجلة، أو الموافقة على أي طلب أو تبني لأي توصية (والتي تشمل، تجنباً لأي شك، الموافقة على التنازلات)، أو التسوية لأي نزاع أو التنفيذ لأي تنازل بموجب اتفاقية مع شركة معادن للدرفلة، تم تأسيسها في المملكة العربية السعودية، مسجلة بالسجل التجاري رقم (2055012518)، وتاريخ 1431/11/2هـ ("**إم آر سي**") أو أي من الشركات التابعة لشركة إم آر سي أو معادن، ما لم يتم الاتفاق على خلاف ذلك بين الشركاء خطياً، سواء في قرار خاص أو اتفاقية يكون جميع الشركاء طرف فيها.

7. Referral of any decision or determination by the Company to its lead representative, or approval of any decision or determination by the Company's lead representative referred to such lead representative in connection with any project document (where there is reference to such lead representative);

7. الإحالة لأي قرار أو التأكيد من الشركة لأي ممثل رئيسي، أو الموافقة على أي قرار أو تأكيد من قبل الممثلين الرئيسين في الشركة تمت الإشارة إليها من قبل الممثلين الرئيسين فيما يتعلق بأي مستند للمشروع (حيثما تمت الإشارة للفظ الممثل الرئيسي للشركة).

8. Appointment by the Company of an expert pursuant to the resolution procedures set out in the aluminium purchase agreement between the Company and MRC;

8. تعيين الشركة لخبير بموجب إجراءات القرار المنصوص عليها باتفاقية شراء الألمنيوم والمبرمة بين الشركة وشركة معادن للدرفلة.

9. Approval of financial statements;

9. الموافقة على القوائم المالية.

10. Approval or any long-term contract, having a term in excess of three (3) years and having a value in excess of fifty million US Dollars (US$50 million) (and except to the extent already included in any approved budget); and

10. الموافقة على أي عقود طويلة الأمد التي تمتد لفترة إجمالية أكثر من ثلاث (3) سنوات وتبلغ قيمتها الإجمالية أكثر من خمسين مليون (50) دولار أمريكي (باستثناء ما تمت الموافقة عليه من خلال الميزانية المعتمدة).

11. Adopting any material amendment to the Company's business conduct and conflict of interest policy.

11. اعتماد أي من أعمال الشركة وسياسة تعارض المصالح وكذلك أي تعديل جوهري عليها.

Article (12) External Auditor:

The Company shall have an auditor licensed to practice in the Kingdom of Saudi Arabia, selected by a majority of the Shareholders general assembly representing (75%) of them. The Shareholders assembly will be defining his remuneration and work term. The general assembly may always change him without prejudice to compensation if dismissal is unjustifiable or effected at improper time.

المادة رقم (12) مراجع الحسابات

يجب أن يكون للشركة مراجع حسابات من بين مراجعي الحسابات المرخص لهم بالعمل في المملكة تعينه الجمعية العامة للشركاء بموافقة أغلبية الشركاء الذين يمثلون ثلاثة أرباع رأس المال (75%)، وتحدد مكافأته ومدة عمله، ويجوز للجمعية العامة أيضاً في كل وقت تغييره مع عدم الإخلال بحقه في التعويض إذا وقع التغيير في وقت غير مناسب أو لسبب غير مشروع.

Article (13) Shareholder Assembly

a- Meetings of the General Assembly of Shareholders (the "**General Assembly**") shall be held annually within four (4) months following the end of the Company's fiscal year or more frequently as the Shareholders desire or upon the written request of the Board, the Auditor or a Shareholder or Shareholders holding in the aggregate more than fifty percent (50%) of the shares in the Company. General Assemblies shall be held at the head office of the Company or at such other places as may be unanimously agreed by the Shareholders. Notices for General Assemblies must be delivered at least thirty (30) days prior to the proposed date and shall include the agenda and all documents concerning the business to be transacted at the meeting. The Shareholders may waive these requirements for notice by unanimous vote of all Shareholders at the beginning of a meeting and before any other business is transacted.

b- The Shareholders shall designate, from among those appointed to represent each of them at the General Assembly, one person who shall chair the General Assembly. The Chairman shall select a person to act as the Secretary for the meeting and that person will ensure that an adequate and accurate record of the General Assembly is made and kept

c- The quorum for any meeting of the General Assembly shall consist of each Shareholder.

d- Each Shareholder shall have voting rights commensurate with its shares in the Company.

The agenda of the General Assembly at its annual meeting shall include in particular the following items:

1. review and approve a report from the Board of Managers of the Company concerning the management and administration of the Company;
2. review and approve the auditor's report for the preceding fiscal year; and the report of the oversight board, if any.
3. review and approve the Company`s Annual Financial Statements.
4. Define the percentage of dividends to be distribute to the shareholders.
5. Appointment of the Managers` or members of the supervisory board –if any- and decide their remuneration
6. consider and take any appropriate decision in relation to any of the foregoing matters;
7. appoint or reappoint auditors to audit the Company's accounts for the ensuing fiscal year and determine their fees;
8. Discuss and decide upon any other business or matter relating to the Company;

المادة رقم (13) جمعية الشركاء

أ- تعقد الاجتماعات الخاصة بالجمعية العامة للشركاء ("الجمعية العامة") بشكل سنوي وذلك خلال فترة الأربعة (4) أشهر التالية لنهاية السنة المالية للشركة، أو حسب رغبة الشركاء أو بموجب طلب خطي من قبل مجلس المديرين أو المراجع أو أي شريك أو الشركاء يملكون ما مجموعه (50%) أو أكثر من حصص الشركة. وتعقد اجتماعات الجمعية العامة في المركز الرئيسي للشركة أو في أي مكان آخر يتفق عليه الشركاء بالإجماع. ويجب تسليم الدعوة لعقد اجتماع الجمعية العامة على الأقل قبل ثلاثين (30) يوم من التاريخ المقترح لعقد الاجتماع، ويجب أن يتضمن جدول الأعمال وجميع المستندات المتعلقة بالأمور التي ستطرح للتداول في الاجتماع. ويجوز للشركاء التنازل عن متطلب الإعلان عن طريق الموافقة بالإجماع على ذلك من جميع الشركاء في بداية أي اجتماع وقبل التداول لأية أعمال.

ب- يقوم الشركاء، ومن بين هؤلاء الذين تم تعيينهم من قبل كل من الشركاء لتمثيلهم في الاجتماعات، بتحديد شخص ليرأس اجتماعات الجمعية العامة. ويتعين على الرئيس أن يختار شخصاً ليكون أمين سر للاجتماع، وعلى أن يقوم أمين سر الاجتماع بالتأكد من الاحتفاظ بسجل مواءم ودقيق لاجتماعات الشركاء.

ت- يكتمل النصاب القانوني لاجتماع الجمعية العامة للشركاء بحضور جميع الشركاء.

ث- يكون لكل شريك الحق في التصويت بما يتناسب مع الحصص المملوكة للشريك في الشركة.

ويجب أن يشتمل جدول أعمال الجمعية العامة الخاصة بالشركاء في اجتماعها السنوي بصفة خاصة على البنود الآتية:

1. المراجعة والاعتماد لتقرير من قبل مجلس المديرين في الشركة عن إدارة الشركة ووضعها الإداري.
2. المراجعة والاعتماد لتقرير مراجع الحسابات عن السنة المالية السابقة وتقرير مجلس الرقابة إن وجد.
3. مراجعة وإعتماد القوائم المالية السنوية للشركة.
4. تحديد نسبة الأرباح التي توزع على الشركاء.
5. تعيين مديري الشركة أو أعضاء مجلس الرقابة - إن وجدوا، وتحديد مكافآتهم
6. المناقشة واتخاذ أي قرار مناسب بشأن أي من الأمور السابق ذكرها.
7. تعيين أو إعادة تعيين مراجع الحسابات لتدقيق حسابات الشركة للسنة المالية التالية وتحديد أتعابهم.
8. بحث أية أعمال أو أمور أخرى تتعلق بالشركة واتخاذ القرارات بشأنها.

Article (14) Shareholder Resolutions

Shareholder resolutions shall, save where the Shareholders have agreed otherwise in writing whether by specific resolution or by way of any other agreement to which all Shareholders are party, be adopted as follows:

a. by unanimous approval in relation to any decision to change the Company's name or nationality or increase or decrease the financial liability of the Shareholders.

b. by the approval of Shareholders who together own at least seventy-five percent (75%) of the Company's capital in relation to any of the following decisions:

1. Any amendment to the Company's articles of association;
2. Any change in the business objects;
3. Any liquidation or winding up of the Company (including voluntary dissolution of the Company);
4. Appointment, replacement or removal of the Company's external auditor;
5. Any alteration of the distribution policy of the Company or the formation of voluntary reserves;
6. Any sale or disposal of all or a substantial part of the Company's business or assets, or any merger of the Company with or into any other entity;
7. Decisions relating to the remuneration of the Board of Managers;
8. The approval and any subsequent amendments of the project budget;
9. Approval of the suspension or curtailment except for any forced or emergency shutdowns, any shutdowns which are required for planned maintenance works or any suspension or curtailment required under a written request, instruction or order from any governmental authority), or following such suspension or curtailment, the resumption of, all or any part of the Company's production or operations, or approval of the permanent cessation of the Company's production or operations;
10. Approval for the Company to provide notice of the Company's intention to suspend or curtail, or following a suspension or curtailment, to resume, all or any part of its production or operations, or permanently cease its production or operations and consequently serve any suspension notice (including a notice to extend, shorten or end a

المادة رقم (14) قرارات الشركاء

ما لم يتم الاتفاق على خلاف ذلك بين الشركاء خطياً، سواء في قرار خاص أو اتفاقية يكون جميع الشركاء طرف فيها، تصدر قرارات الشركاء، على النحو التالي:

أ. الموافقة بالإجماع في كل ما يتعلق بأي من القرارات الخاصة بتغيير اسم الشركة أو جنسيتها أو الزيادة أو التخفيض من الأعباء المالية للشركاء.

ب. تتطلب القرارات التالية موافقة الشركاء الذين يمتلكون خمسة وسبعون (75%) بالمائة من رأس المال في الشركة:

1. أي تعديل لعقد تأسيس الشركة.
2. أي تغيير لأغراض الشركة.
3. أي تصفية أو حل للشركة (بما يشتمل التصفية الاختيارية للشركة).
4. التعيين والتغيير والعزل لمراجع حسابات الخارجي للشركة.
5. أي تعديل على سياسة توزيع الأرباح أو تكوين الاحتياطات الاختيارية.
6. أي عملية لبيع أو التصرف بكامل أو جزء جوهري من أعمال الشركة وأصولها، أو أي اندماج للشركة مع أو في كيان آخر.
7. القرارات المتعلقة بمكافآت أعضاء المجلس المديرين.
8. الموافقة على ميزانية المشروع وأي من التعديلات اللاحقة عليها.
9. الموافقة على الايقاف أو الانقاص، باستثناء أياً من الحالات الاجبارية أو التوقفات الطارئة، أو التوقفات لأعمال الصيانة المجدولة، أو أي إيقاف أو إنقاص ملزم تم بموجب طلب كتابي، أو تعليمات أو أمر من أي سلطة حكومية، أو ما يلحق ذلك الإيقاف أو التقليص، أو استئناف سواءً بالشكل الكلي أو الجزئي من إنتاج الشركة أو عملياتها، أو الموافقة على الايقاف الدائم لإنتاج الشركة أو عملياتها.
10. موافقة الشركة على تقديم إشعار بإيقاف أو تقليص، أو بعد أي حالة إيقاف أو تقليص، استئناف كافة أو جزء من عمليات تشغيل وإنتاج الشركة، أو إيقاف عمليات تشغيل وإنتاج الشركة بشكل دائم، وبالتالي تقديم أي إشعار إيقاف (بما في ذلك إشعار بتمديد فترة الإيقاف أو تقصيره أو إنهاؤه) أو أي إشعار إنهاء بموجب اتفاقية شراء الألمنيوم بين الشركة وشركة معادن للدرفلة واتفاقية شراء الألومنيوم بين الشركة وشركة التعدين

suspension period) or any termination notice under the aluminium purchase agreement between the Company and MRC, the aluminium purchase agreement between the Company and Saudi Arabian Mining Company (Ma'aden), and the aluminium purchase agreement between the Company and Alcoa Inespal S.L.U., and

c. except as mentioned in articles (a) and (b) above, resolutions in relation to any other matters will be adopted by the approval of Shareholders who own at least fifty one (51%) of the Company's capital.

Article (15) Fiscal Year

a. The fiscal year of the Company shall commence on the date of its registration in the Commercial Register and end on 15/02/1433H, (corresponding to 31/12/2011G). Then each fiscal year shall be twelve (12) Gregorian months.

b. The Board of Managers shall within three (3) months following the end of such fiscal year, prepare a balance sheet, profit and loss account, and a report describing the Company's activities and financial position, and its calculation of profits to be distributed in accordance with the Company's distributions policy. The Board shall send copies of these documents to each Shareholder and to the Companies' Department at the Ministry of Commerce and Investment, together with a copy of the auditor's report, within one (1) month of their date of preparation.

Article (16) Profits and Losses:

The annual net profits of the Company, after deduction of depreciation, operating expenses and general expenses, and, save where the Shareholders have agreed otherwise in writing whether by specific resolution or by way of any other agreement to which all Shareholders are party, shall be distributed as follows:

a- As per the ministerial decree no (1245) dated 08/05/1427H, the Company shall set aside four percent (4%) of the net profits to constitute the statutory reserve. The Company may cease setting aside this reserve when it reaches one fifth (1/5) of the paid up Share capital of the Company.

b- The balance of the profits shall be distributed to the Shareholders pro rata to the percentage of the Shares owned by each Shareholder, unless the Shareholders decide to establish other reserves, or carry forward or transfer all or a portion of the profits for the next fiscal year.

c- Losses shall be borne by the Shareholders pro-rata to their Shareholding, or if the Shareholders so agree,

العربية السعودية (معادن)، واتفاقية شراء الألمنيوم بين الشركة والكوا انسبال أس إل يو.

ت. وباستثناء ما نصت عليه الفقرتين (أ) و(ب) أعلاه، تصدر قرارات الشركاء في جميع الأمور الأخرى بموافقة الشركاء الذين يملكون نسبة لا تقل عن واحد وخمسين (51%) من رأسمال الشركة.

المادة رقم (15) السنة المالية

أ. تبدأ السنة المالية الأولى للشركة اعتباراً من تاريخ قيدها في السجل التجاري وتنتهي في 1433/02/15هـ (الموافق 2011/12/31م)، وتكون كل سنة مالية بعد ذلك اثني عشر(12) شهراً ميلادياً.

ب. يعد مجلس المديرين خلال ثلاثة (3) أشهر من انتهاء السنة المالية للشركة الميزانية العمومية وحساب الأرباح والخسائر وتقريراً عن نشاط الشركة ومركزها المالي واقتراحاته بشأن توزيع الأرباح بموجب السياسة المتبعة لتوزيع الأرباح، وعليه أن يرسل إلى كل شريك وإلى الإدارة العامة للشركات بوزارة التجارة والاستثمار بنسخة من تلك الوثائق مع صور من تقرير مراقب الحسابات وذلك خلال شهر واحد (1) من تاريخ إعدادها.

المادة رقم (16) الأرباح والخسائر

مالم يتم الاتفاق على خلاف ذلك بين الشركاء خطياً، سواء في قرار خاص أو اتفاقية يكون جميع الشركاء طرف فيها، توزع أرباح الشركة السنوية الصافية بعد خصم الاستهلاك ومصروفات التشغيل والمصروفات العمومية، على النحو التالي:

أ- وفقاً للقرار الوزاري رقم (1245) وتاريخ 1427/05/08هـ، تجنب نسبة قدرها (4%) من الأرباح الصافية لتكون الاحتياطي النظامي ويجوز للشركة أن توقف تجنيب هذا الاحتياطي متى بلغ أحد أخماس (5/1) من رأس مال الشركة المدفوع.

ب- يوزع الباقي من الأرباح على الشركاء بنسبة ملكية كل منهم للحصص في رأس المال، ما لم يقرر الشركاء تكوين احتياطات أخرى أو ترحيل الأرباح كلياً أو جزئياً للسنة المالية التالية.

ت- وفي حال تحقيق خسائر يتحملها الشركاء بنسبة ملكية كل منهم من حصص في رأس مال الشركة، أو في حالة اتفاق

carry it over to the next fiscal year. No profits shall distributed until the losses are fully covered. If the Company's losses reach (50%) Fifty Percent of its capital the Board of Managers must call the Shareholders to a Meeting within a period not to exceed ninety (90) days from the date on which the losses reach this level in order to consider whether to continue the Company, in which case the Shareholders must undertake to pay its debts, or to dissolve it. The resolution of the Shareholders in this respect shall not be valid unless issued in accordance with Article (181) of the Companies Law, and the resolution must in all cases be published in the manner provided in Article (158) of the Companies Law.

Article (17) Company Dissolution & Liquidation

The Company may be dissolved for any of the reasons for dissolution contained in the Articles of the Companies Law. The following must be observed:-

a. The Shareholders shall appoint one or more liquidator(s) for purposes of liquidating the Company and shall determine their authority and fees.
b. The chartered accountant licensed to practice in the Kingdom of Saudi Arabia shall prepare a report regarding the financial status of the Company as of the date of issuance of the Shareholder resolution to dissolve and liquidate the Company and specifying the Company's ability to discharge its obligations and its debts vis-a-vis third parties.
c. All entitlements of creditors must be paid in full or a settlement entered into with them. Otherwise, the Company shall not liquidated until after the Board of Grievances issues a decision announcing the bankruptcy of the Company pursuant to a request by the creditors or the Company in accordance with the Commercial Court Regulations.

Article (18) Notices

All notifications between the Shareholders or between them and the Company shall be sent by registered mail to their addresses indicated in the Register as mentioned in Article (10) of these Articles of Association.

<u>Article (19)</u> General Provisions

a- The Company shall be subject to all laws in force in the Kingdom of Saudi Arabia.
b- Any matter not provided for or addressed under the provisions of these Articles of Association shall be subject to the provisions of Framework Shareholders Agreement dated 3/1/1431H, corresponding to the 20th day of December 2009 G between Ma'aden and Alcoa Corporation, as amended and/or restated from time to time, and the Companies Law.

الشركاء على أن يتم ترحيلها للعام المالي التالي، فلا يتم توزيع أي أرباح إلا بعد تغطية كافة الخسائر. وإذا بلغت خسائر الشركة خمسون بالمائة (50%) بالمائة من رأسمال الشركة، وجب على مجلس المديرين دعوة الشركاء للاجتماع خلال مدة لا تزيد عن تسعين (90) يوماً من تاريخ بلوغ الخسارة لهذا الحد للنظر في استمرار الشركة وفي تلك الحالة يجب على الشركاء دفع مديونيتهم أو حلها. ولا يكون قرار الشركاء في هذا الشأن صحيحاً إلا إذا صدر طبقاً للمادة (181) من نظام الشركات، ويجب في جميع الأحوال شهر هذا القرار بالطرق المنصوص عليها في المادة 158 من نظام الشركات.

المادة رقم (17) انقضاء وتصفية الشركة

تنقضي الشركة بأحد أسباب الانقضاء الواردة في نظام الشركات، ويلزم اتخاذ الآتي: -

أ. يقوم الشركاء بتعيين مصف واحد أو أكثر لغرض تصفية الشركة وعليهم تحديد صلاحيتهم وأتعابهم.

ب. يقوم مراجع الحسابات المرخص له بالعمل في المملكة العربية السعودية بإعداد تقرير بالمركز المالي للشركة في تاريخ صدور قرار الشركاء بحل وتصفية الشركة معتمد من محاسب قانوني مرخص له بالعمل في المملكة يثبت قدرة الشركة على الوفاء بالتزاماتها وديونها تجاه الغير.

ج. سداد كافة حقوق الدائنين أو إبرام صلح معهم. وفي كل الأحوال، فإنه لا يتم تصفية الشركة إلا بعد صدور قرار من ديوان المظالم بشهر إفلاس الشركة بناء على طلب الدائنين أو الشركاء وفقاً لنظام المحكمة التجارية.

المادة رقم (18) التبليغات

توجه جميع التبليغات بين الشركاء أو بينهم وبين الشركة بخطابات مسجلة على عناوينهم المبينة في سجل الحصص لدى الشركة المنوه عنه بالمادة رقم (10) من هذا العقد.

<u>المادة رقم (19)</u> أحكام عامة

أ. تخضع الشركة لكافة الأنظمة المعمول بها في المملكة العربية السعودية.

ب. تخضع أياً من المسائل غير المنصوص عليها أو التي لم يتم إدراجها في هذا العقد لأحكام اتفاقية الشركاء الإطارية المؤرخة في 1431/1/3هـ الموافق 20 ديسمبر 2009م، بين شركة معادن وشركة الكوا، كما تم تعديلها أو إعادة صياغتها بين الحين والآخر، ووفقاً لنظام الشركات ولوائحه.

وزارة التجارة
Ministry of Commerce
المركز السعودي للأعمال
فرع الرياض

ج. اللغة العربية هي اللغة المعتمدة لهذا العقد.

c- The Arabic language is the governing language for these Articles of Association.

المادة رقم (20) نسخ العقد

حرر هذا العقد من ستة (6) نسخ، استلم كل شريك نسخة منها للعمل بموجبها. والنسخ الأخرى تقدم للجهات المختصة لغرض تعديل قيد الشركة بالسجل التجاري وسجل الشركات.

وقد تم إعتماد هذا القرار من الشركاء برقم طلب (160855) وتاريخ 1443/3/15هـ

Article (20) Copies of the Articles

These Articles of Association been executed in six (6) counterparts of which each Shareholder has received a copy and agreed to act in accordance therewith. The remaining counterparts shall submitted to the concerned authorities for purposes of amending the Company registration in the Commercial and Companies Registersز

The shareholders have approved this resolution by the request no ………….. dated on …………………..

.

شركة التعدين العربية السعودية (معادن)
Saudi Arabian Mining Company (Ma'aden)
First Party /الطرف الأول

الاسم: مزيد عبد اللطيف الحربي

الصفة: وكيل بوكالة رقم / ٤٣١٧٣٣٩٤٩

التوقيع:

التاريخ: ٢٤/١١/٢٠٢١

شركة ألكوا سملتينج انفرثيونيس السعودية ش.م.م
Alcoa Saudi Smelting Inversiones S.L.
Second Party /الطرف الثاني

الاسم: عبد العزيز احمد الخليفة

الصفة: وكيل بالوكالة

التوقيع:

التاريخ: ٢٤/١١/٢٠٢١م

وزارة التجارة
Ministry of Commerce
المركز السعودي للأعمال
فرع الرياض

تم اثباته لدي موظف وزارة التجارة محمد المحيسن برقم 100008179 تاريخ 1443/4/19هـ

وزارة التجـــارة
Ministry of Commerce

عقد

تأسيس شركة

شركة معادن للألنيوم

ذات مسؤولية محدودة

عقد تأسيس شركة

شركة معادن للألنيوم (شركة ذات المسؤولية المحدودة)

بعون الله وتوفيقه تم في 25/06/1446 الموافق26/12/2024م الاتفاق بين كل من :

الطرف	اسم الشريك	رقم الهوية	المهنة	تاريخ الميلاد	الجنسية	مكان الاقامة	مدينة الاقامة
الطرف الأول	شركة التعدين العربية السعودية معادن	7000876115			سـعودى	السعودية	الرياض
الطرف الثاني	شركة الكوا سملتينج انفرثيونيس السعودية ش.م.م	703681			اسبانيا		

حيث رغب الأطراف المذكورين اعلاه بتصحيح اوضاع شركة معادن للألنيوم والمقيدة بالسجل التجاري رقم 2055012511 وتاريخ 02/11/1431 وتعديل عقد التأسيس وفقاً لنظام الشركات الصادر بالمرسوم الملكي رقم (م/132) وتاريخ01/12/1443هـ، ولوائحه التنفيذية وأصبحت بنود عقد التأسيس كما يلي:-

المادة الأولى : أسم الشركة

شركة معادن للألنيوم ذات المسؤولية محدودة

المادة الثانية : المركز الرئيس للشركة

يكون المركز الرئيس للشركة في مدينة رأس الخير وللشركة الحق في افتتاح فروع لها داخل وخارج المملكة متى اقتضت مصلحة الشركة وذلك بموافقة الشركاء

المادة الثالثة : أغراض الشركة

الباب	الفئة
الصناعات التحويلية	صنع الفلزات الثمينة وغير الحديدية القاعدية
الصناعات التحويلية	سبك المعادن غير الحديدية

وتمارس الشركة أغراضها وفق الأنظمة المتبعة وبعد الحصول على التراخيص اللازمة من الجهات المختصة إن وجدت.

المادة الرابعة : رأس المال

حدد رأس مال الشركة بـ 6573750000 ريال ستة مليارات و خمسمائة و ثلاثة و سبعون مليون و سبعمائة و خمسون ألف ريال مقسم إلى 657375000 حصة ، متساوية القيمة قيمة كل حصة 10 ريال تم توزيعها على الشركاء كالآتي:

الشريك	الحصص النقدية	الحصص العينية	قيمة كل حصة	اجمالى قيمة الحصص
شركة التعدين العربية السعودية معادن	492373875	0	10	4923738750
شركة الكوا سملتينج انفرثيونيس السعودية ش.م.م	165001125	0	10	1650011250
الاجمالي	657375000	0	10	6573750000

ويقر الشركاء بأنه تم توزيع الحصص فيما بينهم وتم الوفاء بقيمتها كاملة .

المادة الخامسة : زيادة أو تخفيض رأس المال

1 - يجوز بموافقة جميع الشركاء زيادة رأس مالها عن طريق رفع القيمة الاسمية لحصص الشركاء.

2 - يجوز بموافقة شريك أو أكثر يمثلون نسبة (100) من رأس المال على الأقل زيادة رأس مال الشركة عن طريق إصدار حصص جديدة.

3 - للجمعية العامة للشركاء أن تقرر تخفيض رأس المال إذا زاد على حاجة الشركة أو إذا مُنيت بخسائر وفقاً للأحكام النظامية المقررة.

المادة السادسة : الإدارة

يتولى إدارة الشركة

(أ) مجلس مديرين مكون من (لا يقل عن 3) :

صلاحيات المجلس

السجلات التجارية	الرئيسية	تجديد	يمارسها بموافقة كل المديرين
			يحق التوكيل
		شطب	يمارسها بموافقة كل المديرين
			يحق التوكيل
	الفرعية	اصدار	يمارسها بموافقة كل المديرين
			يحق التوكيل
		تجديد	يمارسها بموافقة كل المديرين
			يحق التوكيل
		شطب	يمارسها بموافقة كل المديرين
			يحق التوكيل
الشركات التي تدخل فيها الشركة كشريك	توقيع عقود الشركات	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	شراء الحصص	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تصفية الشركة	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	بيع الحصص	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تمثيل الشركة في الشركة المساهم فيها	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	السجلات التجارية	اصدار	يمارسها بموافقة كل المديرين
			يحق التوكيل
		تجديد	يمارسها بموافقة كل المديرين
			يحق التوكيل
		شطب	يمارسها بموافقة كل المديرين

			يحق التوكيل
تأسيس الشركات بأسم الشركة	تسجيلها في الوزارة	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تمثيل امام كاتب العدل	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	التوقيع على عقد الشركة	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	التوقيع على قرارات الشركاء	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
البنكية	فتح الحسابات	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	فتح الاعتمادات	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	الايداع	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	السحب	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	اصدار الشيكات	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تحديث الحسابات	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	استخراج كشوف الحسابات	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	طلب التسهيلات	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	طلب الضمانات	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	توقيع عقود القروض	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	توقيع الأوراق التجارية	يمارسها بموافقة كل المديرين	
		يحق التوكيل	

	توقيع سندات لأمر	يمارسها بموافقة كل المديرين		
		يحق التوكيل		
	التقدم بأي طلب أو خدمة من الطلبات أو الخدمات المندرجة تحت اختصاص هيئة الاتصالات وتقنية المعلومات	يمارسها بموافقة كل المديرين		
		يحق التوكيل		
	صلاحية التفويض لأي شخص - وفقاً للأنظمة ذات العلاقة- للتقدم بأي من الطلبات أو الخدمات المندرجة تحت اختصاص هيئة الاتصالات وتقنية المعلومات	يمارسها بموافقة كل المديرين		
		يحق التوكيل		
ادارة الاملاك	شراء وبيع وافراغ المتلكات	العقار	شراء	يمارسها بموافقة كل المديرين
				يحق التوكيل
			بيع	يمارسها بموافقة كل المديرين
				يحق التوكيل
			افراغ	يمارسها بموافقة كل المديرين
				يحق التوكيل
		الاراضي	شراء	يمارسها بموافقة كل المديرين
				يحق التوكيل
			بيع	يمارسها بموافقة كل المديرين
				يحق التوكيل
			افراغ	يمارسها بموافقة كل المديرين
				يحق التوكيل
		الاسهم	شراء	يمارسها بموافقة كل المديرين
				يحق التوكيل
			بيع	يمارسها بموافقة كل المديرين
				يحق التوكيل
	رهن الاملاك	حق الرهن	يمارسها بموافقة كل المديرين	
			يحق التوكيل	
		فك الرهن	يمارسها بموافقة كل المديرين	
			يحق التوكيل	
		القبض	يمارسها بموافقة كل المديرين	
			يحق التوكيل	
	الموافقة والتوقيع على الأوراق التجارية	يمارسها بموافقة كل المديرين		
		يحق التوكيل		

تحرير الأوراق التجارية	انشاء الأوراق التجارية	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	الغاء الأوراق التجارية	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	اغلاق الأوراق التجارية	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
تعديل عقد الشركات التي تدخل فيها الشركة كشريك	الموافقة على قرارات الشركاء	تغيير الكيان القانوني	يمارسها بموافقة كل المديرين
			يحق التوكيل
		زيادة أو تخفيض رأس المال	يمارسها بموافقة كل المديرين
			يحق التوكيل
		قبول التنازل عن الحصص وشراء الحصص	يمارسها بموافقة كل المديرين
			يحق التوكيل
		دخول وخروج الشركاء	يمارسها بموافقة كل المديرين
			يحق التوكيل
		التوقيع على قرار الشركاء بالاندماج	يمارسها بموافقة كل المديرين
			يحق التوكيل
		التعديل على باقي بنود عقد التأسيس	يمارسها بموافقة كل المديرين
			يحق التوكيل
	تصفية الشركة	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تحول الشركة الى مؤسسة	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
		سماع الدعاوي والرد عليها	يمارسها بموافقة كل المديرين
			يحق التوكيل
		المصالحة	يمارسها بموافقة كل المديرين
			يحق التوكيل
		رفض وقبول التحكيم	يمارسها بموافقة كل المديرين
			يحق التوكيل
		رفض وقبول الصلح	يمارسها بموافقة كل المديرين
			يحق التوكيل
		الاقرار والانكار	يمارسها بموافقة كل المديرين
			يحق التوكيل

القضاء	التمثيل امام المحاكم الشرعية		
		التنازل	يمارسها بموافقة كل المديرين
			يحق التوكيل
		المرافعه	يمارسها بموافقة كل المديرين
			يحق التوكيل
		المدافعه	يمارسها بموافقة كل المديرين
			يحق التوكيل
		المطالبة	يمارسها بموافقة كل المديرين
			يحق التوكيل
		المخاصمة	يمارسها بموافقة كل المديرين
			يحق التوكيل
	تعيين المحكمين	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تعيين المحامين	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	التمثيل امام كتابات العدل	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	استخدام وتنفيذ كافة خدمات وزارة العدل الالكترونية	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تفويض/توكيل الغير على تنفيذ خدمات وزارة العدل الالكترونية	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	(التوقيع على اتفاقية عقد القرض وتعديلاته وملحقاته وكافة الوثائق ذات العلاقة - التوقيع على اتفاقية المتابعة – التوقيع على اتفاقية المشورة - التوقيع أمام كاتب العدل فيما يخص الرهن الصناعي الخاص برهن جميع ممتلكات الشركة - استلام القرض - التنازل عن القرض - طلب الإعفاء من القرض - تسديد القرض- التوقيع على اتفاقية الاعتماد المستندي)	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	(التوقيع على الضمان الاعتباري)	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	(التوقيع على اتفاقية نقل الالتزامات وتعديل عقد القرض)	يمارسها بموافقة كل المديرين	
		يحق التوكيل	

	(التوقيع على اتفاقية ترتيب الديون عن الشركة والشركاء)	يمارسها بموافقة كل المديرين
		يحق التوكيل
	(اصدار وتعديل وإلغاء اعلان التنازل)	يمارسها بموافقة كل المديرين
		يحق التوكيل
خدمات المركز الوطني لتنمية القطاع غير الربحي	خدمات وسطاء الجمع والصرف والتسويق وغيرها من خدمات الوساطة في القطاع غير الربحي	يمارسها بموافقة كل المديرين
		يحق التوكيل
	خدمات التطوع	يمارسها بموافقة كل المديرين
		يحق التوكيل
	خدمات تأسيس وإدارة الكيانات غير الربحية	يمارسها بموافقة كل المديرين
		يحق التوكيل
	خدمات تقديم السلع والخدمات للكيانات غير الربحية	يمارسها بموافقة كل المديرين
		يحق التوكيل
استخدام وتنفيذ كافة خدمات منصة اعتماد	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
شراء المؤسسة	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
التوقيع على جميع المستندات لدى الغرفة التجارية	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
بيع المؤسسة	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
مراجعة إدارة السجلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج السجلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
نقل السجلات التجارية	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
إدارة السجلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
إلغاء السجلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
الإشراف على السجلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	

فتح الاشتراك لدى الغرفة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
اعتماد التوقيع لدى الغرفة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء التوقيع لدى الغرفة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
دخول المناقصات واستلام الاستمارات	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة التأمينات الاجتماعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة مصلحة الزكاة والدخل	يمارسها بموافقة كل المديرين
	يحق التوكيل
إدارة السجل التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء السجل التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة الدفاع المدني	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل السجلات	يمارسها بموافقة كل المديرين
	يحق التوكيل
إضافة نشاط	يمارسها بموافقة كل المديرين
	يحق التوكيل
حجز الاسم التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد الاشتراك لدى الغرفة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل السجل التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل السجل التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج سجل بدل تالف أو	يمارسها بموافقة كل المديرين

مفقود	يحق التوكيل
استخراج سجل بدل تالف أو مفقود	يمارسها بموافقة كل المديرين
	يحق التوكيل
تسجيل العلامة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن العلامة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن الاسم التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج التراخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد التراخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل التراخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
إضافة نشاط	يمارسها بموافقة كل المديرين
	يحق التوكيل
حجز الأسماء	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء التراخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد الاشتراك بالغرفة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الفروع	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة التأمينات الاجتماعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة الدفاع المدني	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة مصلحة الزكاة والدخل	يمارسها بموافقة كل المديرين
	يحق التوكيل
	يمارسها بموافقة كل المديرين

فتح فرع للترخيص	يحق التوكيل
نقل الترخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
تأسيس شركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
التوقيع علي عقود التأسيس وملاحق التعديل	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء عقود التأسيس وملاحق التعديل	يمارسها بموافقة كل المديرين
	يحق التوكيل
توقيع قرارات الشركاء	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعيين المدراء وعزلهم	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل أغراض الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تصفية الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحويل الشركة من ذات مسئولية محدودة إلى مساهمة	يمارسها بموافقة كل المديرين
	يحق التوكيل
زيادة رأس المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
خفض رأس المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
دخول وخروج شركاء	يمارسها بموافقة كل المديرين
	يحق التوكيل
الدخول في شركات قائمة	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل الحصص والأسهم والسندات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحديد رأس المال	يمارسها بموافقة كل المديرين
	يحق التوكيل

استلام فائض التخصيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع الحصص والأسهم واستلام القيمة	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن الحصص والأسهم من رأس المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع فرع الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل جنسية أحد الشركاء في العقد	يمارسها بموافقة كل المديرين
	يحق التوكيل
قبول التنازل عن الحصص والأسهم ورأس المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء الحصص والأسهم ودفع الثمن	يمارسها بموافقة كل المديرين
	يحق التوكيل
قفل الحسابات لدى البنوك باسم الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الحسابات لدى البنوك باسم الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
توقيع الاتفاقيات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تسجيل الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تسجيل الوكالات والعلامات التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
حضور الجمعيات العامة	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الفروع للشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الملفات للشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
التوقيع على عقود التأسيس وملاحق التعديل لدى كاتب العدل	يمارسها بموافقة كل المديرين
	يحق التوكيل

استخراج السجلات التجارية وتجديدها للشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاشتراك بالغرفة التجارية وتجديدها	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة الهيئة العامة للاستثمار والتوقيع أمامها	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة إدارة الجودة والنوعية وهيئة المواصفات والمقاييس	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة هيئة سوق المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج التراخيص وتجديدها للشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحويل المؤسسة إلى شركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحويل فرع الشركة إلى مؤسسة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحويل فرع الشركة إلى شركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
نشر عقد التأسيس وملاحق التعديل وملخصاتها والأنظمة الأساسية في الجريدة الرسمية	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة شركات الاتصالات وتأسيس الهواتف الثابتة أو الجوالات باسم الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
دخول المناقصات واستلام الاستمارات	يمارسها بموافقة كل المديرين
	يحق التوكيل
توقيع العقود الخاصة بالشركة مع الغير	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن العلامات التجارية أو إلغائها	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل اسم الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
	يمارسها بموافقة كل المديرين

استخراج التأشيرات	يحق التوكيل
تحويل الشركة إلى مؤسسة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام تعويضات التأشيرات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحديث بيانات العمال	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الملفات الأساسية والفرعية وتجديدها وإلغاؤها	يمارسها بموافقة كل المديرين
	يحق التوكيل
تصفية العمالة وإلغاؤها	يمارسها بموافقة كل المديرين
	يحق التوكيل
التبليغ عن هروب العمالة	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء بلاغات الهروب للعمالة	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل الكفالات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل المهن	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل ملكية المنشآت وتصفيتها وإلغاؤها	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة قسم المكاتب الأهلية للاستقدام	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة إدارة الحاسب الآلي في القوى العاملة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج رخص العمل وتجديدها	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام شهادات السعودة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج كشف بيانات (برنت)	يمارسها بموافقة كل المديرين
	يحق التوكيل

إضافة وحذف السعوديين	يمارسها بموافقة كل المديرين يحق التوكيل
استقدام	يمارسها بموافقة كل المديرين يحق التوكيل
استقدام	يمارسها بموافقة كل المديرين يحق التوكيل
فتح ملف	يمارسها بموافقة كل المديرين يحق التوكيل
تفعيل البوابة السعودية	يمارسها بموافقة كل المديرين يحق التوكيل
استقدام العمالة من الخارج	يمارسها بموافقة كل المديرين يحق التوكيل
إنهاء إجراءات العمالة لدى التأمينات الاجتماعية	يمارسها بموافقة كل المديرين يحق التوكيل
الغاء التأشيرات	يمارسها بموافقة كل المديرين يحق التوكيل
استرداد مبالغ التأشيرات	يمارسها بموافقة كل المديرين يحق التوكيل
تعديل الجنسيات	يمارسها بموافقة كل المديرين يحق التوكيل
مراجعة السفارة	يمارسها بموافقة كل المديرين يحق التوكيل
تمديد تأشيرات الخروج والعودة	يمارسها بموافقة كل المديرين يحق التوكيل
تمديد تأشيرات الزيارة	يمارسها بموافقة كل المديرين يحق التوكيل
استخراج كشف بيانات (برنت)	يمارسها بموافقة كل المديرين يحق التوكيل
إلغاء التأشيرة	يمارسها بموافقة كل المديرين يحق التوكيل
استرداد مبلغ التاشيرة	يمارسها بموافقة كل المديرين يحق التوكيل

تعديل جهة القدوم	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج الإقامات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
تجديد الإقامات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
عمل خروج وعودة	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
عمل الخروج النهائي	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
نقل الكفالات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج الإقامات بدل مفقود أو تالف	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
إنهاء إجراءات العمالة المتوفاة	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
التبليغ عن الهروب	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
إلغاء بلاغات الهروب	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
نقل المعلومات وتحديث البيانات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
التسوية والتنازل عن العمال	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
مراجعة إدارة الترحيل والوافدين	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج كشف بيانات العمال (برنت)	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
اسقاط العمالة	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
إدارة أعمالي التجارية	يمارسها بموافقة كل المديرين	
	يحق التوكيل	

نقل كفالة العمالة لنفسه	يمارسها بموافقة كل المديرين يحق التوكيل
إضافة المولود	يمارسها بموافقة كل المديرين يحق التوكيل
إنهاء إجراءات العامل المتوفى	يمارسها بموافقة كل المديرين يحق التوكيل
إدارة شؤون المنافذ	يمارسها بموافقة كل المديرين يحق التوكيل
استخراج مشاهد الإعادة	يمارسها بموافقة كل المديرين يحق التوكيل
إضافة تابعين	يمارسها بموافقة كل المديرين يحق التوكيل
إلغاء تأشيرات الخروج والعودة	يمارسها بموافقة كل المديرين يحق التوكيل
إلغاء تأشيرات الخروج النهائي	يمارسها بموافقة كل المديرين يحق التوكيل
استخراج تأشيرات سفر بدل تالف أو مفقود	يمارسها بموافقة كل المديرين يحق التوكيل
استخراج تمديد تأشيرات الزيارة	يمارسها بموافقة كل المديرين يحق التوكيل
تعديل المهن	يمارسها بموافقة كل المديرين يحق التوكيل
التسجيل في الخدمة الالكترونيه	يمارسها بموافقة كل المديرين يحق التوكيل
مراجعة كتابة العدل أو المحكمة لقبول إفراغها	يمارسها بموافقة كل المديرين يحق التوكيل
استلام الرواتب	يمارسها بموافقة كل المديرين يحق التوكيل
استلام الرواتب التقاعدية	يمارسها بموافقة كل المديرين يحق التوكيل
استلام مكافأة نهاية الخدمة	يمارسها بموافقة كل المديرين

والتعويض عن الإجازات	يحق التوكيل
تحويل الراتب	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام المكافأة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج تعريف بالراتب	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام مستحقاتي	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الحسابات بضوابط شرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
قفل الحسابات وتسويتها	يمارسها بموافقة كل المديرين
	يحق التوكيل
السحب من الحسابات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج بطاقات صراف آلي	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج البطاقات الائتمانية المتوافقة مع الأحكام الشرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الحوالات وصرفها	يمارسها بموافقة كل المديرين
	يحق التوكيل
صرف الشيكات	يمارسها بموافقة كل المديرين
	يحق التوكيل
إصدار الشيكات المصدقة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج دفاتر شيكات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج كشف حساب	يمارسها بموافقة كل المديرين
	يحق التوكيل
التحويل من الحسابات	يمارسها بموافقة كل المديرين
	يحق التوكيل
طلب القروض البنكية المتوافقة	يمارسها بموافقة كل المديرين

مع الأحكام والضوابط الشرعية	يحق التوكيل
فتح حساب بضوابط شرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
الإيداع في الحساب	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد الاشتراك في صناديق الأمانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح صناديق الأمانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاشتراك في صناديق الأمانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
طلب الإعفاء من القروض	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاعتراض على الشيكات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحديث البيانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تنشيط الحسابات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الشيكات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استرداد وحدات صناديق الأمانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة	يمارسها بموافقة كل المديرين
	يحق التوكيل
إعادة جدولة الأقساط	يمارسها بموافقة كل المديرين
	يحق التوكيل
طلب نقاط البيع	يمارسها بموافقة كل المديرين
	يحق التوكيل
طلب اعتماد بنكي	يمارسها بموافقة كل المديرين
	يحق التوكيل

طلب ضمان بنكي	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاكتتابات في الشركات المساهمة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام شهادات المساهمات	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء الأسهم المتوافقة مع الأحكام الشرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع الأسهم المتوافقة مع الأحكام الشرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام قيمة الأسهم	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الأرباح	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الفائض	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح المحافظ الاستثمارية بالضوابط الشرعية وتحرير وتعديل وإلغاء الأوامر	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاكتتاب	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء أسهم	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع أسهم	يمارسها بموافقة كل المديرين
	يحق التوكيل
استرداد وحدات الصناديق الاستثمارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل الأسهم من المحفظة	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاشتراك في وحدات الصناديق الاستثمارية المتوافقة مع الأحكام الشرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
إدارة المحافظ الاستثمارية	يمارسها بموافقة كل المديرين

	يحق التوكيل
إستخراج إثبات مديونية	يمارسها بموافقة كل المديرين
	يحق التوكيل
تصفية المحافظ الاستثمارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح محل	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج الكروت الصحية	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة الإدارة العامة للتخطيط العمراني	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح المحلات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج رخص	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد الرخص	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء الرخص	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل الرخص	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج فسوحات البناء والترميم	يمارسها بموافقة كل المديرين
	يحق التوكيل
تخطيط الأراضي	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج شهادات إتمام البناء	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج رخص تسوير	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج رخص هدم	يمارسها بموافقة كل المديرين
	يحق التوكيل
	يمارسها بموافقة كل المديرين

توقيع عقد الإيجار	يحق التوكيل
التنازل عن العقد	يمارسها بموافقة كل المديرين
	يحق التوكيل
عمل مخطط للأرض المملوكة	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة أمانة	يمارسها بموافقة كل المديرين
	يحق التوكيل
الإشراف على البناء	يمارسها بموافقة كل المديرين
	يحق التوكيل
توقيع العقود مع مؤسسات البناء والمقاولين	يمارسها بموافقة كل المديرين
	يحق التوكيل
دخول المناقصات واستلام الاستمارات	يمارسها بموافقة كل المديرين
	يحق التوكيل
البيع والإفراغ للمشتري	يمارسها بموافقة كل المديرين
	يحق التوكيل
الشراء وقبول الإفراغ ودفع الثمن	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الصكوك	يمارسها بموافقة كل المديرين
	يحق التوكيل
التأجير	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الأجرة	يمارسها بموافقة كل المديرين
	يحق التوكيل
توقيع عقود الأجرة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد عقود الأجرة	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء و فسخ عقود التأجير	يمارسها بموافقة كل المديرين
	يحق التوكيل
الرهن	يمارسها بموافقة كل المديرين
	يحق التوكيل

فك الرهن	يمارسها بموافقة كل المديرين
	يحق التوكيل
التجزئة والفرز	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل الحدود والأطوال والمساحة وأرقام القطع والمخططات والصكوك وتواريخها وأسماء الأحياء	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع	يمارسها بموافقة كل المديرين
	يحق التوكيل
قبول الرهن	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحديث الصكوك و إدخالها في النظام الشامل	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع النصيب من	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء النصيب من	يمارسها بموافقة كل المديرين
	يحق التوكيل
تأجير	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل اسم المالك ورقم السجل المدني الحفيظة	يمارسها بموافقة كل المديرين
	يحق التوكيل
الهبة والإفراغ	يمارسها بموافقة كل المديرين
	يحق التوكيل
قبول الهبة والإفراغ	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن النقص في المساحة	يمارسها بموافقة كل المديرين
	يحق التوكيل
دمج الصكوك	يمارسها بموافقة كل المديرين
	يحق التوكيل
قبول التنازل والإفراغ	يمارسها بموافقة كل المديرين

	يحق التوكيل
إستخراج مجموعة صكوك بدل مفقود وبياناتها كالتالي :	يمارسها بموافقة كل المديرين
	يحق التوكيل
إستخراج مجموعة صكوك بدل تالف وبياناتها كالتالي :	يمارسها بموافقة كل المديرين
	يحق التوكيل
البيع والإفراغ للورثة	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن النصيب من	يمارسها بموافقة كل المديرين
	يحق التوكيل
إثبات المبنى	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج صك بدل تالف	يمارسها بموافقة كل المديرين
	يحق التوكيل
وذلك للعقارات الواقعة	يمارسها بموافقة كل المديرين
	يحق التوكيل
الدخول في المساهمات العقارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء أسهم المساهمات العقارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع أسهم المساهمات العقارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن الأرض المؤجرة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحديث الصك وإدخاله في النظام الشامل	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج صك بدل مفقود	يمارسها بموافقة كل المديرين
	يحق التوكيل
بناء الأرض	يمارسها بموافقة كل المديرين
	يحق التوكيل
استئجار الأرض	يمارسها بموافقة كل المديرين
	يحق التوكيل
	يمارسها بموافقة كل المديرين

تغيير الكيان القانوني للشركة	يحق التوكيل
قسمة الأسهم بين الورثة ونقلها إلى محافظهم	يمارسها بموافقة كل المديرين
	يحق التوكيل

على ان تكون طريقة عمل المجلس كالاتى

أ-تعقد اجتماعات مجلس المديرين في المركز الرئيسي للشركة او في اي مكان اخر يتفق عليه اعضاء المجلس بالأغلبية. تعقد الاجتماعات بناء على الدعوة الموجهة من قبل رئيس مجلس المديرين او بناء على طلب 2 من المديرين في المجلس او احد الشركاء. على ان يتم ارسال اخطار الى المديرين في المجلس مدته 21 يوماً من قبل رئيس مجلس المديرن. و يجب ان يتضمن الاخطار جدول الاعمال و جميع الوثائق المتعلقة بالاعمال المطلوب تداولها في الاجتماع, و يجوز لمدراء مجلس المديرين التنازل عن متطلبات الاخطار الوارد أعلاه بالموافقة بالاجماع على ذلك في بداية الاجتماع و قبل مناقشة اية موضوعات. ب-يجوز للمدير الذي يتعذر عليه حضور اجتماع مجلس المديرين او اتخاذ اي من التصرفات الواجبة أن يقوم بموجب اشعار خطي موجه الى رئيس مجلس المديرين بتفويض اي من المدراء الاخرين في المجلس بالتصويت و التصرف نيابة عنه فيما يتعلق باي اجتماع و الامر المحدد فيه. ت-لا يكتمل نصاب اجتماع مجلس المديرين الا بحضور أربعة 4 مديرين على ان يكون واحداً منهم ممثلاً عن احد من الشركاء سواء بالاصالة او بالانابة و اذا لم يكتمل نصاب الاجتماع الذي تمت الدعوة اليه يتم تاجيل الاجتماع الى وقت لاحق يتم الاتفاق عليه بين الشركاء. ث-يمكن عقد اجتماعات مجلس المديرين من خلال وسائل التقنية الحديثة. ج-يكون لرئيس مجلس المديرين الحق في ترأس جميع اجتماعات مجلس المديرين و في حال تعذر حضور رئيس المجلس للاجتماع يقوم المديرين الحاضرين بتعيين رئيس بديل لرئاسة الاجتماع و يقوم مجلس المديرين بتعيين امين سر ليقوم باعداد محاضر كل اجتماع. ح-لكل مدير في مجلس المديرين صوت واحد عند التصويت على اي من الموضوعات المطروحة على المجلس للتصويت بشأنها خ-يتم الموافقة على قرارات المجلس بالأغلبية البسيطة باستثناء اذا تم الموافقة على خلاف ذلك بين الشركاء خطياً سواء في قرار خاص او اتفاقية يكون جميع الشركاء طرف فيها و مع الاخذ بعين الاعتبار المسائل المحددة بحسب المادة التي تخص صلاحيات مجلس المديرين و المنصوص عليها في هذا العقد و التي تتطلب الموافقة عليها ثلاث ارباع 75 على الاقل من المدراء الحاضرين او الذين يحق لهم التصويت على القرارات الصادرة كتابياُ

ويكون مكان إنعقاد الجلسات ف في المركز الرئيسي للشركة, أو عن طريق وسائل التقنية الحديثة, او في اي مكان اخر يتفق عليه اعضاء المجلس بالأغلبي

ويكون النصاب الصحيح للاجتماع أغلبية المديرين

ويكون النصاب الصحيح لإتخاذ القرار بحسب ما نصت عليه اتفاقية الشركاء

المادة السابعة : التنازل عن الحصص

1 - يجوز للشريك أن يتنازل عن حصته لأحد الشركاء.

2 - يجوز للشريك أن يتنازل عن حصته لغير أحد الشركاء (وفقاً للمادة الثامنة والسبعون بعد المائة) من النظام

أ - ملم يتفق الشركاء على خلاف لك لا يجوز لاي شريك نقل اي من حصصه في راس مال الشركة لاي طرف ثالث سواء كان ذلك بمقابل او من دون مقابل بدون اشعار خطي مسبق موجه لبقية الشركاء بنيته في نقل تلك الحصص و الموافقة على اتباع الاجراءات اللازمة لذلك و التي سيتفق عليها الشركاء و على ان لاتتعارض تلك الاجراءات مع ما هو منصوص عليه في المادة الثامنة و السبعون بعد المائة من نظام الشركات و بخلاف اي من احكام هذا العقد و التي قد تتعارض مع ذلك فيجوز لاي من الشركاء التصرف في كل او اي جزء من الحصص لاي جهة تعود ملكيتها القانونية و المنفعة الكاملة سواء كان ملكية مباشرة او غير مباشرة للشركة الام للشريك المعني.

المادة الثامنة : التبليغات التي توجهها الشركة إلى الشركاء

تكون التبليغات التي توجهها الشركة إلى الشركاء عن طريق أي من الوسائل الآتية :

1 رسالة نصية .

2 . إرسالها بالبريد الإلكتروني أو بأي من وسائل التقنية الحديثة.

3 . إرسالها إلى الشركاء بخطابات مسجلة .

4 . التسليم شخصيًّا إلى الشركاء أو من ينوب عنهم نظامًا .

المادة التاسعة : قرارات الشركاء

النص	النسبه
زيادة رأس مال الشركة (ينتج عنها أعباء مالية)	%100
لا يوجد	
زيادة رأس مال الشركة (لا ينتج عنها أعباء مالية)	%100
لا يوجد	
تخفيض رأس مال الشركة	%100
لا يوجد	
تعديل عقد التأسيس	%100
لا يوجد	
الآلية العامة للقرارات التي لا يترتب عليها تعديل العقد	%100
لا يوجد	
تحول الشركة إلى شكل آخر من الشركات	%100
لا يوجد	
تحول الشركة إلى شركة مساهمة مبسطة	%100
لا يوجد	
تحول الشركة إلى شركة مساهمة	%50
لا يوجد	
تعيين مصفي لتصفية الشركة	%100
لا يوجد	
تعديل بيانات السجل التجاري	%100
لا يوجد	
اندماج الشركة	%100
لا يوجد	
تصفية الشركة	%100
لا يوجد	
تحول شركة إلى مؤسسة	%100
لا يوجد	
استمرار الشركة	%100

لا يوجد	
العدول عن التأسيس	%100
لا يوجد	

المادة العاشرة : السنة المالية

تكون السنة المالية للشركة اثنى عشر شهرا ميلاديا تبدأ من يوم 01 من شهر يناير وتنتهي بنهاية يوم 31 من شهر ديسمبر

المادة الحادية عشر : الأرباح والخسائر

1 - يجوز توزيع أرباح سنوية أو مرحلية من الأرباح القابلة للتوزيع على الشركاء، وفقا للضوابط النظامية المقررة.

2 - توزع أرباح الشركة السنوية الصافية على النحو التالي:

أ - تجنب نسبة (4) % من صافي الأرباح السنوية لتكوين احتياطي يخصص لغرض تكوين احتياطي عام

ب - تحدد الجمعية العامة النسبة التي يجب توزيعها على الشركاء من الأرباح الصافية بعد خصم الاحتياطيات (إن وجدت).

توزيع الارباح والخسائر

الاسم	نسبه الربح	نسبه الخساره
شركة التعدين العربية السعودية معادن	%74.9	%74.9
شركة الكوا سملتينج انفرثيونيس السعودية ش.م.م	%25.1	%25.1

المادة الثانية عشر : انقضاء الشركة

1 - تنقضي الشركة بأحد أسباب الانقضاء الواردة في المادة (الثالثة والأربعون بعد المائتين) من نظام الشركات وبانقضائها تدخل في دور التصفية وفقا لأحكام الباب الثاني عشر من نظام الشركات، وإذا انقضت الشركة وكانت أصولها لا تكفي لسداد ديونها أو كانت متعثرة وفقًا لنظام الإفلاس، وجب عليها التقدم إلى الجهة القضائية المختصة لافتتاح أي من إجراءات التصفية بموجب نظام الإفلاس.

المادة الثالثة عشر : المشاركة و الاندماج

يجوز للشركة إنشاء شركات بمفردها أو تساهم في رأس مالها العامل في صناعة التعدين و الألنيوم و الصناعة ذات العلاقة و الاشتراك مع الغير ذات مسؤولية محدودة او مساهمة مقفلة بشرط الا يقل رأس المال عن 5 مليون ريال كما يجوز لها ان تمتلك الاسهم و الحصص في شركات اخرى قائمة او تندمج معها و لها حق الاشتراك مع الغير في تأسيس الشركات المساهمة او ذات المسؤولية المحدودة. كما يجوز للشركة أن تتصرف في هذه الاسهم او الحصص على ألا يشمل ذلك الوساطة في تداولها

المادة الرابعة عشر : صلاحيات مجلس المديرين

1-تعيين المدراء التنفيذيين للشركة و عزلهم و تحديد مكافئاتهم 2-الموافقة على ميزانية المشاريع او اي تغييرات جوهرية تبلغ قيمتها اكثر من 50 مليون دولار امريكي او 10 بالمائة من ميزانية المشروع 3-الموافقة على ميزانيات التشغيل السنوية و اي تغييرات جوهرية عليها بما يبلغ قيمته اكثر من 50 مليون دولار امريكي او عشرة 10 بالمائة من ميزانية التشغيل السنوية. 4-الموافقة على اي توسعات بما يضع على عاتق الشركة مديونيات اضافية اعلى مما قد تضمنته ميزانية المشروع او الاستثمارات الرأسمالية او التغييرات الجوهرية التي يبلغ كل من هذه التغيرات على حدة اكثر من خمسين 50 مليون دولار امريكي. 5-الموافقة على ابرام اي اتفاقية بناء و تشييد و التي تبلغ بإجمالي قيمتها اكثر من خمسين 50 مليون دولار امريكي. 6-الموافقة على ابرام اي اتفاقية لمشروع يتم ابرامها بين اي من الشركاء بما يشمل الشركات التابعة لهم او الشركات التابعة للشركة مع الشركة او ابرام الشركة لاي اتفاقية مع احد الشركاء بما يشمل الشركات التابعة لهم او الشركات التابعة للشركة بحيث تزيد اجمالي مدتها سنتين

2 و تتجاوز اجمالي قيمتها خمسة ملايين 5 دولار امريكي او تقديم او عرض اي قرض او بيع اجل او شراء مسبق او دفعات سابقة او دخول في اي عملية مماثلة او يكون لها نفس الاثر لاي من الشركاء او الشركات التابعة لهم او موافقة الشركاء على اي تعديلات او تنازل عن اي حقوق آجلة او الموافقة على اي طلب او تبني لاي توصية والتي تشمل تجنباً لاي شك الموافقة على التنازلات او التسوية لاي نزاع او التنفيذ لاي تنازل بموجب اتفاقية مع شركة معادن للدرفلة تم تأسيسها في المملكة العربية السعودية مسجلة بالسجل التجاري رقم 2055012518 و تاريخ 2/11/1431 ه ام ار سي او اي من الشركات التابعة لشركة ام ار سي او معادن مالم يتم الاتفاق على خلاف ذلك بين الشركاء خطياً سواء في قرار خاص او اتفاقية يكون جميع لشركاء طرف فيها. 7-الاحالة لاي قرار او التأكيد من الشركة لاي ممثل رئيسي او الموافقة على اي قرار او تاكيد من قبل المثلين الرئيسين تمت الاشارة اليها من قبل المثلين الرئيسين فيما يتعلق باي مستند للمشروع حيثما تمت الاشارة للفظ المثل الرئيسي للشركة. 8-تعيين الشركة لخبير بموجب اجراءات القرار المنصوص عليه باتفاقية شراء الالنيوم و المبرمة بين الشركة و شركة معادن للدرفلة. 9-الموافقة على القوائم المالية 10-الموافقة على اي عقود طويلة الامد التي تمتد لفترة اجمالية اكثر من ثلاث 3 سنوات و تبلغ قيمتها الاجمالية اكثر من 50 مليون دولار امريكي باستثناء ما تمت الموافقة عليه من خلال الميزانية المعتمدة. 11- اعتماد اي من اعمال الشركة و سياسة تعارض المصالح و كذلك اي تعديل جوهري عليها.

المادة الخامسة عشر : جمعية الشركاء

أ-تعقد الاجتماعات الخاصة بالجمعية العامة للشركاء الجمعية العامة بشكل سنوي و ذلك خلال فترة الستة اشهر 6 التالية لنهاية السنة المالية للشركة او حسب رغبة الشركاء او بموجب طلب خطي من قبل مجلس المديرين او المراجع او اي شريك او بناء على طلب شريك او اكثر يمثلون 10 من رأس المال على الأقل. و تعقد اجتماعات الجمعية العامة في المركز الرئيسي للشركة او اي مكان اخر يتفق عليه الشركاء بالاجماع و يجب تسليم الدعوة لعقد اجتماع الجمعية العامة على الاقل قبل واحد و عشرين 21 يوماً من التاريخ المقترح لعقد الاجتماع و يجب ان يتضمن جدول الاعمال و جميع المستندات المتعلقة بالامور التي ستطرح للتداول في الاجتماع و يجوز للشركاء التنازل عن متطلب الاعلان عن طريق الموافقة على بالاجماع على ذلك من جميع الشركاء في بداية الاجتماع و قبل التداول لاية اعمال.ب-يقوم الشركاء و من بين هؤلاء الذين تم تعيينهم من قبل كل من الشركاء لتمثيلهم في الاجتماعات بتحديد شخص ليراس اجتماعات الجمعية العامة و يتعين على الرئيس ان يختار شخصاً ليكون امين سر الاجتماع بالتأكد من الاحتفاظ بسجل موائم و دقيق لاجتماعات الشركاء.ت-يكتمل النصاب القانوني لاجتماع الجمعية العامة للشركاء بحضور جميع الشركاء.ث-يكون لكل شريك الحق في التصويت بما يتناسب مع الحصص المملوكة للشريك في الشركة.و يجب ان يشتمل جدول اعمال الجمعية العامة الخاصة بالشركاء في اجتماعها السنوي بصفة خاصة على البنود الاتية:1-المراجعة و الاعتماد لتقرير من قبل مجلس المديرين في الشركة عن ادارة الشركة ووضعها الاداري.2-المراجعة و الاعتماد لتقرير مراجع الحسابات عن السنة المالية السابقة و تقرير مجلس الرقابة ان وجد.3-مراجعة و اعتماد القوائم المالية السنوية للشركة.4-تحديد نسبة الارباح التي توزع على الشركاء.5-تعيين مديري الشركة او اعضاء مجلس الرقابة ان وجدوا و تحديد مكافأتهم 6-المناقشة و اتخاذ اي قرار مناسب بشأن اي من الامور السابق ذكرها 7-تعيين او اعادة تعيين مراجع الحسابات لتدقيق حسابات الشركة للسنة المالية التالية و تحديد اتعابهم.8-بحث اية اعمال او امور اخرى تتعلق بالشركة و اتخاذ القرارات بشأنها

المادة السادسة عشر : قرارات الشركاء

مالم يتم الاتفاق على خلاف ذلك بين الشركاء خطياً سواء في قرار خاص أو اتفاقية يكون جميع الشركاء طرف فيها تصدر قرارات الشركاء على النحو التالي: أ-الموافقة بالإجماع في كل ما يتعلق بأي من القرارات الخاصة بتغيير اسم الشركة او جنسيتها او الزيادة في التخفيض من الاعباء المالية للشركاء ب-تتطلب القرارات التالية موافقة الشركاء الذين يمتلكون خمسة وسبعون 75 بالمائة من راس المال في الشركة: 1-أي تعديل لعقد التاسيس.2-اي تغيير لأغراض الشركة.3-اي تصفية اول حل للشركة بما يشتمل التصفية الاختيارية4-التعيين و التغيير و العزل لمراجع حسابات الخارجي للشركة.5-اي تعديل على سياسة توزيع الارباح او تكوين الاحتياطيات الاختيارية.6-اي عملية لبيع او التصرف بكامل او جزء جوهري من اعمال الشركة و اصولها او اي اندماج للشركة مع او في كيان اخر.7-القرارات المتعلقة بمكافئات اعضاء مجلس المديرين.8-الموافقة على ميزانية المشروع او اي من التعديلات اللاحقة عليها.9-الموافقة على الايقاف او الانقاص باستثناء اي من الحالات الاجبارية او التوقفات الطارئة او التوقفات لأعمال الصيانة المجدولة او اي ايقاف او انقاص ملزم تم بموجب طلب كتابي او تعليمات او امر من اي سلطة حكومية او ما يلحق ذلك الايقاف او التقليص او استئناف سواء بالشكل الكلي او الجزئي من انتاج الشركة او عملياتها او الموافقة على الايقاف الدائم لإنتاج الشركة او عملياتها.10-موافقة الشركة على تقديم اشعار بإيقاف او تقليص او بعد اي حالة ايقاف او تقليص استئناف كافة او جزء من عمليات تشغيل و انتاج الشركة بشكل دائم و بالتالي تقديم اي اشعار ايقاف بما في ذلك اشعار بتمديد فترة الايقاف او تقصيره او انهاؤه او اي اشعار انهاء بموجب اتفاقية شراء الالنيوم بين الشركة و شركة معادن للدرفلة و اتفاقية شراء الالنيوم بين الشركة و شركة التعدين العربية السعودية معادن و اتفاقية

شراء الالنيوم بين الشركة و الكوا انسبال اس ال يو.ت-و باستثناء ما نصت عليه الفقرتين أ و ب أعلاه تصدر قرارات الشركاء في جميع الامور الاخرى بموافقة الشركاء الذين يملكون نسبة لا تقل عن واحد وخمسين 51 من رأسمال الشركة.

المادة السابعة عشر : سجل الحصص

تعد الشركة سجلاً خاصاً بأسماء الشركاء و عدد الحصص التي يملكها كل شريك من الشركاء و جميع التصرفات التي ترد على الحصص و لا يكون نافذاً انتقال الملكية في مواجهة الشركة او الغير الا بقيد السبب الناقل للملكية في السجل المذكور و على الشركة ابلاغ الوزارة لإثباته لديها في سجل الشركة

المادة الثامنة عشر : أحكام ختامية

1 - تخضع الشركة للأنظمة السارية في المملكة العربية السعودية.

2 - أي نص يخالف أحكام نظام الشركات في هذا العقد لا يعتد به ويطبق بحقه ما ورد من نصوص في نظام الشركات وكل ما لم يرد به نص في هذا العقد يطبق بشأنه نظام الشركات ولائحته التنفيذية.

3 - يقر الشركاء بصحة البيانات والأحكام المدرجة في عقد التأسيس واتفاقها مع احكام نظام الشركات الصادر بالمرسوم الملكي (م/132) بتاريخ 1/12/1443هـ ولوائحه التنفيذية، واستيفاءها لجميع المتطلبات والتعليمات التي تصدرها وزارة التجارة وفقاً لأحكام النظام، ويتحمل الشركاء المسؤولية وجميع التبعات النظامية والمالية التي قد تنشأ عن ذلك.. كما ان الشركاء على علم بحق الوزارة في اتخاذ الإجراءات النظامية اللازمة في حال وجود أي مخالفة أو تعارض في الأحكام الواردة في هذا العقد.

توقيع الشركاء

م	اسم الشريك	آلية التوقيع
1	شركة التعدين العربية السعودية معادن	
2	شركة الكوا سملتينج انفرثيونيس السعودية ش.م.م	

والله ولي التوفيق،،

عقد التأسيس، لا يتطلب وجود الختم الرسمي لوزارة التجارة

قرار شركاء بتعيين مدير في عقد مستقل

شركة معادن للألنيوم ذات مسؤولية محدودة

لقد سبق للأطراف الآتية أسماؤهم:

الطرف	اسم الشريك	رقم الهوية	المهنة	تاريخ الميلاد	الجنسية	مكان الاقامة	مدينة الاقامة
الطرف الأول	شركة التعدين العربية السعودية معادن	7000876115			سعودى	السعودية	الرياض
الطرف الثاني	شركة الكوا سملتينج انفرثيونيس السعودية ش.م.م	703681			اسبانيا		

تأسيس شركة شركة معادن للألنيوم ذات مسؤولية محدودة بمدينة رأس الخير وحيث رغب الشركاء بتعيين مدير وفق ما نصت عليه (مادة الإدارة الخاصة بالشركة بتعيين مدير بعقد مستقل) فقد قرر الشركاء. تعيين كلا من مجلس مديرين مكون من (لا يقل عن 3) وهم:

الاسم	رقم الهوية	تاريخ الميلاد	الجنسية	المنصب
علي بن سعيد بن عبدالله ال عريج	1033001148	26/01/1394	السعودية	رئيس مجلس مديرين
عطاء الله نهال نهال خان	2276645872	06/03/1402	باكستان	عضو مجلس مديرين
فيدار برولاند	X6536327	08/05/1392	سويسرا	عضو مجلس مديرين
أندرو ايستيل	667867673	19/02/1402	الولايات المتحدة	عضو مجلس مديرين
غنام عبدالله بن علي الغنام	1059779791	04/01/1398	السعودية	عضو مجلس مديرين

ولهم في سبيل ذلك كافة الصلاحيات في عقد التأسيس.

توقيع الشركاء

م	اسم الشريك	آلية التوقيع
1	شركة التعدين العربية السعودية معادن	
2	شركة الكوا سملتينج انفرثيونيس السعودية ش.م.م	

والله ولي التوفيق،،

Appendix (5)

Copy of MBAC's articles of association and any amendments thereto

Articles of Association
Ma'aden Bauxite and Alumina Company
(Limited Liability Company)

It has been agreed by and between:

1. Saudi Arabian Mining Company (Ma'aden), a Saudi Joint Stock Company established under Royal Decree No. M/17 dated 14/11/1417H, Commercial Register No. 1010164391, Riyadh, dated 10/11/1421H, with its Head Office at Riyadh City, P.O. Box 68861 Riyadh 11537.

2. AWA Saudi Limited, Commercial Registration No: 1481005 City of Hong Kong-China dated: 15-7-2010, Head Office at Room 1601-1603 Golden Gate Commercial Building, 136-138 Austine Road, Tsim Sha Tsui, Kowloon, Hong Kong to incorporate a Limited Liability Company, (hereinafter referred to as the "Company" in accordance with Foreign Investment License No. (121032019272), dated 21 / 1 / 1432 H issued by the Saudi Arabian General Investment Authority ("SAGIA") in accordance with the Companies Regulation, enacted pursuant to Royal Decree No. M/6 dated 22/3/1385H and its amendments and the Foreign Investment Regulation, enacted pursuant to Royal Decree No. M/1 dated 5/1/1421H; and in accordance with the provisions and conditions of these Articles of Association.

Article (1)

Company Name:

The name of the Company is: "Ma'aden Bauxite and Alumina Company", a Limited Liability Company.

Article (2)

Company Objectives:

To produce and refine bauxite and to produce alumina.

Article (3)

Merger and Partnership:

The Company may own Shares in other existing companies and may merge with, and shall have the right to establish companies that it owns in

عقد تأسيس
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(شركة ذات مسئولية محدودة)

لقد تمّ الاتفاق بين كل من:

١. شركة التعدين العربية السعودية (معادن)، شركة مساهمة سعــودية تأسست بموجب المرسوم الملكي رقم م /١٧ وتاريخ ١٤/١١/١٤١٧هـــ، ومسجلة في السجل التجاري لمدينة الرياض تحت رقم ١٠١٠١٦٤٣٩١ بتاريخ ١٠/١١/١٤٢١هـــ، ومركزها الرئيسي في مدينة الرياض وعنوانها ص.ب ٦٨٨٦١ الرياض ١١٥٣٧.

٢. شركة أوا السعودية المحدودة، شركة مسجلة في السجل التجاري هونغ كونـغ – الصين رقم/ ١٤٨١٠٠٥ وتاريخ ١٥/٧/٢٠١٠م ومركزها الرئيسي الغرفة رقم ١٦٠١-١٦٠٣ المبنى التجاري غولدن غايت، ١٣٦-١٣٨ شارع أوستن منطقة تسيم شا تسوي الواقعة في كولون، هونغ كونغ على تأسيس شركة ذات مسئولية محدودة، (يشار إليها لاحقاً بـــ "الشركة") وفقاً لترخيص الاستثمار الأجنبي رقم (١٢١٠٣٢٠١٩٢٧٢) وتاريخ ٢١/١/ ١٤٣٢الصادر من الهيئة العامة للاستثمار ووفقاً لنظام الشركات السعودي الصادر بالمرسوم الملكي الكريم رقم م/٦ وتاريخ ٢٢/٣/١٣٨٥هـــ وتعديلاته ووفقاً لنظام الاستثمار الأجنبي الصادر بالمرسوم الملكي رقم (م/١) وتاريخ ٥/١/١٤٢١هـــ ووفقاً لأحكام وشروط عقد التأسيس هذا.

المادة الأولى (١)

اسم الشركة:

اسم الشركة هو "شركة معادن للبوكسايت والألومينا" شركة ذات مسئولية محدودة.

المادة الثانية(٢)

أغراض الشركة:

إنتاج وتصفية لبوكسايت وإنتاج الألومينا.

المادة الثالثة(٣)

الاندماج والمشاركة:

يجوز للشركة أن تمتلك الأسهم أو الحصص في شــركات أخرى قائمة أو تندمجمعها ولها حق إنشاء شركات تملكها

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whose Capital it participates in the mining and Aluminium industry and related industries, or participate with others to form joint stock or limited liability companies to perform similar or complementary activities, after satisfying the regulatory requirements. The Company may deal in such Shares, provided that that shall not include acting as broker in such dealing.

أو تساهم في رأسمالها للاشتغال في صناعة التعدين والألمنيوم والصناعة ذات العلاقة والاشتراك مع الغير في تأسيس الشركات المساهمة أو ذات المسؤولية المحدودة لمزاولة نشاط مماثل أو متمم لها وذلك بعد استيفاء ما تتطلبه الأنظمة والتعليمات المتبعة في هذا الشأن، كما يجوز للشركة أن تتصرف في هذه الأسهم أو الحصص على ألا يشمل ذلك الوساطة في تداولها.

Article (4)

المادة الرابعة(٤)

The Head Office of the Company:

المركز الرئيسي للشركة:

The Head Office of the Company shall be in the city of Jubail - Ras Al Zur in the Kingdom of Saudi Arabia and the Company may transfer its Head Office to any other location in the Kingdom of Saudi Arabia and may establish branches or offices inside or outside the Kingdom.

يكون المركز الرئيس للشركة في مدينة الجبيل – رأس الزور بالمملكة العربية السعودية، ويجوز للشركة أن تنقل مركزها الرئيسي إلى مكان أخر في المملكة العربية السعودية، كما يجوز لها إنشاء فروع أو مكاتب داخل أو خارج المملكة.

Article (5)

المادة الخامسة(٥)

Company Term:

مدة الشركة:

The Company has been formed for a period of Fifty (50) years starting from the date of its registration in the Commercial Register. The duration of the Company shall automatically be extended for similar periods unless one of the Shareholders notifies the other of its desire not to continue the Company at least Three (3) years prior to the expiration of the initial or renewed period.

تأسست الشركة لمدة خمسون (٥٠) عاماً تبدأ من تاريخ قيدها بالسجل التجاري، وتجدد مدتها تلقائياً لمدد مماثلة ما لم يخطر أحد الشركاء الآخر برغبته في عدم استمرار الشركة قبل ثلاث (٣) سنوات على الأقل من نهاية المدة الأصلية أو المجددة.

Article (6)

المادة السادسة (٦)

Capital:

رأس المال:

The Share Capital of the Company is SR (5,100,000,000) Five Thousand and One Hundred Million Saudi Riyals, each share being of a value of SR 10, divided into (510,000,000) equal cash Shares, of which SR One (1) per share is paid up. The Shares are divided between the Shareholders as follows:

حدد رأسمال الشركة بـ (٥.١٠٠.٠٠٠.٠٠٠) خمسة آلاف ومائة مليون ريال سعودي قيمة كل حصة عشرة (١٠) ريال سعودي مقسمة إلى (٥١٠.٠٠٠.٠٠٠) حصة نقدية متساوية، المدفوع منه واحد (١) ريال لكل حصة و تم توزيع الحصص على الشركاء كالآتي:

الشريك	عدد الحصص الكلية	قيمة الحصة الواحدة	قيمة الحصة الاسمية	قيمة الحصة الواحدة المدفوعة	قيمة الحصص المدفوعة	النسبة المئوية
١. معادن	٣٨١.٩٩٠.٠٠٠	١٠	٣.٨١٩.٩٠٠.٠٠٠	١	٣٨١.٩٩٠.٠٠٠	%٧٤.٩
٢. أوا	١٢٨.٠١٠.٠٠٠	١٠	١.٢٨٠.١٠٠.٠٠٠	١	١٢٨.٠١٠.٠٠٠	%٢٥.١

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%١٠٠	٥١٠.٠٠٠.٠٠٠	١	٥.١٠٠.٠٠٠.٠٠٠	١٠	٥١٠.٠٠٠.٠٠٠	المجموع

ويقر الشركاء بأنه تم الوفاء برأسمال الشركة المدفوع عند التأسيس وأودع لدى أحد البنوك المعتمدة بموجب الشـــهادة الصادرةمن البنك بهذا الخصوص.

Partner	Total number of Shares	Value per one share	Nominal Value of Share	Value of Paid up Share	Value of Paid up Shares	Percentage
1. Ma'aden	381,990,000	10	3,819,.900, 000	1	381,990,000	74.9%
2.AWA	128,010,000	10	1.280,100,000	1	128,010,000	25.1%
Total	510,000,000	10	5,100,000,000	1	510,000,000	100%

The Shareholders hereby acknowledge that the Company's paid up Capital has been paid upon incorporation and has been deposited at an authorized bank under the certificate issued by the bank in this regard.

Article (7)

المادة السابعة (٧)

Increase or Decrease of the Capital:

The Capital of the Company may be increased with the consent of all Shareholders if the increase in the Company's Capital is effected by raising the nominal value of Shareholders' Shares or by issuing new Shares whose value must be paid by all of the Shareholders in proportion to their respective participation in the Company's Capital. Apart from the two methods referred to above, the Capital of the Company may be increased with the consent of a majority of Shareholders representing at least Three-Fourths (3/4) of the Capital of the Company.

The Share Capital of the Company may be decreased by a decision of the Assembly of Shareholders, as follows:

a- If the decrease is because the Capital is in excess of the Company's needs, then the Company's creditors shall be invited to express their objections thereto within Sixty (60) days from the date of publishing the decision to decrease the Capital in a daily newspaper circulating at the Company's Head Office. If a creditor objects and presents documents supporting his claims within the said time limit, the Company shall pay his debt if it is immediately payable or shall provide adequate guarantee for payment if

زيادة أو تخفيض رأس المال:

يجوز زيادة رأسمال الشركة، بموافقة جميع الشركاء، إذا تمت الزيادة في رأسمال الشركة عن طريق رفع القيمة الاسمية لحصص الشركاء، أو إذا تمت الزيادة عن طريق إصدار حصص جديدة، مع إلزام جميع الشركاء بدفع قيمتها بنسبة مشاركة كل منهم في رأسمال الشركة. وباستثناء الحالتين المشار إليهما، يجوز زيادة رأسمال الشركة بموافقة أغلبية الشركاء الذين يمثلون ثلاثة أرباع رأسمال الشركة على الأقل.

كما يجوز، بقرار من جمعية الشركاء، تخفيض رأس المال وفقاً لما يلي:

أ- إذا كان تخفيض رأس المال نتيجة زيادة رأس المال عن حاجة الشركة فإنه يجب دعوة الدائنين إلى إبداء اعتراضهم عليه خلال ستين (٦٠) يوماً من تاريخ نشر قرار التخفيض في جريدة يومية توزع في المدينة الواقع فيها المركز الرئيسي للشركة. في حال اعتراض أحد الدائنين وتقديمه للشركة المستندات التي تؤيد مطالبته خلال المدة المذكورة فإنه يجب على الشركة أن تؤدي إليه دينه إذا كان حالاً أو تقديم

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it is a deferred debt.

b- If the decrease in Capital is due to loss incurred by the Company, and the percentage of the loss reaches one half of the Company's Capital, then no decrease in the Company's Capital shall be effected.

Article (8)

Shares:

The Shares shall be transferable between the Shareholders or by their successors. No Shareholder may assign any of its Shares to a third party, with or without consideration, save by the agreement of the other Shareholders, but nevertheless it shall be open to the other Shareholders to redeem the Share(s) that one of the Shareholders wishes to assign in accordance with Article (165) of the Companies Regulation.

Article (9)

Share Register:

(a) The Company shall establish and keep in its Head Office a Share Register in which it shall enter the names of the holders, the number of Shares owned by each and all transactions affecting the Shares. No transfer of ownership of such Shares shall be effective vis-à-vis the Company or any third party unless the cause for the transfer of ownership is entered in the aforementioned Register. The Register must contain all of the following information:

1. The name, occupation, nationality, address and identity card or passport number and date of each Shareholder,
2. Number and value of the Shares owned by each Shareholder;
3. Number and value of Shares which have been transferred, along with a description of the manner in which the Shares were transferred - whether by sale, purchase, inheritance, gift or otherwise;
4. Name and signature of the transferor and the transferee;
5. Date of the transfer; and
6. Total number and value of Shares owned by each Shareholder after any such transfer.

(b) The pages of the Share Register shall be

ضماناً كافياً للوفاء به إذا كان آجلاً.

ب- إذا كان تخفيض رأس المال نتيجة خسارة للشـركة، وبلغت نسبة الخسارة نصف رأس مال الشركة، فإنـه لا يجوز إجراء تخفيض رأس المال.

المادة الثامنة(٨)

الحصص:

الحصص قابلة للانتقال بين الشركاء أو من يخلفهم، ولا يجوز لأي شريك التنازل عن حصة أو أكثر من حصصه للغير بعوض أو بغير عوض إلا بموافقة باقي الشركاء ومع ذلك يجوز لباقي الشركاء استرداد الحصة أو الحصص التي يرغب أحد الشركاء في التنازل عنها طبقاً لأحكام المادة (١٦٥)من نظام الشركات.

المادة التاسعة (٩)

سجل الحصص:

أ) تعد الشركة وتحفظ في مركزها الرئيسي سجل حصص يتضمن أسماء الشركاء وعدد الحصص المملوكة لكل منهم وكافة التصرفات الواردة على الحصص. ولا ينفذ انتقال ملكية أية حصص في مواجهة الشركة أو الغير إلا إذا تم قيد السبب الناقل للملكية في السجل المذكور ويجب أن يحتوي السجل على كافة البيانات التالية:

١. اسم الشريك ومهنته وجنسيته وعنوانه ورقم وتاريخ حفيظة النفوس أو جواز السفر.
٢. عدد الحصص وقيمتها التي يتملكها في رأسمال الشركة.
٣. عدد الحصص وقيمتها التي يتم التصرف فيها مع بيان نوع التصرف أي إذا كان بيع أو شراء أو ميراث أو هبة إلى غير ذلك من تصرفات.
٤. اسم المتصرف والمتصرف إليه وتوقيعهما.
٥. تاريخ التصرف في الحصص.
٦. مجموع ما يملكه الشريك من حصص بعد إجراء التصرف وقيمتها.

ب) يتم ترقيم صفحات السجل المذكور ترقيماً مسلسلاً، ولا يجوز نزع أي صفحة من صفحاته أو إجراء أي كشط أو تغيير في البيانات المدونة به.

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numbered serially. No page may be detached nor any erasure or alteration made to the information contained therein.

(c) Shareholders shall have the right to examine the Share Register during the normal working hours of the Company.

ج) يحق لكل شريك الإطلاع على سجل الحصص خـلال ساعات العمل الاعتيادية للشركة.

Article (10)

المادة العاشرة(١٠)

Management of the Company:

إدارة الشركة:

(a) The Company shall be managed by a Board of Managers composed of Five (5) Managers appointed for a period of Three (3) years as follows:

1. Three (3) Managers, including the Chairman of the Board, to be appointed by Saudi Arabian Mining Company (Ma'aden).
2. Two (2) Managers appointed by AWA Saudi Limited.

(أ) يدير الشركة مجلس مديرين مكون من خمسة (٥) مديرين، يتم تعيينهم لمدة ثلاث (٣) سنوات، وفقاً لما يلي:-

١ -ثلاثة (٣) مدراء من ضمنهم رئيس المجلس، تعينهم شركة التعدين العربية السعودية (معادن).

٢ - مديرين (٢) تعيّنهم شركة أوا السعودية المحدودة.

(b) Board of Managers Authorities

The Board of Managers shall have the widest powers to manage the Company, unless any provision in the regulations in force, these Articles or the Shareholders Agreement between Ma'aden and Alcoa signed on 20/12/2009 and its subsequent amendments restricts the powers of the Board of Managers. Such powers shall include the following:

(ب) صلاحيات مجلس المديرين:

يتمتع مجلس المديرين بأوسع الصلاحيات لإدارة الشركة، مالم يرد النص في أي من الأنظمة النافذة أو في هذا العقد أو في اتفاقية الشراكة بين معادن والكوا الموقعة بتاريخ٢٠/١٢/٢٠٠٩م وتعديلاتها اللاحقة على تحديد صلاحيات مجلس المديرين. وتشتمل هذه الصلاحيات ما يلي: -

• Representing and managing the Company with all authorities and the widest powers to handle the Company's affairs, and they shall have the authority to represent the Company in all its relations with third parties, whether corporate or otherwise, and all governmental, judicial, and executive bodies.

• تمثيل وإدارة الشركة وله كافة السلطات وأوسع الصلاحيات اللازمة لتصريف أمور الشركة ويتمتع بصلاحية تمثيل الشركة في كل علاقاتها تجاه الغير من شخصيات اعتبارية أو طبيعية وكافة الجهات الحكومية القضائية والتنفيذية.

• Representing the Company before banks and financial institutions, and all types of companies and establishments, and it may in the course of so doing raise loans to achieve the Company's Objectives.

• تمثيل الشركة أمام البنوك وبيوت التمويل والشركات والمؤسسات بسائر أنواعها وله في سبيل ذلك الحصول على القروض بقصد تحقيق أغراض الشركة.

• Raising claims, allegations and law suits and pleading on behalf of the Company in courts, as defendant or plaintiff. Attending court hearings,

• تقديم الطلبات والاستدعاءات ورفع الدعاوي والمدافعة عن الشركة أمام القضاء بصفتها مدعية أو مدعي عليها وحضور الجلسات وطلب حلف اليمين والإبراء

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applying that witnesses be sworn, giving discharges and quittances, making arrangements over the Company's obligations, receiving the Company's entitlements, and arranging and paying the Company's debts within the limits of the Company's Objectives.

والمخالصات وترتيب الالتزامات على الشركة وقبول واستلام حقوقها وترتيب الديون وسدادها في حدود أغراض الشركة.

• Appointing agents and attorneys for the Company and providing them with the necessary authorities to defend and plead on behalf of the Company, and claim the entitlements of the Company .

• تعيين الوكلاء والمحامين عن الشركة ومنحهم الصلاحيات اللازمة للمدافعة والمرافعة والمطالبة بحقوق الشركة.

• Concluding and signing and accepting all kinds of contracts and agreements in the name of the Company, including but not limited to the granting and taking of leases and signing agreements for the participation of the Company in other companies for acquisition or formation or merger or liquidation, and to sign amending schedules and Shareholders' resolutions for the establishment of branches, and appointment of Managers and signing all such documents before the Notary Public the Ministry of Commerce and Industry and SAGIA.

• إبرام جميع أنواع العقود والاتفاقيات باسم الشركة والتوقيع عليها والقبول بها وتشمل ذلك على سبيل المثال لا الحصر، إبرام عقود الإيجار والتأجير والتوقيع على عقود مشاركة الشركة في شركات أخرى للتملك أو التأسيس أو الاندماج أو التصفية والتوقيع على ملاحق التعديل وقرارات الشركاء بفتح الفروع وتعيين المدراء والتوقيع بذلك أمام كاتب العدل ووزارة التجارة والصناعة والهيئة العامة للاستثمار.

• Dealing with the Ministry of Commerce & Industry, Municipality, Ministry of Foreign Affairs, Passport Department, Saudi Communications, Ministry of Water & Electricity, Saudi Industrial Development Fund, the General Investment Authority and recruitment offices and signing necessary forms and applications before authorized officers at such departments and other governmental departments.

• مراجعة وزارة التجارة والصناعة والبلدية ووزارة الخارجية والجوازات وشركات الاتصالات ووزارة الماء والكهرباء وصندوق التنمية الصناعي السعودي والهيئة العامة للاستثمار ومكاتب الاستقدام والتوقيع على الاستمارات والطلبات اللازمة أمام الموظفين المختصين في هذه الدوائر والدوائر الحكومية الأخرى.

• Purchasing and selling Shares and equity and attending Meetings of Boards of Managers, general assemblies of other companies in which the Company is a Shareholder whether inside or outside of the Kingdom, and fully representing the Company in such companies.

• شراء وبيع الحصص والأسهم وحضور اجتماعات مجالس الإدارة والمديرين والجمعيات العامة للشركات الأخرى التي تساهم فيها الشركة داخل وخارج المملكة العربية السعودية وتمثيل الشركة تمثيلاً تاماً في هذه الشركات.

• Selling and purchasing, vacating and accepting vacation of real estate, getting in the price, annotating and amending title documents and obtaining replacements of lost documents, apportioning and dividing, applying for changes to boundaries of land and real estates, and mortgaging attaching and discharging mortgages of lands and moveable assets necessary to achieve the Company's Objectives.

• البيع والشراء والإفراغ وقبول الإفراغ وقبض الثمن وتهميش وتعديل الصكوك واستخراج بدل الفاقد منها والقسمة والفرز وطلب تعديل الحدود للأراضي والعقارات ورهن وحجز وفك رهن الأراضي والعقارات والأصول المنقولة اللازمة لتحقيق أغراض الشركة.

• Preparing periodical reports on the Company's

• القيام بإعداد التقارير الدورية عن سير الشركة

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progess and business, making recommendations to the Shareholders' Assembly to improve the Company's business and management, and such reports shall be in accordance with the schedule prepared for this purpose.

- Preparing the Company's general balance sheet and profit and loss account at the end of each financial year, and preparing a report on the Company's activities, assets and financial status, recommendations for dividends, and placing such reports before the Shareholders' Assembly and sending a copy thereof and of the Auditor's report to the Assembly of Shareholders.
-
- Authorization to sign at banks, to open bank accounts with local and foreign banks, to deposit, withdraw, or request various credit facilities and perform all banking operations in the Kingdom or abroad to achieve the aims and objectives of the Company.
- Forming one or more committees from time to time whenever the Board of Managers deems it necessary and taking any necessary action to ensure that the Company operates efficiently.
- Delegating and authorizing all or some of its authorities stated above to others.

(c) <u>Dismissal of Managers:</u>

Each Shareholder may dismiss the Managers it has appointed.

(d) <u>Board of Managers Meetings</u>:

Meetings of the Board of Managers shall be held at the Head Office of the Company or at such other places as may be agreed by a majority of the Board of Managers. Meetings shall be held on the request of the Chairman of the Board of Managers or on the request of Two (2) Managers of the Board of Managers or any Shareholder. The meetings shall be convened at the times specified by the Chairman of the Board of Managers, pursuant to a minimum of Fifteen (15) days' notice to the Managers of the Board. The notice shall include the agenda and all documents pertaining to the business to be transacted at the Meeting. The Board may waive the above requirements for notice by a unanimous vote at the beginning of the Meeting and before any other business is embarked on.

A Manager who is unable to attend a Meeting of

وأعمالها ورفع التوصيات إلى جمعية الشركاء في سبيل تحسين العمل والإدارة، على أن يتم إعداد هذه التقارير حسب الجدول المعد لذلك.

- إعداد الميزانية العمومية وحساب الأرباح والخسائر خلال المدة المحددة في نهاية كل سنة مالية وإعداد تقرير عن نشاط الشركة وممتلكاتها ومركزها المالي واقتراحاته بشأن الأرباح، وعرض ذلك على جمعية الشركاء وإرسال صورة منها ومن تقرير مراقب الحسابات إلي جمعية الشركاء.
- التوقيع لدى البنوك وفتح الحسابات في البنوك المحلية والأجنبية والإيداع والسحب وطلب التسهيلات الائتمانية المختلفة والقيام بجميع العمليات البنكية داخل المملكة وخارجها لتحقيق أغراض الشركة وأهدافها.
- تشكيل لجنة أو أكثر من وقت لآخر كلما يراه المجلس ضرورياً وله اتخاذ أي تصرف ضروري يكفل للشركة أن تعمل بفاعلية.
- توكيل وتفويض الغير في كل أو في بعض صلاحياته المذكورة أعلاه.

<u>(ج) عزل المديرين:</u>

يجوز لكل شريك عزل المدراء المعينين من قبله.

<u>(د) اجتماعات مجلس المديرين:</u>

تعقد اجتماعات مجلس المديرين في المركز الرئيس للشركة أو في أي مكان أخر يتفق عليه المديرين بالأغلبية. ويتم عقد الاجتماعات بطلب من رئيس مجلس المديرين أو بناء على طلب اثنين من المدراء من مجلس المديرين أو أحد الشركاء. ويتم عقد الاجتماعات في الأوقات التي يحددها رئيس مجلس المديرين، وذلك بموجب إخطار موجه لمجلس المديرين مدته خمسة عشر يوماً على الأقل، ويجب أن يتضمن الإخطار برنامج عمل الاجتماع وجميع الوثائق المتعلقة بالأعمال المطلوب انجازها في الاجتماع، ويجوز لمدراء مجلس المديرين التنازل عن شرط الإخطار الوارد أعلاه بالتصويت بالإجماع على ذلك في بداية الاجتماع وقبل التطرق إلى أية موضوعات أخرى.

ويجوز للمدير الذي يتعذر عليه حضور اجتماع مجلس المديرين أو لا يستطيع أن يتخذ أية من التصرفات المقتضية أن يقوم بموجب إخطار كتابي إلى الشركة

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the Board of Managers or to take any other necessary action may, by written notice to the Company, give a proxy to any other Manager of the Board of Managers to vote and otherwise act on his behalf in connection with any Meeting or any particular matter specified by him.

The necessary quorum for the meeting of the Board of Managers is the presence of four Managers, one of whom shall represent one of the parties, whether in person or by proxy. If, however, a quorum is not achieved for a validly called Meeting then the Meeting shall be postponed to another date to be agreed upon by the Shareholders.

Meetings of the Board of Managers may be held by telephone or other electronic means of communication which permit all Managers present to be heard by all other Managers present, provided that the required quorum has been achieved.

The Chairman of the Board of Managers shall preside over all the Meetings of the Board of Managers. If the Chairman is unable to attend any Meeting, then the Managers present on behalf of Ma'aden shall appoint a substitute Chairman from among the Ma'aden members to chair the Meeting. The Board shall appoint a Secretary to record the minutes of Meeting.

بتفويض أي مدير أخر ليصوت وليتصرف بالنيابة عنه فيما يتعلق بأي اجتماع أو أمر محدد بعينه.

لا يكتمل نصاب اجتماع مجلس المديرين إلا بحضور أربعة مدراء يكون واحدا منهم ممثلا لأحد الأطراف سواء بالأصالة أو النيابة، وإذا لم يكتمل النصاب في اجتماع تم دعوته حسب الأصول يؤجل الاجتماع إلى وقت لاحق يتم الاتفاق عليه بين الشركاء.

يمكن عقد اجتماعات مجلس المديرين بواسطة الهاتف أو أي وسيلة اتصالات الكترونية تسمح لجميع المديرين الحاضرين أن يكونوا مسموعين من قبل جميع المديرين الآخرين الحاضرين إذا اكتمل لنصاب الموضح سابقاً.

ويرأس رئيس مجلس المديرين جميع اجتماعات المجلس وفي حالة تعذر حضوره لاجتماع ما، فإن المديرين الحاضرين من قبل معادن يقومون بتعيين رئيس بديل لرئاسة الاجتماع من ضمن أعضاء معادن. ويعين مجلس المديرين أمين سر ليقوم بإعداد محاضر كل اجتماع.

(e) Resolutions of the Board:

Each Manager of the Board of Managers shall have One (1) vote on any matter presented to the Board for decision. Resolutions of the Board Of Managers shall be adopted by simple majority other than the resolutions set out in the partnership agreement between Ma'aden and Alcoa signed on 20/12/2009G and the subsequent amendments thereto, which require the approval of Seventy Five percent (75%) of the attending Managers. A resolution of the Board of Managers may be issued by circular if necessary and in such cases all members of the Board of Managers shall agree in writing the resolutions by circular. All resolutions by circulation shall be presented to the Board in the first following Meeting and for recording in the minutes of that Meeting.

(هـ) قرارات مجلس المديرين:

لكل مدير في مجلس المديرين صوت واحد عند التصويت على أي موضوع مطروح على المجلس لإقراره. يتم تبني قرارات مجلس المديرين بالأغلبية البسيطة ماعدا القرارات الواردة في اتفاقية الشراكة بين معادن والكوا الموقعة بتاريخ ٢٠/١٢/٢٠٠٩م وتعديلاتها اللاحقة والتي تتطلب موافقة خمسة وسبعون بالمائة (٧٥%) من المدراء الحاضرين ويجوز للمجلس أن يصدر قرارات بطريق عرضها على المدراء متفرقين (بالتمرير) في الحالات الضرورية، ويشترط موافقة جميع أعضاء مجلس المديرين على القرارات بالتمرير كتابةً، وتعرض القرارات بالتمرير على المجلس في أول اجتماع تال له لإثباتها في محضر الاجتماع.

Article (11)

المادة الحادية عشر (١١)

Assembly of Shareholders:

جمعية الشركاء:

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(a) The duly authorized representatives of each Shareholder shall have the right to attend and take part in the deliberations of and vote at all Shareholder Meetings.

(أ) يحق لممثل الشريك المفوض حسب الأصول حضور جميع اجتماعات الشركاء والمشاركة في مداولاتها والتصويت فيها.

(b) Shareholder Meetings shall be held at the Head Office of the Company or at such other places as may be agreed by the Shareholders. Shareholder Meetings shall be convened pursuant to a thirty (30) days' notice to the Shareholders from the Chairman of the Board of Managers and the Company's auditor. Notice of each Shareholder Meeting shall include the agenda and all documents concerning the business to be transacted at the Meeting.

(ب) تنعقد جمعية الشركاء في المركز الرئيسي للشركة أو في أي مكان آخر يحدده الشركاء، وتنعقد جمعية الشركاء بموجب إخطار مدته ثلاثين (٣٠) يوماً يوجه للشريك من قبل رئيس مجلس المديرين ومراقب حسابات الشركة ويجب أن يتضمن الإخطار دعوة جمعية الشركاء على برنامج الاجتماع وكل وثائقه المتعلقة بالأعمال المطلوب إنجازها في الاجتماع.

(c) The Chairman of the Board of Managers shall call for an annual general Meeting of the Shareholders within six (6) months after the close of each fiscal year of the Company to:

(i) review and approve the report of the Board of Managers concerning the management of the Company;

(ii) review and approve the auditor's report for the preceding fiscal year;

(iii) consider and take any appropriate decision in relation to any of the foregoing matters;

(iv) appoint or reappoint auditors to audit the Company's accounts for the ensuing fiscal year and determine their fees; and

(v) discuss and decide upon any other business or matter relating to the Company and to make resolutions thereon.

(ج) على رئيس مجلس المديرين الدعوة لعقد جمعية الشركاء السنوية خلال ستة أشهر من انتهاء السنة المالية للشركة وذلك من أجل ما يلي: -

١ - مراجعة واعتماد تقرير مجلس المديرين عن إدارة الشركة.

٢ - مراجعة واعتماد تقرير مراقبي الحسابات عن السنة المالية السابقة.

٣ - النظر في أي من الأمور السابق ذكرها واتخاذ القرار المناسب بشأنها.

٤ - تعيين أو إعادة تعيين مراقبي الحسابات لتدقيق حسابات الشركة للسنة المالية التالية وتحديد أتعابهم.

٥ - بحث أية أعمال أو أمور أخرى تتعلق بالشركة واتخاذ القرارات بشأنها.

(d) The presence of representatives of all Shareholders shall be necessary to constitute a valid quorum. If, however, a quorum is not achieved at a validly called Meeting, then the Meeting shall be postponed and convened later by agreement of the Shareholders. This posponed Meeting shall be deemed valid whatever be the number of Shareholders present.

(د) حضور ممثلي جميع الشركاء ضرورياً لاكتمال النصاب القانوني، إذا لم يكتمل النصاب القانوني للاجتماع الذي تم الإخطار عنه بشكل صحيح فإنه يتم تأجيل الاجتماع، على أن يتم عقده لاحقا باتفاق الشركاء، ويعد الاجتماع الثاني صحيحاً أياً كان عدد الحصص الممثلة فيه.

(e) The Shareholders shall designate, from among those appointed to represent each of them at Meetings of the Assembly of Shareholders, one person who shall chair the Meetings of the Assembly of Shareholders. The Chairman shall

(هـ) يقوم الشركاء بتسمية شخصاً من بين المعينين لتمثيل كل منهم في اجتماعات جمعية الشركاء ليرأس اجتماعات جمعية الشركاء. ويتعين على الرئيس أن يختار شخصاً ليكون سكرتيراً للاجتماع يتعين

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select a person to act as the Secretary for the Meeting and that person will ensure that an adequate and accurate record of Shareholder Meetings is made and kept.

بسجل مناسب ودقيق لاجتماعات الشركاء.

Article (12)
Shareholder Resolutions:

Shareholder resolutions shall be adopted as follows:

a. by anainmous approval in relation to any decision to change the Company's name or nationality or increase or decrease the financial liability of the Shareholders.

b. by approval of Shareholders who together own at least Seventy Five percent (75%) of the Company's Capital in relation to any amendment to the Articles of Association of the Company, appointment or removal of the external auditor, or Board of Managers' remuneration; or disposal of the assets of the Company or a resolution to merge with other companies or for the distribution of profit, or the formation of voluntary reserves; and

c. except as mentioned in articles (A and B) above, resolutions of the Shareholders in relation to any other matters will be adopted by the approval of Shareholders who own at least Fifty One (51%) of the Company's Capital.

المادة الثانية عشر(١٢)
قرارات الشركاء:

تصدر قرارات الشركاء على النحو التالي:

أ- الموافقة بالإجماع في كل ما يتعلق بأي قرار يتعلق بتغيير اسم أو جنسية الشركة أو زيادة أو تخفيض الأعباء المالية للشركاء.

ب- بموافقة الشركاء الذين يملكون نسبة لا تقل عن خمسة وسبعون بالمائة (٧٥%) من رأس مال الشركة في كل ما يتعلق بتعديل بنود عقد تأسيس الشركة أو تعيين أو عزل مراقب الحسابات الخارجي أو تحديد تعويضات أعضاء مجلس المديرين، أو تصرف بموجودات الشركة أو قرار الاندماج في شركات أخرى أو توزيع الأرباح أو تكوين احتياطات اتفاقية.

ج- وباستثناء ما نصت عليه الفقرتين (أ و ب) أعلاه، تصدر قرارات الشركاء في جميع الأمور الأخرى بموافقة الشركاء الذين يملكون نسبة لا تقل عن واحد وخمسون بالمائة (٥١%) من رأسمال الشركة.

Article (13)

Books of Accounts and Annual Financial Statements:

(a) The Board of Managers shall take such steps as will ensure that the Company prepares and maintains proper books of accounts and complete and accurate records regarding:

(i) all income and expenditures of the Company;
(ii) all contracts entered into by the Company;
(iii) all purchases and sales made by the Company; and
(iv) the assets and liabilities of the Company.

المادة الثالثة عشر(١٣)

دفاتر الحسابات والقوائم المالية السنوية:

(أ) على مجلس المديرين اتخاذ الخطوات الكفيلة بإعداد والاحتفاظ بدفاتر حسابات صحيحة وسجلات كاملة ودقيقة للشركة فيما يتعلق بالتالي:

١ -جميع بنود دخل ومصروفات الشركة.
٢ -جميع العقود التي تبرمها الشركة.
٣ -جميع مشتريات ومبيعات الشركة.
٤ -أصول والتزامات الشركة.

(ب) يتم الاحتفاظ بدفاتر الحسابات والسجلات وفق المبادئ المحاسبية المتعارف عليها وأنظمة المملكة العربية السعودية، ويتم حفظها في

(b) All books of account and records shall be maintained in accordance with generally accepted accounting principles and the Regulations of the Kingdom and kept at the Head Office of the Company.

Article (14)

Auditors:

The Company shall have an Auditor who will be selected annually by a resolution passed with the approval of a majority of Shareholders representing at least Seventy Five percent (75%) of the Company's Capital at the Assembly of Shareholders. The Auditor must be licensed to practice in the Kingdom in accordance with the provisions of the Auditors Regulation. The Auditor shall ensure that the Articles of Association of the Company and the Companies Regulation are being properly applied. He shall review the inventories and final annual accounts and inspect the balance sheet and submit an annual report thereon to each Shareholder and to the Board of Managers. For that purpose he may inspect all the Company's books, documents and contracts entered into with third parties and may request clarification and information as he deems necessary. The Shareholders shall determine the auditor's annual remuneration.

Article (15)

Fiscal Year:

(a) The fiscal year of the Company shall commence on the date of its registration in the Commercial Register and end on 6 / 2/ 1433 H corresponding to 31/12/ 2011 G, after which each fiscal year shall be twelve (12) Gregorian months.

(b) The Board of Managers shall, within four (4) months following the end of the Company's fiscal year, prepare a general balance sheet, profit and loss account, and a report on the Company's activities and financial position, and its recommendations as to the distribution of profits. The Board shall send copies of these documents to each Shareholder and to the General Directorate of Companies at the

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المادة الرابعة عشر(١٤)

مراقب الحسابات:

يكون للشركة مراقب حسابات يختاره الشركاء سنوياً بقرار يصدر بموافقة أغلبية الشركاء الذين يمثلون ثلاثة أرباع رأس المال خمسة وسبعون بالمائة (٧٥%) على الأقل في جمعية الشركاء ويجب أن يكون من المحاسبين المرخص لهم بالعمل في المملكة وفقاً لأحكام نظام المحاسبين، وعلى مراقب الحسابات التأكد من تطبيق عقد تأسيس الشركة ونظام الشركات، وعليه مراجعة قوائم الجرد والحسابات الختامية السنوية وفحص الميزانية وتقديم تقرير سنوي عن ذلك لكل شريك ومجلس مديرين ، وله في سبيل ذلك الإطلاع على جميع دفاتر الشركة ووثائقها والعقود التي تبرمها مع الغير، وله أن يطلب الإيضاحات والبيانات التي يرى ضرورة الحصول عليها ويحدد الشركاء أتعاب مراقب الحسابات السنوية.

المادة الخامسة عشر (١٥)

السنة المالية:

(أ) تبدأ السنة المالية الأولى للشركة اعتباراً من تاريخ قيدها في السجل التجاري وتنتهي في ٦/٢/ ١٤٣٣هـ الموافق (٢٠١١/١٢/٣١ م)، وتكون كل سنة مالية بعد ذلك اثني عشر شهراً ميلادياً.

(ب) يعد مجلس المديرين خلال أربعة (٤) أشهر من انتهاء السنة المالية للشركة ميزانية عمومية وحساب الأرباح والخسائر وتقريراً عن نشاط الشركة ومركزها المالي واقتراحاته بشأن توزيع الأرباح وعليه أن يرسل إلى كل شريك وإلى الإدارة العامة للشركات بوزارة التجارة والصناعة بنسخة من تلك الوثائق مع صور من تقرير مراقب الحسابات وذلك خلال شهرين (٢)من تاريخ إعدادها.

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Ministry of Commerce and Industry, together with a copy of the auditor's report, within Two (2) months of their date of preparation.

Article (16)
Distribution of Profits and Losses:

The annual net profits of the Company, after deduction of depreciation, operating expenses and general expenses, shall be distributed as follows:

(a) The Company shall set aside Four percent (4%) of the net profits to constitute the statutory reserve required by Article 176 of the Companies Regulation. The Company may cease setting aside this reserve when it reaches Fifty percent (50%) of the Share Capital of the Company.

(b) The balance of the profits shall be distributed to the Shareholders pro rata to the percentage of the Shares owned by each Shareholder, unless the Shareholders decide to establish other reserves, or carry forward all or a portion of the profits to the next fiscal year.

(c) In the event of losses, these shall be borne by the Shareholders pro-rata to their Shareholding, or if the Shareholders so agree, carried over to the next fiscal year. No profits shall be distributed until the losses are fully amortised. If the Company's losses reach (50 %) fifty per cent of its Capital the Board of Managers must call the Shareholders to a Meeting within a period not to exceed Thirty (30) days from the date on which the losses reach this level in order to consider whether to continue the Company, in which case the Shareholders must undertake to pay its debts, or dissolve it. The resolution of the Shareholders in this respect shall not be valid unless it is issued in accordance with Article 173 of the Companies Regulation, and the resolution must in all cases be published in the manner provided in Article 164 of the Companies Regulation. If the Company continues its business without the issuance of a decision to continue it pursuant to the foregoing conditions, or to dissolve it, the Shareholders shall become jointly liable to pay all of the Company's debts and any interested party may apply that it be dissolved.

المادة السادسة عشر(١٦)
توزيع الأرباح والخسائر:

توزع أرباح الشركة السنوية الصافية بعد خصم الاستهلاك ومصروفات التشغيل والمصروفات العمومية على النحو التالي:

(أ) تجنب نسبة قدرها أربعة بالمائة (٤%) من الأرباح الصافية لتكون الاحتياطي النظامي المنصوص عليه في المادة (١٧٦) من نظام الشركات ويجوز للشركة أن توقف تجنيب هذا الاحتياطي متى بلغ خمسون بالمائة(٥٠%) من رأسمال الشركة.

(ب) الباقي من الأرباح يوزع على الشركاء بنسبة ما يملكه كل منهم من حصص في رأس المال ما لم يقرر الشركاء تكوين احتياطات أخرى أو ترحيل الأرباح كلياً أو جزئياً للسنة المالية التالية.

(ج) في حالة تحقيق خسائر يتحملها الشركاء بنسبة ما يملكه كل منهم من حصص في رأسمال الشركة ما لم يتفق الشركاء على ترحيلها للسنة المالية التالية ولا يجوز توزيع الأرباح إلا بعد استهلاك كافة الخسائر، وإذا بلغت خسائر الشركة نصف رأسمالها وجب على مجلس المديرين دعوة الشركاء للاجتماع خلال مدة لا تزيد عن ثلاثين (٣٠) يوماً من تاريخ بلوغ الخسارة لهذا الحد للنظر في استمرار الشركة ، وفي هذه الحالة يجب على الشركاء التعهد بدفع ديونها ، أو حلها. ولا يكون قرار الشركاء في هذا الشأن صحيحاً إلا إذا صدر طبقاً للمادة (١٧٣) من نظام الشركات ويجب في جميع الأحوال شهر هذا القرار بالطرق المنصوص عليها في المدة (١٦٤) من نظام الشركات. وإذا استمرت الشركة في مزاولة نشاطها دون صدور قرار باستمرارها بالشروط المتقدمة أو حلها أصبح الشركاء مسئولين بالتضامن عن سداد جميع ديون الشركة وجاز لكل ذي مصلحة أن يطلب حلها.

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Article (17)

Expiration and Liquidation of the Company:

The Company shall expire by any of the causes for dissolution contained in Article (15) of the Companies Regulation. Upon the Company's expiration it shall enter the phase of liquidation in accordance with the provisions of Chapter 11 of the Companies Regulation, provided that in the event of voluntary liquidation, the following must be observed:

1) The Shareholders shall appoint one or more liquidators for purposes of liquidating the Company and shall determine their powers and fees.
2) A report on the financial status of the Company as of the date of issuance of the Shareholder resolution to dissolve and liquidate the Company shall be prepared, to be approved by a legal accountant licensed to practise in the Kingdom, demonstrating the Company's ability to discharge its obligations and its debts vis-a-vis third parties.
3) All entitlements of creditors must be paid in full or a settlement entered into with them. If that is not possible, the Company shall not be liquidated until after a decision is issued by the Board of Grievances announcing the bankruptcy of the Company pursuant to a request by the creditors or the Shareholders.

المادة السابعة عشر(١٧)

انقضاء الشركة وتصفيتها:

تنقضي الشركة بأحد أسباب الانقضاء الواردة في المادة (١٥) من نظام الشركات، وبانقضائها تدخل في دور التصفية وفقاً لأحكام الباب الحادي عشر من نظام الشركات مع مراعاة أنه في حالة التصفية الاختيارية يلزم اتخاذ الآتي:

١. يقوم الشركاء بتعيين مصف واحد أو أكثر لغرض تصفية الشركة وعليهم تحديد صلاحيتهم وأتعابهم.

٢. إعداد تقرير بالمركز المالي للشركة في تاريخ صدور قرار الشركاء بحل وتصفية الشركة معتمد من محاسب قانوني مرخص له بالعمل في المملكة يثبت قدرة الشركة على الوفاء بالتزاماتها وديونها تجاه الغير.

٣. سداد كافة حقوق الدائنين أو إبرام صلح معهم، فإن تعذر ذلك فلا يتم تصفية الشركة إلا بعد صدور قرار من ديوان المظالم بشهر إفلاس الشركة بناء على طلب الدائنين أو الشركاء.

Article (18)

Company Documents:

The Company's letterhead shall clearly show the name of the Company, followed by the phrase "a Limited Liability Company," as well as the address of its Head Office, its Commercial Registration number and its Capital. All other documents shall comply with the regulations and provisions in force.

المادة الثامنة عشر(١٨)

مستندات الشركة:

يجب أن يظهر اسم الشركة بوضوح على مطبوعات الشركة، تتبعها عبارة (شركة ذات مسئولية محدودة) بالإضافة إلى عنوان مركزها الرئيسي ورقم سجلها التجاري ورأسمالها، كما يجب أن تكون كافة المستندات الأخرى متوافقة مع الأنظمة والأحكام السارية.

Article (19)

Notices:

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المادة التاسعة عشر (١٩)

الإخطارات:

All notices between Shareholders or between them and the Company shall be sent by registered mail to their addresses as indicated in the Register of Shares kept by the Company referred in article (9) of these Articles.

توجه جميع الإخطارات فيما بين الشركاء أو بينهم وبين الشركة بخطابات مسجلة على عناوينهم المبينة في سجل الحصص لدى الشركة والمنوه عنه بالمادة تاسعاً من هذا العقد.

Article (20)
General Rules:

المادة العشرون(٢٠)
قواعد عامة:

a) The Company is subject to all laws and regulations in force in the Kingdom of Saudi Arabia.

b) All other matters not specifically provided for herein or not agreed between the Shareholders shall be subject to the Companies Regulation.

c) These Articles have been drafted in Arabic and English. The Arabic text shall prevail.

(أ) تخضع الشركة لكافة الأنظمة السارية المفعول بالمملكة العربية السعودية.

(ب) كل ما لم يرد بشأنه نص في هذا العقد، أو لم يتفق عليه الشركاء يطبق بشأنه نظام الشركات.

(ج) نص العقد باللغتين العربية و الإنجليزية و السائد هو النص باللغة العربية.

Article (21)

Copies of the Articles:

These Articles of Incorporation have been executed in eight copies of which each Shareholder shall receive one copy. The remaining copies shall be submitted to the concerned authorities to complete the statutory procedures. Engineer Hussein bin Muhammad Sadiq Kadi is hereby authorized by the Parties to complete the necessary procedures. In witness whereof the two Parties have signed hereunder.

المادة الحادية والعشرون (٢١)

نسخ العقد:

تم تحرير عقد التأسيس هذا من ثمان نسخ استلم كل طرف نسخة منها للعمل بموجبها والنسخ الأخرى لتقديمها للجهات المختصة لاستكمال الإجراءات النظامية.
وقد فوض الطرفان المهندس / حسين بن محمد صادق قاضي ، لإتمام الإجراءات اللازمة وعليه جرى التوقيع.

وزارة العدل

شركة أوا السعودية المحدودة

AWA Saudi LIMTED

التوقيع بالوكالة/ ماجد محمد طلعت المدني

Signature.

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شركة التعدين العربية السعودية (معـــادن)

Saudi Arabian Mining Company (Ma'aden).

التوقيع

Signature.

وزارة العدل / كاتب العدل بالهيئة العامة للاستثمار بالمنطقة الشرقية

الحمد لله وحده وبعد: لقد جرى ضبط ملخص هذا العقد لدينا بحضور الأطراف المعنية وتوقيعهم على ذلك بالصحيفة ٨٠ عدد ٨٠ من المجلد ١٥ لعام١٤٣٢هـ وعليه جرى التصديق، حرر في ٢٨/ ١/١٤٣٢هـ وصلى الله على نبينا محمد وآله وصحبه وسلم،

كاتب العدل　　　　كاتب الضبط

فوزان بن عثمان الفوزان　　　　سليمان بن داوود العيدان

وزارة العدل

Amended Articles of Association
Ma'aden Bauxite and Alumina Company (Limited Liability Company)

The following Parties have agreed:

1. **Saudi Arabian Mining Company (Ma'aden)**, a Saudi joint stock company established pursuant to Royal Decree No. M/17 dated 14/11/1417H. and duly incorporated under the laws and regulations of the Kingdom of Saudi Arabia with commercial registration no. 1010164391 having its head office and address at P.O. Box 68861, Riyadh 11537, Kingdom Saudi Arabia (herein referred to as "" or "**Ma'aden**");
2. **AWA Saudi Limited**, Commercial Registration No: **1481005**/City: Hong Kong - China dated:15/07/2010G, registered address at 14th floor South China Building, 1-3 Wyndham Street, Central Hong Kong. (herein referred to as "" or "**Alcoa Shareholder**").

(hereinafter collectively referred to as the "**Shareholders**").

To incorporate Ma'aden Bauxite and Alumina Company (hereinafter referred to as the "**Company**"), Commercial Registration number (2055012955) dated 18/02/1432H. The Company Article of Association was approved by the notary public of the Saudi Arabia General Investment Authority in the eastern province page (80) number (80) Book (15) 1432h, dated 28/01/1432H.

Whereas the **Shareholders**owns (100%) of the Shares agreed to amend the articles of the Company`s Article of Association according to the Companies Law issued by Royal Decree M/3 dated 28/01/1437H and its regulations in accordance with. the following terms and conditions:

Article (1) Basic of the Contract

The above preamble is an integral part of this contract.

Article (2) Company Name

The name of the Company shall be **Ma'aden Bauxite and Alumina Company** (a limited liability company).

Article (3) Company Objects

The objectives for the Company as followings:

Activity:

242042: Smelting, rolling, drawing, purifying, and casting aluminum and its alloys.

242051: Production of alumina from nickel and copper

In accordance with Investment License No. 121032019272, dated 21/01/1432H (corresponding to

عقد التأسيس المعدل
شركة معادن للبوكسايت والألومينا
(شركة ذات مسؤولية محدودة)

لقد سبق للأطراف الآتية أسماؤهم:

1- **شركة التعدين العربية السعودية (معادن)**، وهي شركة مساهمة سعودية أسست بموجب المرسوم الملكي رقم م/١٧ الصادر في ١٤١٧/١١/١٤هـ، ووفقا للأنظمة واللوائح المعمول بها في المملكة العربية السعودية، وهي مقيدة بالسجل التجاري رقم (١٠١٠١٦٤٣٩١)، ومركزها الرئيس في مدينة الرياض ص.ب. ٦٨٨٦١ الرياض ١١٥٣٧، المملكة العربية السعودية. (ويشار إليها فيما يلي بـ ""، أو "**معادن**").

2- **شركة أوا السعودية المحدودة**، شركة مسجلة في السجل التجاري لمدينة هونغ كونغ- الصين تحت رقم/ ١٤٨١٠٠٥ وتاريخ ٢٠١٠/٠٧/١٥م ومركزها الرئيسي في الدور ١٤ مبنى جنوب الصين، ١-٣ شارع ويندهام، وسط هونغ كونغ.(ويشار إليها فيما يلي بـ ""، أو "**ألكوا**").

(يشار إليهما مجتمعين بـ "**الشركاء**").

تأسيس شركة **معادن للبوكسايت والألومينا** (ويشار إليها بـ "**الشركة**") والمقيدة في السجل التجاري رقم (٢٠٥٥٠١٢٩٥٥) وتاريخ ١٤٣٢/٠٢/١٨هـ، والمثبت عقد تأسيسها لدى كاتب العدل بالهيئة العامة للاستثمار بالمنطقة الشرقية – المملكة العربية السعودية- على الصفحة (٨٠)، عدد (٨٠) من المجلد (١٥) لعام ١٤٣٢هـ، وتاريخ ١٤٣٢/٠١/٢٨هـ.

وحيث رغب الشركاء بتعديل عقد تأسيس الشركة ، لذا فقد اتفق جميع الشركاء الذين يملكون نسبة (١٠٠%) من رأس المال على تعديل عقد التأسيس وفقاً لنظام الشركات الصادر بالمرسوم الملكي رقم م/ ٣ بتاريخ ٢٨ /١/ ١٤٣٧ هـ ولوائحه ووفقاً للشروط والأحكام التالية:

المادة رقم (١) أساس العقد

يعتبر التمهيد أعلاه جزء لا يتجزأ من هذا العقد.

المادة رقم (٢) اسم الشركة

يكون اسم الشركة **شركة معادن للبوكسايت والألومينا**) شركة ذات مسؤولية محدودة) .

المادة رقم (٣) أغراض الشركة

إن الأغراض التي كونت لأجلها الشركة أناه:

النشاط:

٢٤٢٠٤٢: صهر ودرفلة وسحب وتنقية وسبك الألمنيوم وخلائطه

٢٤٢٠٥١: انتاج أكسيد الألمنيوم (ألومينا) من النيكل أو النحاس.

وفقا لترخيص الاستثمار الصناعي رقم (١٢١٠٣٢٠١٩٢٧٢) الصادر من الهيئة العامة للاستثمار في المملكة العربية السعودية. بتاريخ ١٤٣٢/٠١/٢١هـ (الموافق ٢٠١٠/١٢/٢٧م)

27/12/2010G), issued by the Saudi Arabian General Investment Authority.

Article (4) Combination with other Companies

المادة رقم (٤) المشاركة والاندماج

The Company may own shares in other existing companies and may merge with, and shall have the right to establish its own or shared companies in mining, Aluminum industries, or participate with others to form joint stock or limited liability companies (capital not less than SAR (5) five Millions) to perform similar or complementary activities, after satisfying the regulatory requirements. The Company may deal in such shares, provided that it shall not engage in financial brokerage for such shares.

يجوز للشركة إنشاء شركات بمفردها أو تساهم في رأس مالها للعمل في صناعة التعدين والألمنيوم والصناعة ذات العلاقة والاشتراك مع الغير (ذات مسؤولية محدودة أو مساهمة مقفلة بشرط ألا يقل رأس المال عن (٥) مليون ريال كما يجوز لها أن تمتلك الأسهم والحصص في شركات أخرى قائمة أو تندمج معها ولها حق الاشتراك مع الغير في تأسيس الشركات المساهمة أو ذات المسئولية المحدودة وذلك بعد استيفاء ما تتطلبه الأنظمة والتعليمات المتبعة في هذا الشأن. كما يجوز للشركة أن تتصرف في هذه الأسهم أو الحصص على ألا يشمل ذلك الوساطة في تداولها.

Article (5) Company Head Office

المادة رقم (٥) المركز الرئيس للشركة:

The Company's headquarter shall be based in the city of Al-Jubail - Ras Al-Khair Industrial City, Kingdom of Saudi Arabia. However, the Company may, by resolution of the Shareholders, move it's headquarter or establish branches or offices within or outside the Kingdom of Saudi Arabia after obtaining the necessary consents of the concerned authorities.

يكون المركز الرئيس للشركة في مدينة الجبيل – مدينة رأس الخير الصناعية بالمملكة العربية السعودية. ويجوز للشركة بقرار صادر من الشركاء أن تنقل مقر مركزها الرئيس، أو افتتاح فرع أو فروع أو مكاتب داخل أوخارج المملكة العربية السعودية بعد الحصول على الموافقة اللازمة لذلك من الجهات المختصة.

Article (6) Company Term

المادة رقم (٦) مدة الشركة

The Company has been incorporated for a term of fifty (50) Gregorian years starting from the date of its registration in the Commercial Register. The Company's term shall automatically extend for similar periods unless one of the Shareholders notifies the other of its desire not to continue the Company at least three (3) years prior to the expiration of the initial or renewed period.

تأسست الشركة لمدة خمسين (٥٠) عاما ميلادياً بدأت من تاريخ قيدها بالسجل التجاري، وتجدد مدة الشركة تلقائياً لمدد مماثلة ما لم يخطر أحد الشركاء الآخرين برغبته في عدم التجديد، على أن يكون ذلك قبل نهاية المدة الأصلية أو المجددة بثلاث (٣) سنوات على الأقل.

Article (7) Capital.

المادة رقم (٧) رأس المال

The Company's capital is fixed at SAR 5,100,000,000 (Five Thousand and One Hundred Million Saudi Riyals), divided into 510,000,000 shares, each having equal value and each nominally valued at ten (10) Saudi Riyals (10). The paid up capital of the Company at formation is SAR 4,828,464,412 (Four Thousand and Eight Hundred Twenty Eight Million, Four Hundred Sixty Four Thousand, Four Hundred and Twelve Saudi Riyals). The shares of the Company are divided between the Shareholders as follows:

حدد رأس مال الشركة بمبلغ ٥,١٠٠,٠٠٠,٠٠٠ ريال سعودي (خمسة آلاف ومائة مليون، ريال سعودي) مقسمة إلى ٥١٠,٠٠٠,٠٠٠ حصة متساوية القيمة، قيمة كل حصة عشرة (١٠) ريالات. ويبلغ رأس مال الشركة المدفوع عند التأسيس ٤،٨٢٨،٤٦٤،٤١٢ ريال سعودي (أربعة آلاف وثمانمائة وثمانية وعشرون مليوناً وأربعمائة وأربعة وستون ألفاً وأربعمائة واثنا عشر ريال سعودي) وقد وزعت الحصص على النحو التالي:

الشريك	عدد الحصص	قيمة الحصة (ر.س.)	إجمالي قيمة الحصص (ر.س.)	قيمة الحصص المدفوعة (ر.س.)	إجمالي قيمة الحصص المدفوعة (ر.س.)	نسبة الحصص
معادن	381,990,000	10	3,819,900,000	9.47	3,616,519,845	74,9%
ألكوا	128,010,000	10	1,280,100,000	9.47	1,211,944,567	25,1%
الإجمالي	510,000,000	10	5,100,000,000	9.47	4,828,464,412	100%

يقر الشركاء بأنه تم الوفاء برأسمال الشركة المدفوع عند التأسيس وأودع لدى أحد البنوك المعتمدة في المملكة العربية السعودية بموجب الشهادة الصادرة من البنك بهذا الخصوص.

Shareholder	Total no. of shares	Share value (SAR) (nominal)	Total value of shares (SAR)	Value of paid-up shares (SAR) (approx.)	Total value of paid-up shares (SAR)	Share %
Ma'aden	381,990,000	10	3,819,900,000	9.47	3,616,519,845	74,9%
Alcoa Shareholder	128,010,000	10	1,280,100,000	9.47	1,211,944,567	25,1%
Total	510,000,000	10	5,100,000,000	9.47	4,828,464,412	100%

The Shareholders declare that the value of the Company's paid-up capital has been fully paid-up in cash and deposited with an approved bank in the Kingdom of Saudi Arabia in accordance with the certificate issued by such bank to this effect.

Article (8) Increase or Reduction of Capital

a. The Company's capital may increase with the agreement of all Shareholders by increasing the nominal value for each of the existing shares or by issuing new shares and requiring each Shareholder to subscribe to such new shares in proportion to its respective shareholding in the Company's capital. In all other cases, unless the Shareholders agree otherwise, the capital of the Company may be increased with the resolution of the Shareholders in accordance with Article (14.a) hereof.

b. Shareholders general assembly may reduce the Company's capital if it exceeds its requirements or incurred losses which did not reach half of the Company's capital according to the terms provided in articles of the Companies Law.

المادة رقم (٨) زيادة أو تخفيض رأس المال

أ - يجوز بموافقة جميع الشركاء زيادة رأس مال الشركة، عن طريق رفع القيمة الاسمية لحصص الشركاء القائمة أو عن طريق إصدار حصص جديدة مع إلزام جميع الشركاء بدفع قيمتها بنسبة مشاركة كل منهم في رأس مال الشركة. وفي جميع الأحوال، ما لم يتفق الشركاء على غير ذلك، يتم زيادة رأس مال الشركة بقرار من الشركاء وفقا للبند رقم (١٤-أ) أدناه من هذا العقد.

ب - للجمعية العامة للشركاء أن تقرر تخفيض رأسمال الشركة إذا زاد على حاجتها أو منيت بخسائر لم تبلغ نصف رأس المال، وذلك وفقاً لأحكام نظام الشركات.

Article (9) Shares

Unless the Shareholders agree otherwise, no Shareholder may transfer any of its or his shares of the Company's capital to any third party, whether for or without consideration, without prior written notice to all other Shareholders of its or his intention to transfer such shares and complying with the procedures that shall be agreed between the Shareholders; provided that such procedures do not conflict with the terms of Articles of the Companies Law. Notwithstanding anything herein to the contrary, a Shareholder shall have the right to transfer all or part of its or his shares if such transfer to an entity which is legally and beneficially directly or indirectly wholly owned by the ultimate parent company of that Shareholder.

المادة رقم (٩) الحصص

ما لم يتفق الشركاء على خلاف ذلك، لا يجوز لأي شريك نقل أي من حصصه في رأس مال الشركة لأي طرف ثالث، سواء كان ذلك بمقابل أو بدون مقابل، بدون إشعار خطي مسبق موجه لبقية الشركاء بنيته في نقل تلك الحصص، والموافقة على اتباع الإجراءات اللازمة لذلك والتي سيتفق عليها الشركاء، وعلى أن لا تتعارض تلك الإجراءات مع ما هو منصوص عليه في نظام الشركات، وبخلاف أي من أحكام هذا العقد والتي قد تتعارض مع ذلك، فيجوز لأي من الشركاء التصرف في كل أو أي جزء من لأي جهة تعود ملكيتها القانونية والمنفعة الكاملة سواء كان ملكية مباشرة أو غير مباشرة للشركة الأم للشريك المعني.

Article (10) Share Register

The Company shall prepare a special record for shares in which names of the Shareholders and the number of shares

المادة رقم (١٠) سجل الحصص

تعد الشركة سجلا خاصا بأسماء الشركاء وعدد الحصص التي يملكها كل شريك من الشركاء، وجميع التصرفات التي ترد على الحصص.

each one owns will be entered, together with all the disposition made on these shares. Transfer of ownership of these shares shall not be executed before the Company or others, unless the reason for transfer of ownership is entered in the said record. The Company shall inform the Ministry to register it in the Company's record;

1 - Each Shareholders' name, profession, nationality, address and identity card or passport number or commercial registration number and date of issue;
2 - Number and value of the Shares owned by each Shareholder;
3 - Number and value of shares which have been transferred, along with a description of the manner in which the shares were transferred - whether by sale, purchase, inheritance, gift or otherwise;
4 - Name and signature of the transferor and the transferee;
5 - Date of the transfer;
6 - Total number and value of shares owned by each Shareholder after any such transfer and its value.
7 - The pages of the share register shall be numbered serially, no page maybe detached nor any erasure or revision made to the information contained therein.

8. Each Shareholder shall be entitled to access the registrar of the shares register during working hours of the Company.

Article (11) Management of the Company:

11-1 The Board of Managers authorities:

a. The Company shall be managed by a Board of Managers composed of five (5) managers appointed for a period of three (3) years as follows:
   1- Three (3) Managers, including the Chairman of the Board, to be appointed by Saudi Arabian Mining Company (Ma'aden).
   2- Two (2) Managers appointed by AWA Saudi Limited Company.

11-2 Authority of the Board:

With the exception of resolutions reserved to the Shareholders under Article (14) of these Articles of Association, the Board of Managers shall have all the powers and authorities to manage the business of the Company including but not limited to:

a- Represent and manage the Company with full authorities to handle the Company's affairs and shall have the authority to represent the Company in its relations with third parties, whether corporate or otherwise, and all judicial governmental and executive bodies;

b- Represent the Company before banking and financial institutions, and all types of companies

ولا يكون نافذاً انتقال الملكية في مواجهة الشركة أو الغير إلا بقيد السبب الناقل للملكية في السجل المذكور. وعلى الشركة إبلاغ الوزارة لإثباته لديها في سجل الشركة.

1 - اسم الشريك ومهنته وجنسيته وعنوانه ورقم وتاريخ بطاقة الأحوال أو جواز السفر، او رقم السجل التجاري وتاريخ إصدارها.
2 - عدد وقيمة الحصص التي يملكها كل شريك.
3 - عدد وقيمة الحصص التي تم نقلها مع بيان كيفية نقل تلك الحصص سواء كان عن طريق البيع أو الشراء أو الميراث أو الهبة وغيرها من أنواع النقل.
4 - اسم المتنازل والمتنازل إليه وتوقيعهما.
5 - تاريخ نقل الحصص.
6 - مجموع ما يملكه كل شريك من حصص بعد إتمام إجراء النقل وقيمتها.
7 - يتم ترقيم صفحات السجل المذكور ترقيماً متسلسلاً، ولا يجوز نزع أي صفحة من صفحاته أو إجراء أي كشط أو تغيير في البيانات المدونة به.
8 - يحق لكل شريك الاطلاع على سجل الحصص خلال ساعات العمل اليومية للشركة.

المادة رقم (١١) إدارة الشركة:

١١-١ صلاحيات مجلس المديرين الشركة:

(أ) يدير الشركة مجلس مديرين مكون من خمسة (٥) مديرين، يتم تعيينهم لمدة ثلاث (٣) سنوات، وفقاً لما يلي: -

1- ثلاثة (٣) مديرين من ضمنهم رئيس المجلس، تعيينهم شركة التعدين العربية السعودية (معادن).

2- مديرين اثنين (٢) تعيّنهم شركة أوا السعودية المحدودة.

١١-٢ صلاحيات المجلس:

باستثناء القرارات المخصصة للشركاء بموجب المادة (١٤) من عقد التأسيس هذا، يتمتع مجلس المديرين بأوسع الصلاحيات لإدارة أعمال الشركة، ويشمل ذلك على سبيل المثال لا الحصر ما يلي:

أ- تمثيل وإدارة الشركة وله كافة السلطات وأوسع الصلاحيات اللازمة للتصرف بأمور الشركة ويتمتع بصلاحية تمثيل الشركة في كل علاقاتها تجاه الغير من شخصيات اعتبارية أو طبيعية وكافة الجهات الحكومية القضائية والتنفيذية.

ب- تمثيل الشركة أمام البنوك والمؤسسات المالية والشركات والمؤسسات بسائر أنواعها والمنظمات وله

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and organizations and to obtain loans to achieve the Company's objectives;

في سبيل ذلك الحصول على القروض بقصد تحقيق أغراض الشركة.

c- Subject always to the requirements of Article (11.4.g) of these Articles of Association, obtaining and utilizing loans and finance facilities, signing such loans and finance facilities and executing related documents (including issuing promissory notes and guarantees acknowledged in the Kingdom of Saudi Arabia and pledging, selling or issuing the company's assets to guarantee or secure such loans and finance facilities);

ت- مع مراعاة المادة (١١-٤-خ) من عقد التأسيس هذا، الحصول على واستعمال القروض والتسهيلات، والتوقيع عليها والتوقيع على المستندات ذات العلاقة بما يشمل إصدار سندات الأمر المعترف بها في المملكة العربية السعودية والضمانات ورهن أصول الشركة أو بيعها أو إصدارها كضمانات لتلك القروض والتسهيلات.

d- Raising claims, allegations and law suits on behalf of the Company in courts, as defendant or plaintiff; attending court hearing, interviewing witnesses, settling claims, receiving the Company's entitlements, and arranging for the settlement of the Company's debts;

ث- تقديم الطلبات والاستدعاءات ورفع الدعاوي والمدافعة عن الشركة أمام القضاء بصفتها مدعية أو مدعى عليها وحضور الجلسات وقبول الشهادة وتسوية المطالبات واستلام الحقوق عن الشركة وتسوية ديون الشركة.

e- Appointing agents and attorneys for the Company and providing them with the necessary authorities to defend the Company, raise claims, and request the entitlements of the Company;

ج- تعيين الوكلاء والمحامين بالنيابة عن الشركة ومنحهم الصلاحيات اللازمة للمدافعة والمرافعة والمطالبة بالحقوق لصالح الشركة.

f- Signing all contracts and agreements, on behalf of the Company including, but not limited to, leases and shareholder agreements for the ownership, formation, merging or liquidation of other companies and their amendment agreements and shareholders resolutions for the establishment of branches, and appointment of managers and signing all such documents before the Notary Public the Ministry of Commerce and Investment and the Saudi Arabian General Investment Authority;

ح- إبرام جميع أنواع العقود والاتفاقيات باسم الشركة ويشمل ذلك على سبيل المثال لا الحصر، إبرام عقود الإيجارية والمشاركة في شركات أخرى سواءً بالتملك أو بالتأسيس أو بالاندماج أو بالتصفية لأي شركة أخرى والتعديلات الخاصة بها والتوقيع على ملاحق التعديل وقرارات الشركاء بفتح الفروع وتعيين المديرين والتوقيع بذلك أمام كاتب العدل ووزارة التجارة والاستثمار والهيئة العامة للاستثمار.

g- Following up with Ministry of Commerce and Investment, Municipality, Ministry of Foreign Affairs, Passport Department, Saudi Communications companies, Ministry of Environment, Water and Agriculture, Saudi Electricity Company, Saudi Industrial Development Fund, the General Investment Authority and signing necessary forms and applications before authorized officers at such governmental agencies;

خ- مراجعة وزارة التجارة والاستثمار والبلديات ووزارة الخارجية والمديرية العامة للجوازات وشركات الاتصالات السعودية ووزارة البيئة والمياه والزراعة والشركة السعودية للكهرباء وصندوق التنمية الصناعي السعودي والهيئة العامة للاستثمار ومكاتب الاستقدام والتوقيع على النماذج والطلبات اللازمة أمام الموظفين المختصين في هذه الدوائر والدوائر الحكومية الأخرى.

h- Dispute, litigate, plead, defend, apply for arbitration, accept arbitration, appoint arbitrators and experts and remove them, to represent the Company before them and in any lawsuits filed by or against the Company, to file lawsuits and hear them before all courts of all levels, request the oath,

د- المخاصمة والمقاضاة والمرافعة والمدافعة وطلب وقبول التحكيم وتعيين وعزل المحكمين والخبراء وتمثيل الشركة أمامهم وفي أي دعوى ترفعها الشركة أو ترفع ضدها، ورفع الدعاوى وسماعها أمام جميع المحاكم بمختلف أنواعها ودرجاتها والتعقيب والمتابعة وطلب حلف اليمين، والمخاصمة وقبول أو رفض الأحكام لدى كافة الدوائر الحكومية والمسؤولين في الدولة، وبما في ذلك كتابات العدل وديوان المظالم

settlement, approve or reject the judicial verdict and to deal with all governmental agencies and officials, including notaries public, the Board of Grievances, the Ministry of Commerce and Investment, Chambers of Commerce, the General Organization for Social Insurance, official agencies and departments, judiciary and administrative commissions of all types and levels, labor offices and Labor Commissions, Banking Dispute Settlement Commissions, Securities Dispute Settlement Commissions, preliminary and supreme commissions and other governmental commissions and committees, the Ministry of Foreign Affairs, the Passport Department, the Communications and Information Technology Commission, the Ministry of Environment Water and Agriculture, the Ministry of Energy, the Ministry of Industry and Minerals, the General Authority of Meteorology and Environment Protection, Saudi Industrial Development Fund, the General Investment Authority, General Authority of Zakat and Tax, police departments, Public Prosecution, governorates and ministries and before all other agencies whether individuals or companies or commissions, inside or outside the Kingdom of Saudi Arabia and to submit, sign, deliver and receive applications on behalf of the Company from whatsoever entity;

وزارة التجارة والاستثمار والغرف التجارية والمؤسسة العامة للتأمينات الاجتماعية والدوائر والإدارات الحكومية واللجان القضائية والإدارية بكافة أنواعها ودرجاتها ومكاتب العمل ولجان العمل ولجان تسوية المنازعات المصرفية ولجان تسوية منازعات الأوراق المالية واللجان الابتدائية والعليا والهيئات واللجان الحكومية الأخرى ووزارة الخارجية والمديرية العامة للجوازات وهيئة الاتصالات وتقنية المعلومات ووزارة البيئة والمياه والزراعة ووزارة الطاقة والصناعة والثروة المعدنية الهيئة العامة للأرصاد وحماية البيئة وصندوق التنمية الصناعية السعودي والهيئة العامة للاستثمار في المملكة العربية السعودية الهيئة العامة للزكاة والدخل وأقسام الشرطة والنيابة العامة والإمارات والوزارات وأمام جميع الجهات الأخرى من أفراد وشركات وهيئات داخل وخارج المملكة العربية السعودية، وتسليم وتوقيع واستلام الطلبات باسم الشركة ونيابة عنها من الجهات الأخرى.

i- Purchasing and selling shares and attending Meetings of Board of managers, general assemblies of other companies in which the Company is a Shareholder, whether inside or outside of the Kingdom of Saudi Arabia and fully represent the Company in such companies;

ذ- شراء وبيع الحصص والأسهم وحضور اجتماعات مجالس الإدارة والمديرين والجمعيات العامة للشركات الأخرى التي تساهم فيها الشركة داخل وخارج المملكة العربية السعودية وتمثيل الشركة تمثيلاً تاماً في هذه الشركات.

j- Selling and purchasing, transferring of real estate, accepting and receiving values, amending title documents, requesting amendments to limits of land and real estates, and mortgaging seizing and releasing mortgages of lands and fixed assets necessary to promote the Company's business;

ر- البيع والشراء والإفراغ وقبول الإفراغ وقبض الثمن وتهميش وتعديل الصكوك واستخراج بدل الفاقد منها والقسمة والفرز وطلب تعديل الحدود للأراضي والعقارات ورهن وحجز وفك رهن الأراضي والعقارات والأصول المنقولة اللازمة لتحقيق أغراض الشركة.

k- Preparing periodical reports, submitting recommendations to Shareholders general assembly to improve the Company's work and management, in accordance with the forms and schedules approved for this purpose;

ز- القيام بإعداد التقارير الدورية عن سير الشركة وأعمالها ورفع التوصيات إلى الجمعية العامة للشركاء في سبيل تحسين العمل والإدارة، على أن يتم إعداد هذه التقارير حسب الجدول المعد لذلك.

l- Preparing the Company's general budget, accounts of interests and losses at the end of each year,

س- إعداد الميزانية العمومية وحساب الأرباح والخسائر خلال المدة المحددة في نهاية كل سنة مالية وإعداد تقرير عن نشاط الشركة ومركزها المالي واقتراحاته بشأن

reports on the Company's activities, financial status, suggestions on profits, and submitting such reports to the Shareholders general assembly together with a copy to the Auditor's report;

الأرباح، وتسليم التقرير إلى الجمعية العامة للشركاء مرفقاً به نسخة من تقرير مراجع الحسابات.

m- Authorization to sign at banks, opening bank accounts, deposit, draw, or request various credit facilities and perform all banking operations in the Kingdom of Saudi Arabia or abroad to achieve the objectives of the Company;

ش- التوقيع لدى البنوك وفتح الحسابات في البنوك المحلية والأجنبية والإيداع والسحب وطلب التسهيلات الائتمانية المختلفة والقيام بجميع العمليات البنكية داخل المملكة العربية السعودية أو خارجها لتحقيق أغراض الشركة وأهدافها.

n- Forming one or more committees whenever the Board of managers deems it necessary and taking any necessary action, which serves the effectiveness of the Company; and

ص- تشكيل لجنة أو أكثر من وقت لآخر كلما رأى المجلس ذلك ضرورياً وله اتخاذ أي تصرف ضروري يكفل للشركة أن تعمل بفاعلية

o- Delegate some or all of these powers to any other person or persons in respect of what is mentioned hereinabove, and to revoke such delegation or authorization in whole or in part.

ض- تفويض كل أو أي جزء من تلك الصلاحيات لأي شخص أو أشخاص آخرين بخصوص ما ذكر أعلاه، وإلغاء ذلك التفويض بالكامل أو إلغاء أي جزء منه.

11-3 Dismissal of Managers:

11-٣ عزل المديرين:

Each shareholder may dismiss the manager(s) it has appointed without violation to his/their right to a compensation if the dismissal occurred without acceptable justification or at inappropriate time.

يجوز لكل شريك عزل المدراء المعينين من قبله دون إخلال بحقهم في التعويض إذا وقع العزل بغير مبرر مقبول أو في وقت غير لائق.

11-4 The Board Managers Meetings:

11-٤ اجتماعات مجلس المديرين:

a. Meetings of the Board of Managers shall be held at headquarter of the Company or at such other places as may be agreed by a majority of the Board of Managers. Meetings shall be held at such times as specified by the Chairman, any two (2) managers of the Board of Managers or any Shareholder, pursuant to a fifteen (15) days' notice by the Chairman to the Managers of the Board. The notice shall include the agenda and all documents pertaining to the business to be transacted at the Meeting. The Board may waive these requirements for notice by a unanimous vote at the beginning of the Meeting and before any other business transacted.

أ- تعقد اجتماعات مجلس المديرين في المركز الرئيسي للشركة أو في أي مكان آخر يتفق عليه أعضاء المجلس بالأغلبية. ويتم عقد الاجتماعات بالأوقات التي تحددها الدعوة الموجهة من قبل رئيس مجلس المديرين أو بناء على طلب اثنين (٢) من المديرين في المجلس أو أحد الشركاء. على أن يتم إرسال إخطار إلى المديرين في المجلس مدته خمسة عشر (١٥) يوماً من قبل رئيس مجلس المديرين. ويجب أن يتضمن الإخطار جدول أعمال الاجتماع وجميع الوثائق المتعلقة بالأعمال المطلوب تداولها في الاجتماع، ويجوز لمدراء مجلس المديرين التنازل عن متطلبات الإخطار الوارد أعلاه بالموافقة بالإجماع على ذلك في بداية الاجتماع وقبل مناقشة أية موضوعات.

b. A manager who is unable to attend a Meeting of the Board of Managers or to take any other necessary action may, by written notice to the Chairman of the Board of Managers, give a proxy to any other Manager of the Board of Managers to vote and otherwise act on his behalf in connection with any particular Meeting or matter.

ب- ويجوز للمدير الذي يتعذر عليه حضور اجتماع مجلس المديرين أو لا يستطيع أن يتخذ أي من التصرفات الواجبة، أن يقوم، بموجب إشعار خطي موجه إلى رئيس مجلس المديرين، بتفويض أي من المدراء الآخرين في المجلس بالتصويت والتصرف نيابة عنه فيما يتعلق بأي اجتماع أو الأمر المحدد فيه.

c. The necessary quorum for the meeting of the Board of Managers is the presence of four managers, one of them representing one of the Shareholders, whether in person or by proxy. If, however, a quorum is not obtained for a validly called for Meeting then the

ت- لا يكتمل نصاب اجتماع مجلس المديرين إلا بحضور أربعة (٤) مديرين على أن يكون واحدا منهم ممثلا عن أحد من الشركاء سواء بالأصالة أو النيابة، وإذا لم يكتمل النصاب في الاجتماع الذي تمت الدعوة إليه حسب الأصول فإنه يتم تأجيل الاجتماع إلى وقت لاحق يتم الاتفاق عليه بين الشركاء.

Meeting shall be postponed for another date to be agreed upon by the Shareholders.

d. Meetings of the Board of Managers may be held by telephone or other electronic means of communication that permit all managers present to be heard by all others present, provided that the required forum is attained.

e. The Chairman of the Board of Managers shall preside all the Meetings of the Board of Managers, if the Chairman is unable to attend any Meeting, then the present Board Members may agree on a substitute Chairman to chair the Meeting. The Board shall appoint a Secretary to record the minutes of Meetings.

f. Each Manager of the Board of Managers shall have one (1) vote on any matter presented to the Board for decision.

g. Resolutions of the Board of Managers shall be adopted by simple majority, save where (i) the Shareholders have agreed otherwise in writing whether by specific resolution or by way of any other agreement to which all Shareholders are party, and (ii) with respect to the matters set out below, which shall require the approval of at least three quarters (75%) of the Board of Managers present at a Meeting (or entitled to vote in the case of a written resolution):

1. Appointment, removal and remuneration of the senior officers of the Company;
2. Approval of any project budget and any material change thereto having a value in excess of the lower of fifty million US Dollars (US$50 million) or ten (10) percent of the project budget;
3. Approval of the annual operating budgets and any material change thereto (having a value in excess of the lower of fifty million US Dollars (US$50 million) or ten (10) percent of the annual operating budget);
4. Approval of any expansion, the incurring by a Company of any additional indebtedness beyond that contained in the project budget, or any capital investment projects or material changes to the same in each case having a value in excess of fifty million US Dollars (US$50 million);
5. Approval of any construction agreement to be entered into having a value in excess of fifty million US Dollars (US$50 million);
6. Approval of any project agreement to be entered into between a Shareholder or any affiliates of a Shareholder or any affiliates of the Company, and the Company, or the Company entering into any agreement with a Shareholder, any affiliates of a Shareholder or any affiliates of the Company having a term in excess of two (2) years and having a value in excess of five million US Dollars (US$5 million), or advancing or making any loan or forward sale to or forward purchase from or

ث- يمكن عقد اجتماعات مجلس المديرين بواسطة الهاتف أو أي وسيلة اتصال إلكترونية أخرى تسمح لجميع المديرين الحاضرين أن يكونوا مسموعين من قبل جميع المديرين الآخرين الحاضرين إذا اكتمل النصاب الموضح سابقاً.

ج- ويكون لرئيس مجلس المديرين الحق في ترأس جميع اجتماعات مجلس المديرين، وفي حال تعذر حضور رئيس المجلس لاجتماع من الاجتماعات، فيقوم المديرين الحاضرين بتعيين رئيس بديل لرئاسة الاجتماع. ويقوم مجلس المديرين بتعيين أمين سر ليقوم بإعداد محاضر كل اجتماع.

ح- لكل مدير في مجلس المديرين صوت (١) واحد عند التصويت على أي من الموضوعات المطروحة على المجلس للتصويت بشأنها.

خ- يتم الموافقة على قرارات مجلس المديرين بالأغلبية البسيطة، (١) باستثناء إذا تم الموافقة على خلاف ذلك بين الشركاء خطياً، سواء في قرار خاص أو اتفاقية يكون جميع الشركاء طرف فيها؛ (٢) ومع الاخذ بالاعتبار المسائل المحددة أدناه، والتي تتطلب الموافقة عليها من قبل ثلاثة أرباع (٧٥%) على الأقل من المدراء الحاضرين (أو الذين يحق لهم التصويت على القرارات الصادرة كتابياً):

1. تعيين المدراء التنفيذيين للشركة وعزلهم وتحديد مكافآتهم.
2. الموافقة على ميزانية المشاريع أو أي تغييرات جوهرية تبلغ قيمتها أكثر من خمسين (٥٠) مليون دولار أمريكي أو عشرة (١٠) بالمائة من ميزانية المشروع.
3. الموافقة على ميزانيات التشغيل السنوية وأي تغييرات جوهرية عليها (بما يبلغ قيمته أكثر من خمسين (٥٠) مليون دولار أمريكي أو عشرة (١٠) بالمائة من ميزانية التشغيل السنوية).
4. الموافقة على أية توسعات، بما يضع على عاتق الشركة مديونيات إضافية أعلى مما قد تضمنته ميزانية المشروع، أو الاستثمارات الرأسمالية، أو التغييرات الجوهرية التي يبلغ قيمة كل من هذه التغيرات على حدة أكثر من خمسين (٥٠) مليون دولار أمريكي.
5. الموافقة على إبرام أي اتفاقية بناء وتشييد والتي تبلغ بإجمالي قيمتها أكثر من خمسين (٥٠) مليون دولار أمريكي.
6. الموافقة على إبرام أي اتفاقية لمشروع يتم إبرامها بين أي من الشركاء بما يشمل الشركات التابعة لهم أو الشركات التابعة للشركة مع الشركة، أو إبرام الشركة لأي اتفاقية مع أحد الشركاء بما يشمل الشركات التابعة لهم أو الشركات التابعة للشركة بحيث تزيد إجمالي مدتها عن سنتين (٢) وتتجاوز إجمالي قيمتها خمسة ملايين (٥ ملايين) دولار أمريكي، أو تقديم أو عرض أي قرض أو بيع آجل أو شراء مسبق أو دفعات سابقة (أو الدخول في أي عملية مماثلة أو يكون لها نفس الأثر) لأي من الشركاء أو الشركات التابعة لهم، أو موافقة الشركة على أي تعديلات أو تنازل عن أي حقوق

prepayment to (or entering into any transaction with an equivalent economic effect with) any Shareholder or any affiliate of a Shareholder, or the Company agreeing to any amendment of, or waiver or deferral of rights, or consenting to any request or accommodation (including, for the avoidance of doubt, consenting to assignments), or resolving a dispute or effecting an assignment under any agreement with Ma'aden Rolling Company, a company incorporated in the Kingdom of Saudi Arabia with Commercial Registration No. (2055012518) dated 2/11/1431H (“**MRC**”) or any of MRC's or Ma'aden's affiliates, save where the Shareholders have agreed otherwise in writing whether by specific resolution or by way of any other agreement to which all Shareholders are party;

7. Referral of any decision or determination by the Company to its lead representative, or approval of any decision or determination by the Company's lead representative referred to such lead representative in connection with any project document (where there is reference to such lead representative);
8. Approval of financial statements;
9. Approval or any long-term contract, having a term in excess of three (3) years and having a value in excess of fifty million US Dollars (US$50 million) (and except to the extent already included in any approved budget); and
10. Adopting any material amendment to the Company's business conduct and conflict of interest policy.

Article (12) External Auditor:

The Company shall have an auditor licensed to practice in the Kingdom of Saudi Arabia, selected by a majority of the Shareholders general assembly representing (75%) of them. The Shareholders general assembly will defining his remuneration and work term. The Shareholders general assembly may always change him without prejudice to compensation if dismissal is unjustifiable or effected at improper time.

Article (13) Shareholder Assembly

a- Meetings of the General Assembly of Shareholders (the “**General Assembly**”) shall be held annually within four (4) months following the end of the Company's fiscal year or more frequently as the Shareholders desire or upon the written request of the Board, the Auditor or a Shareholder or Shareholders holding in the aggregate more than fifty percent (50%) of the shares in the Company. General Assemblies shall be held at the head office of the Company or at such other places as may be unanimously agreed by the Shareholders. Notices for General Assemblies must be delivered at least thirty (30) days prior to the proposed date and shall include the

آجلة، أو الموافقة على أي طلب أو تبني لأي توصية (والتي تشمل، تجنباً لأي شك، الموافقة على التنازلات)، أو التسوية لأي نزاع أو التنفيذ لأي تنازل بموجب اتفاقية مع شركة معادن للدرفلة، تم تأسيسها في المملكة العربية السعودية، مسجلة بالسجل التجاري رقم (٢٠٥٥٠١٢٥١٨)، وتاريخ ١٤٣١/١١/٢هـ ("إم آر سي") أو أي من الشركات التابعة لشركة إم آر سي أو معادن، ما لم يتم الاتفاق على خلاف ذلك بين الشركاء خطياً، سواء في قرار خاص أو اتفاقية يكون جميع الشركاء طرف فيها.

7. الإحالة لأي قرار أو التأكيد من الشركة لأي ممثل رئيسي، أو الموافقة على أي قرار أو تأكيد من قبل الممثلين الرئيسين في الشركة تمت الإشارة إليها من قبل الممثلين الرئيسين فيما يتعلق بأي مستند للمشروع (حيثما تمت الإشارة للفظ الممثل الرئيسي للشركة).
8. الموافقة على القوائم المالية.
9. الموافقة على أي عقود طويلة الأمد التي تمتد لفترة إجمالية أكثر من ثلاث (٣) سنوات وتبلغ قيمتها الإجمالية أكثر من خمسين (٥٠) مليون دولار أمريكي (باستثناء ما تمت الموافقة عليه من خلال الميزانية المعتمدة).

اعتماد أي من أعمال الشركة وسياسة تعارض المصالح وكذلك أي تعديل جوهري عليها.

المادة رقم (١٢) مراجع الحسابات

يجب أن يكون للشركة مراجع حسابات من بين مراجعي الحسابات المرخص لهم بالعمل في المملكة العربية السعودية تعينه الجمعية العامة للشركاء بموافقة أغلبية الشركاء الذين يمثلون (٧٥%) من رأس المال، وتحدد مكافأته ومدة عمله، ويجوز للجمعية العامة للشركاء أيضاً في كل وقت تغييره مع عدم الإخلال بحقه في التعويض إذا وقع التغيير في وقت غير مناسب أو لسبب غير مشروع.

المادة رقم (١٣) جمعية الشركاء

أ. تعقد الاجتماعات الخاصة بالجمعية العامة للشركاء ("**الجمعية العامة**") بشكل سنوي وذلك خلال فترة الأربعة (٤) أشهر التالية لنهاية السنة المالية للشركة، أو بحسب رغبة الشركاء أو بموجب طلب خطي من قبل مجلس المديرين أو المراجع أو أي شريك أو الشركاء يملكون ما مجموعه (٥٠%) أو أكثر من حصص الشركة. وتعقد اجتماعات الجمعية العامة في المركز الرئيسي للشركة أو في أي مكان آخر يتفق عليه الشركاء بالإجماع. ويجب تسليم الدعوة لعقد اجتماع الجمعية العامة على الأقل قبل ثلاثين (٣٠) يوم من التاريخ المقترح لعقد الاجتماع، ويجب أن يتضمن جدول الأعمال وجميع المستندات المتعلقة بالأمور التي ستطرح للتداول في الاجتماع. ويجوز للشركاء التنازل عن متطلب

agenda and all documents concerning the business to be transacted at the meeting. The Shareholders may waive these requirements for notice by unanimous vote of all Shareholders at the beginning of a meeting and before any other business is transacted.

b- The Shareholders shall designate, from among those appointed to represent each of them at General Assembly, one person who shall chair the General Assembly meeting. The Chairman shall select a person to act as the Secretary for the meeting and that person will ensure that an adequate and accurate records of the General Assembly meetings is made and kept.

c- The quorum for any meeting of the General Assembly shall consist of each Shareholder.

d- Each Shareholder shall have voting rights commensurate with its shares in the Company.

e- The agenda of the General Assembly of the shareholders at its annual meeting shall include in particular the following items:

1. review and approve a report from the Board of Managers of the Company concerning the management and administration of the Company;
2. review and approve the auditor's report for the preceding fiscal year; and the report of the oversight board, if anyز
3. review and approve the Company`s Financial Statements.
4. Define the percentage of dividends to be distribute to the shareholders.
5. Appointment of the Managers` or members of the supervisory board –if any- and decide their remuneration.
6. consider and take any appropriate decision in relation to any of the foregoing matters;
7. appoint or reappoint auditors to audit the Company's accounts for the ensuing fiscal year and determine their fees;
8. Discuss and decide upon any other business or matter relating to the Company; and
9.

Article (14) Shareholder Resolutions

Shareholder resolutions shall, save where the Shareholders have agreed otherwise in writing whether by specific resolution or by way of any other agreement to which all Shareholders are party, be adopted as follows:

a- by unanimous approval in relation to any decision to change the Company's name or nationality or increase or decrease the financial liability of the Shareholders;

b- by the approval of Shareholders who together own at least seventy-five percent (75%) of the Company’s capital in relation to any of the following decisions:

الإعلان عن طريق الموافقة بالإجماع على ذلك من جميع الشركاء في بداية أي اجتماع وقبل التداول لأية أعمال.

ب. يقوم الشركاء، ومن بين هؤلاء الذين تم تعيينهم من قبل كل من الشركاء لتمثيلهم في الجمعية العامة للشركاء، بتحديد شخص ليرأس اجتماع الجمعية العامة للشركاء. ويتعين على الرئيس أن يختار شخصاً ليكون أمين سر للاجتماع، وعلى أن يقوم سكرتير الاجتماع بالتأكد من الاحتفاظ سجل مواءم ودقيق لاجتماعات الجمعية العامة.

ج. يكتمل النصاب القانوني لاجتماع الجمعية العامة بحضور جميع الشركاء.

د. يكون لكل شريك الحق في التصويت بما يتناسب مع الحصص المملوكة للشريك في الشركة.

ه. ويجب أن يشتمل جدول أعمال الجمعية العامة في اجتماعها السنوي بصفة خاصة على البنود الآتية:

1. المراجعة والاعتماد لتقرير من قبل مجلس المديرين في الشركة عن إدارة الشركة ووضعها الإداري.
2. المراجعة والاعتماد لتقرير مراجع الحسابات عن السنة المالية السابقة وتقرير مجلس الرقابة إن وجد.
3. مراجعة وإعتماد القوائم المالية للشركة
4. تحديد نسبة الأرباح التي توزع على الشركاء.
5. تعيين مديري الشركة أو أعضاء مجلس الرقابة - إن وجدوا، وتحديد مكافآتهم
6. المناقشة واتخاذ أي قرار مناسب بشأن أي من الأمور السابق ذكرها.
7. تعيين أو إعادة تعيين مراجع الحسابات لتدقيق حسابات الشركة للسنة المالية التالية وتحديد أتعابهم.
8. بحث أية أعمال أو أمور أخرى تتعلق بالشركة واتخاذ القرارات بشأنها.
9.

المادة رقم (١٤) قرارات الشركاء

ما لم يتم الاتفاق على خلاف ذلك بين الشركاء خطياً، سواء في قرار خاص أو اتفاقية يكون جميع الشركاء طرف فيها، تصدر قرارات الشركاء، على النحو التالي:

أ. الموافقة بالإجماع في كل ما يتعلق بأي من القرارات الخاصة بتغيير اسم الشركة أو جنسيتها أو الزيادة أو التخفيض من الأعباء المالية للشركاء.

ب. تتطلب القرارات التالية موافقة الشركاء الذين يمتلكون خمسة وسبعون (٧٥%) بالمائة من رأس المال في الشركة:

1. Any amendment to the Company's articles of association;
2. Any change in the business objects;
3. Any liquidation or winding up of the Company (including voluntary dissolution of the Company);
4. Appointment, replacement or removal of the Company's external auditor;
5. Any alteration of the distribution policy of the Company or the formation of voluntary reserves;
6. Any sale or disposal of all or a substantial part of the Company's business or assets, or any merger of the Company with or into any other entity;
7. Decisions relating to the remuneration of the Board of Managers;
8. The approval and any subsequent amendments of the project budget;
9. Approval of the suspension or curtailment, except for any forced or emergency shutdowns, any shutdowns which are required for planned maintenance works or any suspension or curtailment required under a written request, instruction or order from any governmental authority), or following such suspension or curtailment, the resumption of, all or any part of the Company's production or operations, or approval of the permanent cessation of the Company's production or operations; and

c- except as mentioned in articles (a) and (b) above, resolutions in relation to any other matters will be adopted by the approval of Shareholders who own at least fifty one (51%) of the Company's capital.

Article (15) Fiscal Year

The fiscal year of the Company shall commence on the date of its registration in the Commercial Register and end on 15/02/1433H, (corresponding to 31/12/2011G). Then each fiscal year shall be twelve (12) Gregorian months.

9 -The Board of Managers shall within three (3) months following the end of such fiscal year, prepare a balance sheet, profit and loss account, and a report describing the Company's activities and financial position, and its calculation of profits to be distributed in accordance with the Company's distributions policy. The Board shall send copies of these documents to each Shareholder and to the Companies' Department at the Ministry of Commerce and Investment, together with a copy of the auditor's report, within one (1) month of their date of preparation.

1. أي تعديل لعقد تأسيس الشركة.
2. أي تغيير لأغراض الشركة.
3. أي تصفية أو حل للشركة (بما يشتمل التصفية الاختيارية للشركة) .
4. التعيين والتغيير والعزل لمراجع حسابات الخارجي للشركة.
5. أي تعديل على سياسة توزيع الأرباح أو تكوين الاحتياطات الاختيارية.
6. أي عملية لبيع أو التصرف بكامل أو جزء جوهري من أعمال الشركة وأصولها، أو أي اندماج للشركة مع أو في كيان آخر.
7. القرارات المتعلقة بمكافآت أعضاء المجلس المديرين.
8. الموافقة على ميزانية المشروع وأي من التعديلات اللاحقة عليها.
9. الموافقة على الايقاف أو الانقاص، باستثناء أياً من الحالات الاجبارية أو التوقفات الطارئة، أو التوقفات لأعمال الصيانة المجدولة، أو أي إيقاف أو إنقاص ملزم تم بموجب طلب كتابي، أو تعليمات أو أمر من أي سلطة حكومية، أو ما يلحق ذلك الإيقاف أو التقليص، أو استئناف سواءً بالشكل الكلي أو الجزئي من إنتاج الشركة أو عملياتها، أو الموافقة على الايقاف الدائم لإنتاج الشركة أو عملياتها.

ج. وباستثناء ما نصت عليه الفقرتين (أ) و(ب) أعلاه، تصدر قرارات الشركاء في جميع الأمور الأخرى بموافقة الشركاء الذين يملكون نسبة لا تقل عن واحد وخمسين (٥١%) من رأسمال الشركة.

المادة رقم (١٥) السنة المالية

تبدأ السنة المالية الأولى للشركة اعتباراً من تاريخ قيدها في السجل التجاري وتنتهي في ١٥ /١٤٣٣/٢هـ الموافق (٢٠١١/١٢/٣١ م)، وتكون كل سنة مالية بعد ذلك اثني عشر (١٢) شهراً ميلادياً.

يعد مجلس المديرين خلال ثلاثة (٣) أشهر من انتهاء السنة المالية للشركة الميزانية العمومية وحساب الأرباح والخسائر وتقريراً عن نشاط الشركة ومركزها المالي واقتراحاته بشأن توزيع الأرباح بموجب السياسة المتبعة لتوزيع الأرباح، وعليه أن يرسل إلى كل شريك وإلى الإدارة العامة للشركات بوزارة التجارة والاستثمار بنسخة من تلك الوثائق مع صور من تقرير مراقب الحسابات وذلك خلال شهر واحد (١) من تاريخ إعدادها.

وزارة التجارة والاستثمار
Ministry of Commerce and Investment
فرع الرياض

Article (16) Profits and Losses:

The annual net profits of the Company, after deduction of depreciation, operating expenses and general expenses, and, save where the Shareholders have agreed otherwise in writing whether by specific resolution or by way of any other agreement to which all Shareholders are party, shall be distributed as follows:

1. As per the ministerial decree no (1245) dated on 08/05/1427H, the Company shall set aside four percent (4%) of such profits to constitute the statutory reserve. The Company may cease setting aside this reserve when it reaches one-fifth (1/5) of the paid Share capital of the Company.
2. The balance of the profits shall distributed to the Shareholders pro rata to the percentage of the Shares owned by each Shareholder, unless the Shareholders decide to establish other reserves, or carry forward or transfer all or a portion of the profits for the next fiscal year.
3. Losses shall be borne by the Shareholders pro-rata to their Shareholding, or if the Shareholders so agree, carry it over to the next fiscal year. No profits shall distributed until the losses are fully covered. If the Company's losses reach (50%) Fifty Percent of its capital the Board of Managers must call the Shareholders to a Meeting within a period not to exceed ninety (90) days from the date on which the losses reach this level in order to consider whether to continue the Company, in which case the Shareholders must undertake to pay its debts, or to dissolve it. The resolution of the Shareholders in this respect shall not be valid unless issued in accordance with Article 181 of the Companies Law, and the resolution must in all cases be published in the manner provided in Article 158 of the Companies Law.

Article (17) Company Dissolution & Liquidation

The Company may dissolved for any of the reasons for dissolution contained in the Articles of the Companies Law. The following must be observed:-

a. The Shareholders shall appoint one or more liquidator(s) for purposes of liquidating the Company and shall determine their authority and fees.

b. The chartered accountant licensed to practice in the Kingdom of Saudi Arabia shall prepare report regarding the financial Statements of the Company as of the date of issuance of the Shareholder resolution to dissolve and liquidate the Company and specifying the Company's ability to discharge its obligations and its debts vis-a-vis third parties.

c. All entitlements of creditors must paid in full or a settlement entered into with them. Otherwise, the Company shall not liquidated until the Board of

المادة رقم (١٦) الأرباح والخسائر

مالم يتم الاتفاق على خلاف ذلك بين الشركاء خطياً، سواء في قرار خاص أو اتفاقية يكون جميع الشركاء طرف فيها، توزع أرباح الشركة السنوية الصافية بعد خصم الاستهلاك ومصروفات التشغيل والمصروفات العمومية، على النحو التالي:

1 - وفقاً للقرار الوزاري رقم (١٢٤٥) وتاريخ ١٤٢٧/٠٥/٠٨هـ، تجنب نسبة قدرها (٤%) من الأرباح الصافية لتكون الاحتياطي النظامي ويجوز للشركة أن توقف تجنيب هذا الاحتياطي متى بلغ أحد أخماس (١/٥) من رأس مال الشركة المدفوع.

2 - يوزع الباقي من الأرباح على الشركاء بنسبة ملكية كل منهم للحصص في رأس المال، ما لم يقرر الشركاء تكوين احتياطات أخرى أو ترحيل الأرباح كلياً أو جزئياً للسنة المالية التالية.

3 -وفي حال تحقيق خسائر يتحملها الشركاء بنسبة ملكية كل منهم من حصص في رأس مال الشركة، أو في حالة اتفاق الشركاء على أن يتم ترحيلها للعام المالي التالي، فلا يتم توزيع أي أرباح إلا بعد تغطية كافة الخسائر. وإذا بلغت خسائر الشركة خمسون بالمائة (٥٠%) بالمائة من رأسمال الشركة، وجب على مجلس المديرين دعوة الشركاء للاجتماع خلال مدة لا تزيد عن تسعين (٩٠) يوماً من تاريخ بلوغ الخسارة لهذا الحد للنظر في استمرار الشركة وفي تلك الحالة يجب على الشركاء دفع مديونيتهم أو حلها. ولا يكون قرار الشركاء في هذا الشأن صحيحاً إلا إذا صدر طبقاً للمادة (١٨١) من نظام الشركات، ويجب في جميع الأحوال شهر هذا القرار بالطرق المنصوص عليها في المادة (١٥٨) من نظام الشركات.

المادة رقم (١٧) انقضاء وتصفية الشركة

تنقضي الشركة بأحد أسباب الانقضاء الواردة في نظام الشركات، ويلزم اتخاذ الآتي: -

أ. يقوم الشركاء بتعيين مصف واحد أو أكثر لغرض تصفية الشركة وعليهم تحديد صلاحيتهم وأتعابهم.

ب. يقوم مراجع الحسابات المرخص له بالعمل في المملكة العربية السعودية بإعداد تقرير المركز المالي للشركة في تاريخ صدور قرار الشركاء بحل وتصفية الشركة معتمد من محاسب قانوني مرخص له بالعمل في المملكة العربية السعودية يثبت قدرة الشركة على الوفاء بالتزاماتها وديونها تجاه الغير.

ج. سداد كافة حقوق الدائنين أو إبرام صلح معهم. وفي كل الأحوال، فإنه لا يتم تصفية الشركة إلا بعد صدور قرار

Grievances issues a decision announcing the bankruptcy of the Company pursuant to a request by the creditors or the Company in accordance with the Commercial Court Law.

من ديوان المظالم بشهر إفلاس الشركة بناء على طلب الدائنين أو الشركاء وفقًا لنظام المحكمة التجارية.

Article (18) Notices

All notifications between the Shareholders or between them and the Company shall be sent by registered mail to their addresses indicated in the Register as mentioned in Article (10) of these Articles of Association.

المادة رقم (١٨) التبليغات

توجه جميع التبليغات بين الشركاء أو بينهم وبين الشركة بخطابات مسجلة على عناوينهم المبينة في سجل الحصص لدى الشركة المنوه عنه بالمادة رقم (١٠) من هذا العقد.

Article (19) General Provisions

a- The Company shall be subject to all laws in force in the Kingdom of Saudi Arabia.

b- Any matter not provided for or addressed under the provisions of these Articles of Association shall be subject to the provisions of Framework Shareholders Agreement dated 3/1/1431H, (corresponding to 20/12/2009G) between Ma'aden and Alcoa Corporation, as amended and/or restated from time to time, and the Companies Law.

c- The Arabic language is the governing one for these Articles of Association

المادة رقم (١٩) أحكام عامة

أ. تخضع الشركة لكافة الأنظمة المعمول بها في المملكة العربية السعودية.

ب. تخضع أياً من المسائل غير المنصوص عليها أو التي لم يتم إدراجها في هذا العقد لأحكام اتفاقية الشركاء الإطارية المؤرخة في ١٤٣١/١/٣هـ (الموافق ٢٠/١٢/ر ٢٠٠٩م)، بين شركة معادن وشركة ألكوا، كما تم تعديلها أو إعادة صياغتها بين الحين والآخر، ووفقاً لنظام الشركات ولوائحه.

ج. اللغة العربية هي اللغة المعتمدة لهذا العقد.

Article (20) Copies of the Articles

These Articles of Association been executed in six (6) counterparts of which each Shareholder has received a copy and agreed to act in accordance therewith. The remaining counterparts shall submitted to the concerned authorities for purposes of amending the Company registration in the Commercial and Companies Registers.

The shareholders have approved this resolution by the request no .... dated on ....

.

المادة رقم (٢٠) نسخ العقد

حرر هذا العقد من ستة (٦) نسخ، استلم كل شريك نسخة منها للعمل بموجبها. والنسخ الأخرى تقدم للجهات المختصة لغرض تعديل قيد الشركة بالسجل التجاري وسجل الشركات.

وقد تم إعتماد هذا القرار من قبل الشركاء برقم طلب (١٦٠٨٥٤) وتاريخ ١٤٤٣/٣/١٥هـ.

شركة التعدين العربية السعودية (معادن)
Saudi Arabian Mining Company (Ma'aden)
First Party /الطرف الأول
الاسم:فهد عبداللطيف الحربي

الصفة:وكيل بموجب وكالة رقم/٤٣١٧٣٣٩٤٩

التوقيع:

التاريخ: ١٤٤٣/٤/١٨ هـ

شركة أوا السعودية المحدودة
AWA Saudi Limited
Second Party /الطرف الثاني
الاسم:عبدالعزيز احمد الخليفه

الصفة:وكيل بموجب الوكالة الصادرة من الصين برقم/ ٦٦٥٥٣٠

التوقيع:

التاريخ: ١٤٤٣/٤/١٨ هـ

تم توثيق هذا القرار لدى وزارة التجارة بواسطة المعتمد/عبدالعزيز بن محمد ناقوص برقم/100008154 و تاريخ ١٤٤٣/٤/١٨ هـ

وزارة التجارة والاستثمار
Ministry of Commerce and Investment
فرع الرياض

وزارة التجـــارة
Ministry of Commerce

عقد

تأسيس شركة

شركة معادن للبوكسايت والالومينا

ذات مسؤولية محدودة

عقد تأسيس شركة

شركة معادن للبوكسايت والالومينا (شركة ذات المسؤولية المحدودة)

بعون الله وتوفيقه تم في 25/06/1446 الموافق26/12/2024م الاتفاق بين كل من :

الطرف	اسم الشريك	رقم الهوية	المهنة	تاريخ الميلاد	الجنسية	مكان الاقامة	مدينة الاقامة
الطرف الأول	شركة التعدين العربية السعودية معادن	7000876115			سعودى	السعودية	الرياض
الطرف الثاني	شركة اوا السعودية المحدودة	703681			الصين الشعبية		

حيث رغب الأطراف المذكورين اعلاه بتصحيح اوضاع شركة معادن للبوكسايت والالومينا والمقيدة بالسجل التجاري رقم 2055012955 وتاريخ 18/02/1432 وتعديل عقد التأسيس وفقاً لنظام الشركات الصادر بالمرسوم الملكي رقم (م/132) وتاريخ01/12/1443هـ، ولوائحه التنفيذية وأصبحت بنود عقد التأسيس كما يلي:-

المادة الأولى : أسم الشركة

شركة معادن للبوكسايت والالومينا ذات المسؤولية محدودة

المادة الثانية : المركز الرئيس للشركة

يكون المركز الرئيس للشركة في مدينة رأس الخير وللشركة الحق في افتتاح فروع لها داخل وخارج المملكة متى اقتضت مصلحة الشركة وذلك بموافقة الشركاء

المادة الثالثة : أغراض الشركة

الباب	الفئة
الصناعات التحويلية	صنع الفلزات الثمينة وغير الحديدية القاعدية

وتمارس الشركة أغراضها وفق الأنظمة المتبعة وبعد الحصول على التراخيص اللازمة من الجهات المختصة إن وجدت.

المادة الرابعة : رأس المال

حدد رأس مال الشركة بـ 5100000000 ريال خمسة مليارات و مئة مليون ريال مقسم إلى 510000000 حصة ، متساوية القيمة قيمة كل حصة 10 ريال تم توزيعها على الشركاء كالآتي:

الشريك	الحصص النقدية	الحصص العينية	قيمة كل حصة	اجمالي قيمة الحصص
شركة التعدين العربية السعودية معادن	381990000	0	10	3819900000
شركة اوا السعودية المحدودة	128010000	0	10	1280100000
الاجمالي	510000000	0	10	5100000000

ويقر الشركاء بأنه تم توزيع الحصص فيما بينهم وتم الوفاء بقيمتها كاملة .

المادة الخامسة : زيادة أو تخفيض رأس المال

1 - يجوز بموافقة جميع الشركاء زيادة رأس مالها عن طريق رفع القيمة الاسمية لحصص الشركاء.

2 - يجوز بموافقة شريك أو أكثر يمثلون نسبة (100) من رأس المال على الأقل زيادة رأس مال الشركة عن طريق إصدار حصص جديدة.

3 - للجمعية العامة للشركاء أن تقرر تخفيض رأس المال إذا زاد على حاجة الشركة أو إذا مُنيت بخسائر وفقاً للأحكام النظامية المقررة.

المادة السادسة : الإدارة

يتولى إدارة الشركة

(أ) مجلس مديرين مكون من (لا يقل عن 3) :

صلاحيات المجلس

السجلات التجارية	الرئيسية	تجديد	يمارسها بموافقة كل المديرين
			يحق التوكيل
		شطب	يمارسها بموافقة كل المديرين
			يحق التوكيل
	الفرعية	اصدار	يمارسها بموافقة كل المديرين
			يحق التوكيل
		تجديد	يمارسها بموافقة كل المديرين
			يحق التوكيل
		شطب	يمارسها بموافقة كل المديرين
			يحق التوكيل
الشركات التي تدخل فيها الشركة كشريك	توقيع عقود الشركات	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	شراء الحصص	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تصفية الشركة	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	بيع الحصص	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تمثيل الشركة في الشركة المساهم فيها	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	السجلات التجارية	اصدار	يمارسها بموافقة كل المديرين
			يحق التوكيل
		تجديد	يمارسها بموافقة كل المديرين
			يحق التوكيل
		شطب	يمارسها بموافقة كل المديرين
			يحق التوكيل

تأسيس الشركات بأسم الشركة	تسجيلها في الوزارة	يمارسها بموافقة كل المديرين
		يحق التوكيل
	تمثيل امام كاتب العدل	يمارسها بموافقة كل المديرين
		يحق التوكيل
	التوقيع على عقد الشركة	يمارسها بموافقة كل المديرين
		يحق التوكيل
	التوقيع على قرارات الشركاء	يمارسها بموافقة كل المديرين
		يحق التوكيل
البنكية	فتح الحسابات	يمارسها بموافقة كل المديرين
		يحق التوكيل
	فتح الاعتمادات	يمارسها بموافقة كل المديرين
		يحق التوكيل
	الايداع	يمارسها بموافقة كل المديرين
		يحق التوكيل
	السحب	يمارسها بموافقة كل المديرين
		يحق التوكيل
	اصدار الشيكات	يمارسها بموافقة كل المديرين
		يحق التوكيل
	تحديث الحسابات	يمارسها بموافقة كل المديرين
		يحق التوكيل
	استخراج كشوف الحسابات	يمارسها بموافقة كل المديرين
		يحق التوكيل
	طلب التسهيلات	يمارسها بموافقة كل المديرين
		يحق التوكيل
	طلب الضمانات	يمارسها بموافقة كل المديرين
		يحق التوكيل
	توقيع عقود القروض	يمارسها بموافقة كل المديرين
		يحق التوكيل
	توقيع الأوراق التجارية	يمارسها بموافقة كل المديرين
		يحق التوكيل
	توقيع سندات لأمر	يمارسها بموافقة كل المديرين
		يحق التوكيل

	التقدم بأي طلب أو خدمة من الطلبات أو الخدمات المندرجة تحت اختصاص هيئة الاتصالات وتقنية المعلومات	يمارسها بموافقة كل المديرين		
		يحق التوكيل		
	صلاحية التفويض لأي شخص - وفقاً للأنظمة ذات العلاقة- للتقدم بأي من الطلبات أو الخدمات المندرجة تحت اختصاص هيئة الاتصالات وتقنية المعلومات	يمارسها بموافقة كل المديرين		
		يحق التوكيل		
ادارة الاملاك	شراء وبيع وافراغ الممتلكات	العقار	شراء	يمارسها بموافقة كل المديرين
				يحق التوكيل
			بيع	يمارسها بموافقة كل المديرين
				يحق التوكيل
			افراغ	يمارسها بموافقة كل المديرين
				يحق التوكيل
		الاراضي	شراء	يمارسها بموافقة كل المديرين
				يحق التوكيل
			بيع	يمارسها بموافقة كل المديرين
				يحق التوكيل
			افراغ	يمارسها بموافقة كل المديرين
				يحق التوكيل
		الاسهم	شراء	يمارسها بموافقة كل المديرين
				يحق التوكيل
			بيع	يمارسها بموافقة كل المديرين
				يحق التوكيل
	رهن الاملاك	حق الرهن	يمارسها بموافقة كل المديرين	
			يحق التوكيل	
		فك الرهن	يمارسها بموافقة كل المديرين	
			يحق التوكيل	
		القبض	يمارسها بموافقة كل المديرين	
			يحق التوكيل	
	الموافقة والتوقيع على الأوراق التجارية	يمارسها بموافقة كل المديرين		
		يحق التوكيل		
	انشاء الأوراق التجارية	يمارسها بموافقة كل المديرين		

تحرير الأوراق التجارية		يحق التوكيل	
	الغاء الأوراق التجارية	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	اغلاق الأوراق التجارية	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
تعديل عقد الشركات التي تدخل فيها الشركة كشريك	الموافقة على قرارات الشركاء	تغيير الكيان القانوني	يمارسها بموافقة كل المديرين
			يحق التوكيل
		زيادة أو تخفيض رأس المال	يمارسها بموافقة كل المديرين
			يحق التوكيل
		قبول التنازل عن الحصص وشراء الحصص	يمارسها بموافقة كل المديرين
			يحق التوكيل
		دخول وخروج الشركاء	يمارسها بموافقة كل المديرين
			يحق التوكيل
		التوقيع على قرار الشركاء بالاندماج	يمارسها بموافقة كل المديرين
			يحق التوكيل
		التعديل على باقي بنود عقد التأسيس	يمارسها بموافقة كل المديرين
			يحق التوكيل
	تصفية الشركة	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تحول الشركة الى مؤسسة	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	التمثيل امام المحاكم الشرعية	سماع الدعاوي والرد عليها	يمارسها بموافقة كل المديرين
			يحق التوكيل
		المصالحة	يمارسها بموافقة كل المديرين
			يحق التوكيل
		رفض وقبول التحكيم	يمارسها بموافقة كل المديرين
			يحق التوكيل
		رفض وقبول الصلح	يمارسها بموافقة كل المديرين
			يحق التوكيل
		الاقرار والانكار	يمارسها بموافقة كل المديرين
			يحق التوكيل
			يمارسها بموافقة كل المديرين

		التنازل	
			يحق التوكيل
		المرافعه	يمارسها بموافقة كل المديرين
			يحق التوكيل
		المدافعه	يمارسها بموافقة كل المديرين
			يحق التوكيل
		المطالبة	يمارسها بموافقة كل المديرين
			يحق التوكيل
		المخاصمة	يمارسها بموافقة كل المديرين
			يحق التوكيل
	تعيين المحكمين	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
القضاء	تعيين المحامين	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	التمثيل امام كتابات العدل	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	استخدام وتنفيذ كافة خدمات وزارة العدل الالكترونية	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	تفويض/توكيل الغير على تنفيذ خدمات وزارة العدل الالكترونية	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	(التوقيع على اتفاقية عقد القرض وتعديلاته وملحقاته وكافة الوثائق ذات العلاقة - التوقيع على اتفاقية المتابعة – التوقيع على اتفاقية المشورة - التوقيع أمام كاتب العدل فيما يخص الرهن الصناعي الخاص برهن جميع ممتلكات الشركة - استلام القرض - التنازل عن القرض - طلب الإعفاء من القرض - تسديد القرض -التوقيع على اتفاقية الاعتماد المستندي)	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	(التوقيع على الضمان الاعتباري)	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	(التوقيع على اتفاقية نقل الالتزامات وتعديل عقد القرض)	يمارسها بموافقة كل المديرين	
		يحق التوكيل	
	(التوقيع على اتفاقية ترتيب	يمارسها بموافقة كل المديرين	

	الديون عن الشركة والشركاء)	يحق التوكيل
	(اصدار وتعديل وإلغاء اعلان التنازل)	يمارسها بموافقة كل المديرين
		يحق التوكيل
خدمات المركز الوطني لتنمية القطاع غير الربحي	خدمات وسطاء الجمع والصرف والتسويق وغيرها من خدمات الوساطة في القطاع غير الربحي	يمارسها بموافقة كل المديرين
		يحق التوكيل
	خدمات التطوع	يمارسها بموافقة كل المديرين
		يحق التوكيل
	خدمات تأسيس وإدارة الكيانات غير الربحية	يمارسها بموافقة كل المديرين
		يحق التوكيل
	خدمات تقديم السلع والخدمات للكيانات غير الربحية	يمارسها بموافقة كل المديرين
		يحق التوكيل
استخدام وتنفيذ كافة خدمات منصة اعتماد	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
شراء المؤسسة	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
التوقيع على جميع المستندات لدى الغرفة التجارية	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
بيع المؤسسة	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
مراجعة إدارة السجلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج السجلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
نقل السجلات التجارية	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
إدارة السجلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
إلغاء السجلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
الإشراف على السجلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
	يمارسها بموافقة كل المديرين	

فتح الاشتراك لدى الغرفة التجارية	يحق التوكيل
اعتماد التوقيع لدى الغرفة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء التوقيع لدى الغرفة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
دخول المناقصات واستلام الاستمارات	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة التأمينات الاجتماعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة مصلحة الزكاة والدخل	يمارسها بموافقة كل المديرين
	يحق التوكيل
إدارة السجل التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء السجل التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة الدفاع المدني	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل السجلات	يمارسها بموافقة كل المديرين
	يحق التوكيل
إضافة نشاط	يمارسها بموافقة كل المديرين
	يحق التوكيل
حجز الاسم التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد الاشتراك لدى الغرفة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل السجل التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل السجل التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج سجل بدل تالف أو مفقود	يمارسها بموافقة كل المديرين
	يحق التوكيل

استخراج سجل بدل تالف أو مفقود	يمارسها بموافقة كل المديرين
	يحق التوكيل
تسجيل العلامة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن العلامة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن الاسم التجاري	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج التراخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد التراخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل التراخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
إضافة نشاط	يمارسها بموافقة كل المديرين
	يحق التوكيل
حجز الأسماء	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء التراخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد الاشتراك بالغرفة التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الفروع	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة التأمينات الاجتماعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة الدفاع المدني	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة مصلحة الزكاة والدخل	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح فرع للترخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل

نقل الترخيص	يمارسها بموافقة كل المديرين
	يحق التوكيل
تأسيس شركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
التوقيع علي عقود التأسيس وملاحق التعديل	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء عقود التأسيس وملاحق التعديل	يمارسها بموافقة كل المديرين
	يحق التوكيل
توقيع قرارات الشركاء	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعيين المدراء وعزلهم	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل أغراض الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تصفية الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحويل الشركة من ذات مسئولية محدودة إلى مساهمة	يمارسها بموافقة كل المديرين
	يحق التوكيل
زيادة رأس المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
خفض رأس المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
دخول وخروج شركاء	يمارسها بموافقة كل المديرين
	يحق التوكيل
الدخول في شركات قائمة	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل الحصص والأسهم والسندات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحديد رأس المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
	يمارسها بموافقة كل المديرين

استلام فائض التخصيص	يحق التوكيل
بيع الحصص والأسهم واستلام القيمة	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن الحصص والأسهم من رأس المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع فرع الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل جنسية أحد الشركاء فى العقد	يمارسها بموافقة كل المديرين
	يحق التوكيل
قبول التنازل عن الحصص والأسهم ورأس المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء الحصص والأسهم ودفع الثمن	يمارسها بموافقة كل المديرين
	يحق التوكيل
قفل الحسابات لدى البنوك باسم الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الحسابات لدى البنوك باسم الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
توقيع الاتفاقيات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تسجيل الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تسجيل الوكالات والعلامات التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
حضور الجمعيات العامة	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الفروع للشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الملفات للشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
التوقيع على عقود التأسيس وملاحق التعديل لدى كاتب العدل	يمارسها بموافقة كل المديرين
	يحق التوكيل

استخراج السجلات التجارية وتجديدها للشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاشتراك بالغرفة التجارية وتجديدها	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة الهيئة العامة للاستثمار والتوقيع أمامها	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة إدارة الجودة والنوعية وهيئة المواصفات والمقاييس	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة هيئة سوق المال	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج التراخيص وتجديدها للشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحويل المؤسسة إلى شركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحويل فرع الشركة إلى مؤسسة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحويل فرع الشركة إلى شركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
نشر عقد التأسيس وملاحق التعديل وملخصاتها والأنظمة الأساسية في الجريدة الرسمية	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة شركات الاتصالات وتأسيس الهواتف الثابتة أو الجوالات باسم الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
دخول المناقصات واستلام الاستمارات	يمارسها بموافقة كل المديرين
	يحق التوكيل
توقيع العقود الخاصة بالشركة مع الغير	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن العلامات التجارية أو إلغائها	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل اسم الشركة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج التأشيرات	يمارسها بموافقة كل المديرين
	يحق التوكيل

تحويل الشركة إلى مؤسسة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام تعويضات التأشيرات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحديث بيانات العمال	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الملفات الأساسية والفرعية وتجديدها وإلغاؤها	يمارسها بموافقة كل المديرين
	يحق التوكيل
تصفية العمالة وإلغاؤها	يمارسها بموافقة كل المديرين
	يحق التوكيل
التبليغ عن هروب العمالة	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء بلاغات الهروب للعمالة	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل الكفالات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل المهن	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل ملكية المنشآت وتصفيتها وإلغاؤها	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة قسم المكاتب الأهلية للاستقدام	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة إدارة الحاسب الآلي في القوى العاملة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج رخص العمل وتجديدها	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام شهادات السعودة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج كشف بيانات (برنت)	يمارسها بموافقة كل المديرين
	يحق التوكيل
إضافة وحذف السعودين	يمارسها بموافقة كل المديرين

	يحق التوكيل
استقدام	يمارسها بموافقة كل المديرين
	يحق التوكيل
استقدام	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح ملف	يمارسها بموافقة كل المديرين
	يحق التوكيل
تفعيل البوابة السعودية	يمارسها بموافقة كل المديرين
	يحق التوكيل
استقدام العمالة من الخارج	يمارسها بموافقة كل المديرين
	يحق التوكيل
إنهاء إجراءات العمالة لدى التأمينات الاجتماعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
الغاء التأشيرات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استرداد مبالغ التأشيرات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل الجنسيات	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة السفارة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تمديد تأشيرات الخروج والعودة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تمديد تأشيرات الزيارة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج كشف بيانات (برنت)	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء التأشيرة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استرداد مبلغ التاشيرة	يمارسها بموافقة كل المديرين
	يحق التوكيل
	يمارسها بموافقة كل المديرين

تعديل جهة القدوم	يحق التوكيل
استخراج الإقامات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد الإقامات	يمارسها بموافقة كل المديرين
	يحق التوكيل
عمل خروج وعودة	يمارسها بموافقة كل المديرين
	يحق التوكيل
عمل الخروج النهائي	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل الكفالات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج الإقامات بدل مفقود أو تالف	يمارسها بموافقة كل المديرين
	يحق التوكيل
إنهاء إجراءات العمالة المتوفاة	يمارسها بموافقة كل المديرين
	يحق التوكيل
التبليغ عن الهروب	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء بلاغات الهروب	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل المعلومات وتحديث البيانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
التسوية والتنازل عن العمال	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة إدارة الترحيل والوافدين	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج كشف بيانات العمال (برنت)	يمارسها بموافقة كل المديرين
	يحق التوكيل
اسقاط العمالة	يمارسها بموافقة كل المديرين
	يحق التوكيل
إدارة أعمالي التجارية	يمارسها بموافقة كل المديرين
	يحق التوكيل

نقل كفالة العمالة لنفسه	يمارسها بموافقة كل المديرين يحق التوكيل
إضافة المولود	يمارسها بموافقة كل المديرين يحق التوكيل
إنهاء إجراءات العامل المتوفى	يمارسها بموافقة كل المديرين يحق التوكيل
إدارة شؤون المنافذ	يمارسها بموافقة كل المديرين يحق التوكيل
استخراج مشاهد الإعادة	يمارسها بموافقة كل المديرين يحق التوكيل
إضافة تابعين	يمارسها بموافقة كل المديرين يحق التوكيل
إلغاء تأشيرات الخروج والعودة	يمارسها بموافقة كل المديرين يحق التوكيل
إلغاء تأشيرات الخروج النهائي	يمارسها بموافقة كل المديرين يحق التوكيل
استخراج تأشيرات سفر بدل تالف أو مفقود	يمارسها بموافقة كل المديرين يحق التوكيل
استخراج تمديد تأشيرات الزيارة	يمارسها بموافقة كل المديرين يحق التوكيل
تعديل المهن	يمارسها بموافقة كل المديرين يحق التوكيل
التسجيل في الخدمه الالكترونيه	يمارسها بموافقة كل المديرين يحق التوكيل
مراجعة كتابة العدل أو المحكمة لقبول إفراغها	يمارسها بموافقة كل المديرين يحق التوكيل
استلام الرواتب	يمارسها بموافقة كل المديرين يحق التوكيل
استلام الرواتب التقاعدية	يمارسها بموافقة كل المديرين يحق التوكيل
استلام مكافأة نهاية الخدمة والتعويض عن الإجازات	يمارسها بموافقة كل المديرين يحق التوكيل

تحويل الراتب	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام المكافأة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج تعريف بالراتب	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام مستحقاتي	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح الحسابات بضوابط شرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
قفل الحسابات وتسويتها	يمارسها بموافقة كل المديرين
	يحق التوكيل
السحب من الحسابات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج بطاقات صراف آلي	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج البطاقات الائتمانية المتوافقة مع الأحكام الشرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الحوالات وصرفها	يمارسها بموافقة كل المديرين
	يحق التوكيل
صرف الشيكات	يمارسها بموافقة كل المديرين
	يحق التوكيل
إصدار الشيكات المصدقة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج دفاتر شيكات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استخراج كشف حساب	يمارسها بموافقة كل المديرين
	يحق التوكيل
التحويل من الحسابات	يمارسها بموافقة كل المديرين
	يحق التوكيل
طلب القروض البنكية المتوافقة مع الأحكام والضوابط الشرعية	يمارسها بموافقة كل المديرين

	يحق التوكيل
فتح حساب بضوابط شرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
الإيداع في الحساب	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد الاشتراك في صناديق الأمانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح صناديق الأمانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاشتراك في صناديق الأمانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
طلب الإعفاء من القروض	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاعتراض على الشيكات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحديث البيانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
تنشيط الحسابات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الشيكات	يمارسها بموافقة كل المديرين
	يحق التوكيل
استرداد وحدات صناديق الأمانات	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة	يمارسها بموافقة كل المديرين
	يحق التوكيل
إعادة جدولة الأقساط	يمارسها بموافقة كل المديرين
	يحق التوكيل
طلب نقاط البيع	يمارسها بموافقة كل المديرين
	يحق التوكيل
طلب اعتماد بنكي	يمارسها بموافقة كل المديرين
	يحق التوكيل
طلب ضمان بنكي	يمارسها بموافقة كل المديرين

	يحق التوكيل
الاكتتابات في الشركات المساهمة	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام شهادات المساهمات	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء الأسهم المتوافقة مع الأحكام الشرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع الأسهم المتوافقة مع الأحكام الشرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام قيمة الأسهم	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الأرباح	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الفائض	يمارسها بموافقة كل المديرين
	يحق التوكيل
فتح المحافظ الاستثمارية بالضوابط الشرعية وتحرير وتعديل وإلغاء الأوامر	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاكتتاب	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء أسهم	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع أسهم	يمارسها بموافقة كل المديرين
	يحق التوكيل
استرداد وحدات الصناديق الاستثمارية	يمارسها بموافقة كل المديرين
	يحق التوكيل
نقل الأسهم من المحفظة	يمارسها بموافقة كل المديرين
	يحق التوكيل
الاشتراك في وحدات الصناديق الاستثمارية المتوافقة مع الأحكام الشرعية	يمارسها بموافقة كل المديرين
	يحق التوكيل
إدارة المحافظ الاستثمارية	يمارسها بموافقة كل المديرين
	يحق التوكيل

إستخراج إثبات مديونية	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
تصفية المحافظ الاستثمارية	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
فتح محل	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج الكروت الصحية	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
مراجعة الإدارة العامة للتخطيط العمراني	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
فتح المحلات	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج رخص	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
تجديد الرخص	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
إلغاء الرخص	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
نقل الرخص	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج فسوحات البناء والترميم	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
تخطيط الأراضي	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج شهادات إتمام البناء	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج رخص تسوير	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
استخراج رخص هدم	يمارسها بموافقة كل المديرين	
	يحق التوكيل	
توقيع عقد الإيجار	يمارسها بموافقة كل المديرين	
	يحق التوكيل	

التنازل عن العقد	يمارسها بموافقة كل المديرين
	يحق التوكيل
عمل مخطط للأرض المملوكة	يمارسها بموافقة كل المديرين
	يحق التوكيل
مراجعة أمانة	يمارسها بموافقة كل المديرين
	يحق التوكيل
الإشراف على البناء	يمارسها بموافقة كل المديرين
	يحق التوكيل
توقيع العقود مع مؤسسات البناء والمقاولين	يمارسها بموافقة كل المديرين
	يحق التوكيل
دخول المناقصات واستلام الاستمارات	يمارسها بموافقة كل المديرين
	يحق التوكيل
البيع والإفراغ للمشتري	يمارسها بموافقة كل المديرين
	يحق التوكيل
الشراء وقبول الإفراغ ودفع الثمن	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الصكوك	يمارسها بموافقة كل المديرين
	يحق التوكيل
التأجير	يمارسها بموافقة كل المديرين
	يحق التوكيل
استلام الأجرة	يمارسها بموافقة كل المديرين
	يحق التوكيل
توقيع عقود الأجرة	يمارسها بموافقة كل المديرين
	يحق التوكيل
تجديد عقود الأجرة	يمارسها بموافقة كل المديرين
	يحق التوكيل
إلغاء و فسخ عقود التأجير	يمارسها بموافقة كل المديرين
	يحق التوكيل
الرهن	يمارسها بموافقة كل المديرين
	يحق التوكيل
فك الرهن	يمارسها بموافقة كل المديرين

	يحق التوكيل
التجزئة والفرز	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل الحدود والأطوال والمساحة وأرقام القطع والمخططات والصكوك وتواريخها وأسماء الأحياء	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع	يمارسها بموافقة كل المديرين
	يحق التوكيل
قبول الرهن	يمارسها بموافقة كل المديرين
	يحق التوكيل
تحديث الصكوك و إدخالها في النظام الشامل	يمارسها بموافقة كل المديرين
	يحق التوكيل
بيع النصيب من	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء	يمارسها بموافقة كل المديرين
	يحق التوكيل
شراء النصيب من	يمارسها بموافقة كل المديرين
	يحق التوكيل
تأجير	يمارسها بموافقة كل المديرين
	يحق التوكيل
تعديل اسم المالك ورقم السجل المدني الحفيظة	يمارسها بموافقة كل المديرين
	يحق التوكيل
الهبة والإفراغ	يمارسها بموافقة كل المديرين
	يحق التوكيل
قبول الهبة والإفراغ	يمارسها بموافقة كل المديرين
	يحق التوكيل
التنازل عن النقص في المساحة	يمارسها بموافقة كل المديرين
	يحق التوكيل
دمج الصكوك	يمارسها بموافقة كل المديرين
	يحق التوكيل
قبول التنازل والإفراغ	يمارسها بموافقة كل المديرين
	يحق التوكيل

إستخراج مجموعة صكوك بدل مفقود وبياناتها كالتالي :	يمارسها بموافقة كل المديرين يحق التوكيل
إستخراج مجموعة صكوك بدل تالف وبياناتها كالتالي :	يمارسها بموافقة كل المديرين يحق التوكيل
البيع والإفراغ للورثة	يمارسها بموافقة كل المديرين يحق التوكيل
التنازل عن النصيب من	يمارسها بموافقة كل المديرين يحق التوكيل
إثبات المبنى	يمارسها بموافقة كل المديرين يحق التوكيل
استخراج صك بدل تالف	يمارسها بموافقة كل المديرين يحق التوكيل
وذلك للعقارات الواقعة	يمارسها بموافقة كل المديرين يحق التوكيل
الدخول في المساهمات العقارية	يمارسها بموافقة كل المديرين يحق التوكيل
شراء أسهم المساهمات العقارية	يمارسها بموافقة كل المديرين يحق التوكيل
بيع أسهم المساهمات العقارية	يمارسها بموافقة كل المديرين يحق التوكيل
التنازل عن الأرض المؤجرة	يمارسها بموافقة كل المديرين يحق التوكيل
تحديث الصك وإدخاله في النظام الشامل	يمارسها بموافقة كل المديرين يحق التوكيل
استخراج صك بدل مفقود	يمارسها بموافقة كل المديرين يحق التوكيل
بناء الأرض	يمارسها بموافقة كل المديرين يحق التوكيل
استئجار الأرض	يمارسها بموافقة كل المديرين يحق التوكيل
تغيير الكيان القانوني للشركة	يمارسها بموافقة كل المديرين يحق التوكيل

قسمة الأسهم بين الورثة ونقلها إلى محافظهم	يمارسها بموافقة كل المديرين
	يحق التوكيل

على ان تكون طريقة عمل المجلس كالاتى

أ-تعقد اجتماعات مجلس المديرين في المركز الرئيسي للشركة او في اي مكان اخر يتفق عليه اعضاء المجلس بالأغلبية. تعقد الاجتماعات بناء على الدعوة الموجهة من قبل رئيس مجلس المديرين او بناء على طلب 2 من المديرين في المجلس او احد الشركاء. على ان يتم ارسال اخطار الى المديرين في المجلس مدته 21 يوماً من قبل رئيس مجلس المديرين. و يجب ان يتضمن الاخطار جدول الاعمال و جميع الوثائق المتعلقة بالاعمال المطلوب تداولها في الاجتماع, و يجوز لمدراء مجلس المديرين التنازل عن متطلبات الاخطار الوارد أعلاه بالموافقة بالاجماع على ذلك في بداية الاجتماع و قبل مناقشة اية موضوعات. ب-يجوز للمدير الذي يتعذر عليه حضور اجتماع مجلس المديرين او اتخاذ اي من التصرفات الواجبة أن يقوم بموجب اشعار خطي موجه الى رئيس مجلس المديرين بتفويض اي من المدراء الاخرين في المجلس بالتصويت و التصرف نيابة عنه فيما يتعلق باي اجتماع و الامر المحدد فيه. ت-لا يكتمل نصاب اجتماع مجلس المديرين الا بحضور أربعة 4 مديرين على ان يكون واحداً منهم ممثلاً عن احد من الشركاء سواء بالاصالة او بالانابة و اذا لم يكتمل نصاب الاجتماع الذي تمت الدعوة اليه يتم تاجيل الاجتماع الى وقت لاحق يتم الاتفاق عليه بين الشركاء. ث-يمكن عقد اجتماعات مجلس المديرين من خلال وسائل التقنية الحديثة. ج-يكون لرئيس مجلس المديرين الحق في ترأس جميع اجتماعات مجلس المديرين و في حال تعذر حضور رئيس المجلس للاجتماع يقوم المديرين الحاضرين بتعيين رئيس بديل لرئاسة الاجتماع و يقوم مجلس المديرين بتعيين امين سر ليقوم باعداد محاضر كل اجتماع. ح-لكل مدير في مجلس المديرين صوت واحد عند التصويت على اي من الموضوعات المطروحة على المجلس للتصويت بشأنها خ-يتم الموافقة على قرارات المجلس بالأغلبية البسيطة باستثناء اذا تم الموافقة على خلاف ذلك بين الشركاء خطياً سواء في قرار خاص او اتفاقية يكون جميع الشركاء طرف فيها و مع الاخذ بعين الاعتبار المسائل المحددة بحسب المادة التي تخص صلاحيات مجلس المديرين و المنصوص عليها في هذا العقد و التي تتطلب الموافقة عليها ثلاث ارباع 75 على الاقل من المدراء الحاضرين او الذين يحق لهم التصويت على القرارات الصادرة كتابياً

ويكون مكان إنعقاد الجلسات فى في المركز الرئيسي للشركة, أو عن طريق وسائل التقنية الحديثة, او في اي مكان اخر يتفق عليه اعضاء المجلس بالأغلبية

ويكون النصاب الصحيح للاجتماع أغلبية المديرين

ويكون النصاب الصحيح لإتخاذ القرار بحسب ما نصت عليه اتفاقية الشركاء

المادة السابعة : التنازل عن الحصص

1 - يجوز للشريك أن يتنازل عن حصته لأحد الشركاء.

2 - يجوز للشريك أن يتنازل عن حصته لغير أحد الشركاء (وفقاً للمادة الثامنة والسبعون بعد المائة) من النظام

أ - ملم يتفق الشركاء على خلاف لك لا يجوز لاي شريك نقل اي من حصصه في راس مال الشركة لاي طرف ثالث سواء كان ذلك بمقابل او من دون مقابل بدون اشعار خطي مسبق موجه لبقية الشركاء بنيته في نقل تلك الحصص و الموافقة على اتباع الاجراءات اللازمة لذلك و التي سيتفق عليها الشركاء و على ان لاتتعارض تلك الاجراءات مع ما هو منصوص عليه في المادة الثامنة و السبعون بعد المائة من نظام الشركات و بخلاف اي من احكام هذا العقد و التي قد تتعارض مع ذلك فيجوز لاي من الشركاء التصرف في كل او اي جزء من الحصص لاي جهة تعود ملكيتها القانونية و المنفعة الكاملة سواء كان ملكية مباشرة او غير مباشرة للشركة الام للشريك المعني.

المادة الثامنة : التبليغات التي توجهها الشركة إلى الشركاء

تكون التبليغات التي توجهها الشركة إلى الشركاء عن طريق أي من الوسائل الآتية :

1 رسالة نصية .

2 . إرسالها بالبريد الإلكتروني أو بأي من وسائل التقنية الحديثة.

3 . إرسالها إلى الشركاء بخطابات مسجلة .

4 . التسليم شخصيًّا إلى الشركاء أو من ينوب عنهم نظامًا .

المادة التاسعة : قرارات الشركاء

النص	النسبه
زيادة رأس مال الشركة (ينتج عنها أعباء مالية)	%100
لا يوجد	
زيادة رأس مال الشركة (لا ينتج عنها أعباء مالية)	%100
لا يوجد	
تخفيض رأس مال الشركة	%100
لا يوجد	
تعديل عقد التأسيس	%100
لا يوجد	
الآلية العامة للقرارات التي لا يترتب عليها تعديل العقد	%100
لا يوجد	
تحول الشركة إلى شكل آخر من الشركات	%100
لا يوجد	
تحول الشركة إلى شركة مساهمة مبسطة	%100
لا يوجد	
تحول الشركة إلى شركة مساهمة	%50
لا يوجد	
تعيين مصفي لتصفية الشركة	%100
لا يوجد	
تعديل بيانات السجل التجاري	%100
لا يوجد	
اندماج الشركة	%100
لا يوجد	
تصفية الشركة	%100
لا يوجد	
تحول شركة إلى مؤسسة	%100
لا يوجد	
استمرار الشركة	%100
لا يوجد	

العدول عن التأسيس	%100
لا يوجد	

المادة العاشرة : السنة المالية

تكون السنة المالية للشركة اثنى عشر شهرا ميلاديا تبدأ من يوم 01 من شهر يناير وتنتهي بنهاية يوم 31 من شهر ديسمبر

المادة الحادية عشر : الأرباح والخسائر

1 - يجوز توزيع أرباح سنوية أو مرحلية من الأرباح القابلة للتوزيع على الشركاء، وفقا للضوابط النظامية المقررة.

2 - توزع أرباح الشركة السنوية الصافية على النحو التالي:

أ - تجنب نسبة (4) % من صافي الأرباح السنوية لتكوين احتياطي يخصص لغرض تكوين احتياطي عام

ب - تحدد الجمعية العامة النسبة التي يجب توزيعها على الشركاء من الأرباح الصافية بعد خصم الاحتياطيات (إن وجدت).

توزيع الارباح والخسائر

الاسم	نسبه الربح	نسبه الخساره
شركة التعدين العربية السعودية معادن	%74.9	%74.9
شركة اوا السعودية المحدودة	%25.1	%25.1

المادة الثانية عشر : انقضاء الشركة

1 - تنقضي الشركة بأحد أسباب الانقضاء الواردة في المادة (الثالثة والأربعون بعد المائتين) من نظام الشركات وبانقضائها تدخل في دور التصفية وفقا لأحكام الباب الثاني عشر من نظام الشركات، وإذا انقضت الشركة وكانت أصولها لا تكفي لسداد ديونها أو كانت متعثرة وفقًا لنظام الإفلاس، وجب عليها التقدم إلى الجهة القضائية المختصة لافتتاح أي من إجراءات التصفية بموجب نظام الإفلاس.

المادة الثالثة عشر : المشاركة و الاندماج

يجوز للشركة إنشاء شركات بمفردها أو تساهم في رأس مالها العامل في صناعة التعدين و الألمنيوم و الصناعة ذات العلاقة و الاشتراك مع الغير ذات مسؤولية محدودة او مساهمة مقفلة بشرط الا يقل رأس المال عن 5 مليون ريال كما يجوز لها ان تمتلك الاسهم و الحصص في شركات اخرى قائمة او تندمج معها و لها حق الاشتراك مع الغير في تأسيس الشركات المساهمة او ذات المسؤولية المحدودة. كما يجوز للشركة أن تتصرف في هذه الاسهم او الحصص على ألا يشمل ذلك الوساطة في تداولها

المادة الرابعة عشر : صلاحيات مجلس المديرين

1-تعيين المدراء التنفيذيين للشركة و عزلهم و تحديد مكافئاتهم 2-الموافقة على ميزانية المشاريع او اي تغييرات جوهرية تبلغ قيمتها اكثر من 50 مليون دولار امريكي او 10 بالمائة من ميزانية المشروع 3-الموافقة على ميزانيات التشغيل السنوية و اي تغييرات جوهرية عليها بما يبلغ قيمته اكثر من 50 مليون دولار امريكي او عشرة 10 بالمائة من ميزانية التشغيل السنوية. 4-الموافقة على اي توسعات بما يضع على عاتق الشركة مديونيات اضافية اعلى مما قد تضمنته ميزانية المشروع او الاستثمارات الرأسمالية او التغييرات الجوهرية التي يبلغ كل من هذه التغيرات على حدة اكثر من خمسين 50 مليون دولار امريكي. 5-الموافقة على ابرام اي اتفاقية بناء و تشييد و التي تبلغ بإجمالي قيمتها اكثر من خمسين 50 مليون دولار امريكي. 6-الموافقة على ابرام اي اتفاقية لمشروع يتم ابرامها بين اي من الشركاء بما يشمل الشركات التابعة لهم او الشركات التابعة للشركة مع الشركة او ابرام الشركة لاي اتفاقية مع احد الشركاء بما يشمل الشركات التابعة لهم او الشركات التابعة للشركة بحيث تزيد اجمالي مدتها سنتين 2 و تتجاوز اجمالي قيمتها خمسة ملايين 5 دولار امريكي او تقديم او عرض اي قرض او بيع اجل او شراء مسبق او دفعات سابقة او دخول في اي عملية مماثلة او يكون لها نفس الاثر لاي من الشركاء او الشركات التابعة لهم او موافقة الشركاء على اي تعديلات او تنازل عن اي حقوق

آجلة او الموافقة على اي طلب او تبني لاي توصية والتي تشمل تجنباً لاي شك الموافقة على التنازلات او التسوية لاي نزاع او التنفيذ لاي تنازل بموجب اتفاقية مع شركة معادن للدرفلة تم تأسيسها في المملكة العربية السعودية مسجلة بالسجل التجاري رقم 2055012518 و تاريخ 2/11/1431 ه ام ار سي او اي من الشركات التابعة لشركة ام ار سي او معادن مالم يتم الاتفاق على خلاف ذلك بين الشركاء خطياً سواء في قرار خاص او اتفاقية يكون جميع لشركاء طرف فيها. 7-الاحالة لاي قرار او التأكيد من الشركة لاي ممثل رئيسي او الموافقة على اي قرار او تاكيد من قبل الممثلين الرئيسين تمت الاشارة اليها من قبل الممثلين الرئيسين فيما يتعلق باي مستند للمشروع حيثما تمت الاشارة للفظ الممثل الرئيسي للشركة. 8-تعيين الشركة لخبير بموجب اجراءات القرار المنصوص عليه باتفاقية شراء الالنيوم و المبرمة بين الشركة و شركة معادن للدرفلة. 9-الموافقة على القوائم المالية 10-الموافقة على اي عقود طويلة الامد التي تمتد لفترة اجمالية اكثر من ثلاث 3 سنوات و تبلغ قيمتها الاجمالية اكثر من 50 مليون دولار امريكي باستثناء ما تمت الموافقة عليه من خلال الميزانية المعتمدة. 11- اعتماد اي من اعمال الشركة و سياسة تعارض المصالح و كذلك اي تعديل جوهري عليها.

المادة الخامسة عشر : جمعية الشركاء

أ-تعقد الاجتماعات الخاصة بالجمعية العامة للشركاء الجمعية العامة بشكل سنوي و ذلك خلال فترة الستة اشهر 6 التالية لنهاية السنة المالية للشركة او حسب رغبة الشركاء او بموجب طلب خطي من قبل مجلس المديرين او المراجع او اي شريك او بناء على طلب شريك او اكثر يمثلون 10 من رأس المال على الأقل. و تعقد اجتماعات الجمعية العامة في المركز الرئيسي للشركة او اي مكان اخر يتفق عليه الشركاء بالاجماع و يجب تسليم الدعوة لعقد اجتماع الجمعية العامة على الاقل قبل واحد و عشرين 21 يوماً من التاريخ المقترح لعقد الاجتماع و يجب ان يتضمن جدول الاعمال و جميع المستندات المتعلقة بالامور التي ستطرح للتداول في الاجتماع و يجوز للشركاء التنازل عن متطلب الاعلان عن طريق الموافقة على بالاجماع على ذلك من جميع الشركاء في بداية الاجتماع و قبل التداول لاية اعمال.ب-يقوم الشركاء و من بين هؤلاء الذين تم تعيينهم من قبل كل من الشركاء لتمثيلهم في الاجتماعات بتحديد شخص ليراس اجتماعات الجمعية العامة و يتعين على الرئيس ان يختار شخصاً ليكون امين سر الاجتماع بالتأكد من الاحتفاظ بسجل موائم و دقيق لاجتماعات الشركاء.ت-يكتمل النصاب القانوني لاجتماع الجمعية العامة للشركاء بحضور جميع الشركاء.ث-يكون لكل شريك الحق في التصويت بما يتناسب مع الحصص المملوكة للشريك في الشركة.و يجب ان يشتمل جدول اعمال الجمعية العامة الخاصة بالشركاء في اجتماعها السنوي بصفة خاصة على البنود الاتية:1-المراجعة و الاعتماد لتقرير من قبل مجلس المديرين في الشركة عن ادارة الشركة ووضعها الاداري.2-المراجعة و الاعتماد لتقرير مراجع الحسابات عن السنة المالية السابقة و تقرير مجلس الرقابة ان وجد.3-مراجعة و اعتماد القوائم المالية السنوية للشركة.4-تحديد نسبة الارباح التي توزع على الشركاء.5-تعيين مديري الشركة او اعضاء مجلس الرقابة ان وجدوا و تحديد مكافأتهم 6-المناقشة و اتخاذ اي قرار مناسب بشأن اي من الامور السابق ذكرها 7-تعيين او اعادة تعيين مراجع الحسابات لتدقيق حسابات الشركة للسنة المالية التالية و تحديد اتعابهم.8-بحث اية اعمال او امور اخرى تتعلق بالشركة و اتخاذ القرارات بشأنها

المادة السادسة عشر : قرارات الشركاء

مالم يتم الاتفاق على خلاف ذلك بين الشركاء خطياً سواء في قرار خاص أو اتفاقية يكون جميع الشركاء طرف فيها تصدر قرارات الشركاء على النحو التالي: أ-الموافقة بالإجماع في كل ما يتعلق بأي من القرارات الخاصة بتغيير اسم الشركة او جنسيتها او الزيادة في التخفيض من الاعباء المالية للشركاء ب-تتطلب القرارات التالية موافقة الشركاء الذين يمتلكون خمسة وسبعون 75 بالمائة من راس المال في الشركة: 1-أي تعديل لعقد التاسيس.2-اي تغيير لأغراض الشركة.3-اي تصفية اول حل للشركة بما يشتمل التصفية الاختيارية4-التعيين و التغيير و العزل لمراجع حسابات الخارجي للشركة.5-اي تعديل على سياسة توزيع الارباح او تكوين الاحتياطيات الاختيارية.6-اي عملية لبيع او التصرف بكامل او جزء جوهري من اعمال الشركة و اصولها او اي اندماج للشركة مع او في كيان اخر.7-القرارات المتعلقة بمكافئات اعضاء مجلس المديرين.8-الموافقة على ميزانية المشروع او اي من التعديلات اللاحقة عليها.9-الموافقة على الايقاف او الانقاص باستثناء اي من الحالات الاجبارية او التوقفات الطارئة او التوقفات لأعمال الصيانة المجدولة او اي ايقاف او انقاص ملزم تم بموجب طلب كتابي او تعليمات او امر من اي سلطة حكومية او ما يلحق ذلك الايقاف او التقليص او استئناف سواء بالشكل الكلي او الجزئي من انتاج الشركة او عملياتها او الموافقة على الايقاف الدائم لإنتاج الشركة او عملياتها.10-موافقة الشركة على تقديم اشعار بإيقاف او تقليص او بعد اي حالة ايقاف او تقليص استئناف كافة او جزء من عمليات تشغيل و انتاج الشركة بشكل دائم و بالتالي تقديم اي اشعار ايقاف بما في ذلك اشعار بتمديد فترة الايقاف او تقصيره او انهاؤه او اي اشعار انهاء بموجب اتفاقية شراء الالمنيوم بين الشركة و شركة معادن للدرفلة و اتفاقية شراء الالمنيوم بين الشركة و شركة التعدين العربية السعودية معادن و اتفاقية شراء الالمنيوم بين الشركة و الكوا انسبال اس ال يو.ت-و باستثناء ما نصت عليه الفقرتين أ و ب أعلاه تصدر قرارات الشركاء في جميع الامور الاخرى بموافقة الشركاء الذين يملكون نسبة لا تقل عن واحد وخمسين 51 من رأسمال الشركة.

المادة السابعة عشر : سجل الحصص

تعد الشركة سجلاً خاصاً بأسماء الشركاء و عدد الحصص التي يملكها كل شريك من الشركاء و جميع التصرفات التي ترد على الحصص و لا يكون نافذاً انتقال الملكية في مواجهة الشركة او الغير الا بقيد السبب الناقل للملكية في السجل المذكور و على الشركة ابلاغ الوزارة لإثباته لديها في سجل الشركة

المادة الثامنة عشر : أحكام ختامية

1 - تخضع الشركة للأنظمة السارية في المملكة العربية السعودية.

2 - أي نص يخالف أحكام نظام الشركات في هذا العقد لا يعتد به ويطبق بحقه ما ورد من نصوص في نظام الشركات وكل ما لم يرد به نص في هذا العقد يطبق بشأنه نظام الشركات ولائحته التنفيذية.

3 - يقر الشركاء بصحة البيانات والأحكام المدرجة في عقد التأسيس واتفاقها مع احكام نظام الشركات الصادر بالمرسوم الملكي (م/132) بتاريخ 1/12/1443هـ ولوائحه التنفيذية، واستيفاءها لجميع المتطلبات والتعليمات التي تصدرها وزارة التجارة وفقاً لأحكام النظام، ويتحمل الشركاء المسؤولية وجميع التبعات النظامية والمالية التي قد تنشأ عن ذلك.، كما ان الشركاء على علم بحق الوزارة في اتخاذ الإجراءات النظامية اللازمة في حال وجود أي مخالفة أو تعارض في الأحكام الواردة في هذا العقد.

تم اعتماد عقد التأسيس من قبل الشركاء وقد جرى التحقق من هوية الشركاء عن طريق رسائل نصية على رقم الجوال المسجل في نظام الخدمات الالكترونية بوزارة الداخلية (أبشر) و تم نشر العقد عبر صحيفة اعمالي و بالامكان التحقق من صحة العقد عبر الرابط التالي : https://emagazine.aamaly.sa

توقيع الشركاء

م	اسم الشريك	آلية التوقيع	القرار
1	شركة التعدين العربية السعودية معادن	يدوي	موافق
2	شركة اوا السعودية المحدودة	يدوي	موافق
3	شركة أوا السعودية المحدودة	يدوي	موافق

والله ولي التوفيق،،

عقد التأسيس، لا يتطلب وجود الختم الرسمي لوزارة التجارة

قرار شركاء بتعيين مدير في عقد مستقل

شركة معادن للبوكسايت والالومينا ذات مسؤولية محدودة

لقد سبق للأطراف الآتية أسماؤهم:

الطرف	اسم الشريك	رقم الهوية	المهنة	تاريخ الميلاد	الجنسية	مكان الاقامة	مدينة الاقامة
الطرف الأول	شركة التعدين العربية السعودية معادن	7000876115			سـعودى	السعودية	الرياض
الطرف الثاني	شركة اوا السعودية المحدودة	703681			الصين الشعبية		

تأسيس شركة شركة معادن للبوكسايت والالومينا ذات مسؤولية محدودة بمدينة رأس الخير وحيث رغب الشركاء بتعيين مدير وفق ما نصت عليه (مادة الإدارة الخاصة بالشركة بتعيين مدير بعقد مستقل) فقد قرر الشركاء. تعيين كلا من مجلس مديرين مكون من (لا يقل عن 3) وهم:

الاسم	رقم الهوية	تاريخ الميلاد	الجنسية	المنصب
علي بن سعيد بن عبدالله ال عريج	1033001148	26/01/1394	السعودية	رئيس مجلس مديرين
غنام عبدالله بن علي الغنام	1059779791	04/01/1398	السعودية	عضو مجلس مديرين
عطاء الله نهال نهال خان	2276645872	06/03/1402	باكستان	عضو مجلس مديرين
فيدار برولاند	X6536327	08/05/1392	سويسرا	عضو مجلس مديرين
أندرو ايستيل	667867673	19/02/1402	الولايات المتحدة	عضو مجلس مديرين

ولهم في سبيل ذلك كافة الصلاحيات في عقد التأسيس.

توقيع الشركاء

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3	شركة أوا السعودية المحدودة	يدوي	موافق

والله ولي التوفيق،،

معادن
MAADEN
نستكشف الغد