IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum (the "document") and you are therefore advised to read this carefully before accessing, reading or making any other use of the attached document. In accessing the document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended only for you and **you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document (electronically or otherwise) to any other person.**

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES.

The document and the offer are only addressed to, and directed at, persons in member states of the European Economic Area ("EEA") (each, a "Relevant State") who are "qualified investors" within the meaning of Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations) ("Qualified Investors"). In the United Kingdom ("UK"), the document and the offer is only addressed to and directed at persons who are "qualified investors" ("UK Qualified Investors") (as defined under Article 2(e) of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018) (the "UK Prospectus Regulation"). In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"); (ii) are high net worth entities falling within in Article 49(2) (a) to (2d) of the Order; and/or (iii) other persons to whom it may lawfully be communicated (all such persons being referred to in (i), (ii), and (iii) are defined as "Relevant Persons"). Any investment or investment activity to which this document relates is only available to, and will only be engaged with: (i) in any Relevant State, Qualified Investors; and (ii) in the United Kingdom, UK Qualified Investors and Relevant Persons.

Confirmation of your representation: By accepting electronic delivery of this document, you are deemed to have represented to Citigroup Global Markets Limited, HSBC Bank Middle East Limited, First Abu Dhabi Bank PJSC and Morgan Stanley & Co. International plc (the "Joint Global Coordinators"), Goldman Sachs International, EFG-Hermes UAE Limited and International Securities L.L.C. (together with the Joint Global Coordinators, the "Joint Bookrunners"), the Company and the Selling Shareholders (as each such term is defined in the attached document) that (i) you are acting on behalf of, or you are either (a) an institutional investor outside the United States (as defined in Regulation S under the U.S. Securities Act), or (b) in the United States and a QIB that is acquiring securities for your own account or for the account of another QIB; (ii) if you are in the UK, (a) you are a "Relevant Person" (b) you are a UK Qualified Investor; (c) in the case of any Shares acquired by you as a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation, (I) the Shares acquired by you in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the UK other than qualified investors, as that term is defined in the UK Prospectus Regulation, or in circumstances in which the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (II) where Shares have been acquired by you on behalf of persons in the UK other than qualified investors, the offer of those Shares to you is not treated under the UK Prospectus Regulation or FSMA (as defined below) as having been made to such persons; (iii) if you are in any member state of the EEA (a) you are a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation; (b) in the case of any Shares acquired by you as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation: (I) the Shares acquired by you in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant State other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (II) where Shares have been acquired by you on behalf of persons in any Relevant State other than qualified investors, the offer of those Shares to you is not treated under the Prospectus Regulation as having been made to such persons; and (iv) if you are outside the U.S., UK and EEA (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions), you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Selling Shareholders, the Joint Bookrunners, or any of their respective affiliates, directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and any hard copy version. By accessing the linked document, you consent to receiving it in electronic form.

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Restriction: Nothing in this electronic transmission constitutes, nor may be used in connection with, an offer of securities for sale to persons other than the specified categories of persons described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

THE DOCUMENT CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS DOCUMENT ALONE, BUT ONLY ON THE BASIS OF THIS DOCUMENT AS FINALIZED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION.

None of the Joint Bookrunners, or any of their respective affiliates, or any of their respective directors, officers, employees or agents, accepts any responsibility whatsoever for the accuracy, completeness or verification of the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the offer. Each of the Joint Bookrunners, and any of their respective affiliates accordingly disclaims, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Bookrunners, or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this document.

The Joint Bookrunners are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their clients, nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

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CONFIDENTIAL

FERTIGLOBE PLC

(*a public company limited by shares incorporated in the Abu Dhabi Global Market and subject to the Abu Dhabi Global Market Companies Regulations 2020 (as amended)*)

Global Offering of 1,145,582,011 Shares

Offer Price Range: AED 2.45 to AED 2.65 per Share

1,145,582,011 ordinary shares with a value of USD 0.16 (being equivalent to AED 0.59) each (the "Shares") of Fertiglobe plc (the "Company") are being offered 'in this global offering (the "Global Offering") by the shareholders, OCI Fertilizers B.V. (a subsidiary of OCI N.V. ("OCI")), and ADNOC Fertilizers – Sole Proprietorship L.L.C. (a subsidiary of Abu Dhabi National Oil Company ("ADNOC")) (each a "Selling Shareholder" and together the "Selling Shareholders"). The Selling Shareholders reserve the right to amend the size of the Global Offering at any time prior to the end of the subscription period in their sole discretion. The Company will not receive any of the proceeds of the sale of the Shares, all of which will be paid to the Selling Shareholders.

The Global Offering comprises an offering of Shares:

(i) in the United States to qualified institutional buyers (each a "QIB") as defined in, and in reliance on, Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933 (the "Securities Act"), and outside the United States in reliance on Regulation S ("Regulation S") under the Securities Act (together, the "Qualified Institutional Offering");

(ii) in the Abu Dhabi Global Market ("ADGM") only as an Exempt Offer (the "ADGM Exempt Offer") pursuant to the Market Rules of the Abu Dhabi Financial Services Regulatory Authority ("FSRA");

(iii) in the Dubai International Financial Centre ("DIFC") only as an Exempt Offer (the "DIFC Exempt Offer") and, together with the Qualified Institutional Offering and the ADGM Exempt Offer, the "Qualified Investor Offering") pursuant to the Markets Rules of the Dubai Financial Services Authority ("DFSA"); and

(iv) in the United Arab Emirates (the "UAE") pursuant to a prospectus (the "UAE Prospectus"), the publication of which was approved by the UAE Securities and Commodities Authority (the "SCA") to certain natural persons, companies, establishments and other entities (the "UAE Retail Offer").

Prior to the Global Offering, there has been no public market for the Shares. We have applied for the Shares to be listed on the Abu Dhabi Securities Exchange (the "ADX") under the symbol "FERTIGLOBE" (the "Admission"). There will be no conditional dealings in the Shares prior to Admission. It is expected that Admission will become effective and that dealings in the Shares will commence on the ADX on or about 27 October 2021 (the "Closing Date").

Investing in the Shares involves significant risks. Prospective investors should read this document in its entirety and, in particular, prospective investors are advised to examine all the risks that are relevant in connection with an investment in the Shares. See "*Risk Factors*" for a discussion of certain risks and other factors that should be considered before making an investment decision with respect to the Global Offering.

The Shares have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and, subject to certain limited exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States only to QIBs in reliance on Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Offering Memorandum, see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Shares are offered by the Joint Bookrunners named herein on behalf of the Selling Shareholders when, as and if delivered to, and accepted by, the Joint Bookrunners and subject to their right to reject orders in whole or in part. Purchasers will be required to make full payment for the Shares to the Joint Bookrunners for receipt by the Joint Bookrunners on the business day prior to the Closing Date, and delivery of the Shares is expected to be made on the Closing Date through the book-entry facilities operated by the ADX.

The SCA and the ADX have not approved this Offering Memorandum, take no responsibility for the contents of this Offering Memorandum, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from, or in reliance upon, any part of the contents of this Offering Memorandum.

Exempt Offer Statement: This Offering Memorandum relates to an Exempt Offer in the ADGM in accordance with the Market Rules of the FSRA and in the DIFC in accordance with the Market Rules of the DFSA. It is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The FSRA and the DFSA have no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The FSRA and the DFSA have not approved this Offering Memorandum nor taken steps to verify the information set out in it and have no responsibility for it. The securities to which this Offering Memorandum relates may be illiquid and/or subject to restrictions on their transferability and resale. Prospective purchasers of the securities offered may be required to bear the financial risks of this investment for an indefinite period of time and should conduct their own due diligence on the securities. If you do not understand the contents of this Offering Memorandum, you should consult an authorized financial adviser.

Joint Global Coordinators and Joint Bookrunners

Citigroup First Abu Dhabi Bank HSBC Morgan Stanley

Joint Bookrunners

EFG-Hermes Goldman Sachs International International Securities L.L.C.

This Offering Memorandum is dated 13 October 2021.

IMPORTANT INFORMATION

This offering memorandum (this "Offering Memorandum") does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

THIS OFFERING MEMORANDUM CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS OFFERING MEMORANDUM ALONE, BUT ONLY ON THE BASIS OF THIS OFFERING MEMORANDUM AS FINALIZED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION.

Recipients of this Offering Memorandum are authorized solely to use this Offering Memorandum for the purpose of considering the acquisition of the Shares, and may not reproduce or distribute this Offering Memorandum, in whole or in part, and may not disclose any of the contents of this Offering Memorandum or use any information herein for any purpose other than considering an investment in the Shares. Such recipients of this Offering Memorandum agree to the foregoing by accepting delivery of this Offering Memorandum.

Prior to making any decision as to whether to invest in the Shares, prospective investors should read this Offering Memorandum in its entirety and, in particular, the section titled "*Risk Factors*" when considering an investment in the Company. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Global Offering, including the merits and risks involved. The investors also acknowledge that: (i) they have not relied on the Joint Bookrunners (as defined herein) or any person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this Offering Memorandum or their investment decision; (ii) they have relied only on the information contained in this Offering Memorandum; and (iii) no person has been authorized to give any information or make any representations concerning the Company or the Shares other than those contained in this Offering Memorandum and, if given or made, such information or representations must not be relied on as having been so authorized by the Company, the Selling Shareholders or the Joint Bookrunners. Neither the delivery of this Offering Memorandum nor any subscription or sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Offering Memorandum or that the information in it is correct as at any subsequent time.

None of the Company, the Selling Shareholders, the Joint Bookrunners or any of their respective representatives is making any representation to any prospective investor in the Shares regarding the legality of an investment in the Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this Offering Memorandum should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, business, financial or tax adviser for legal, business, financial or tax advice applicable to an investment in the Shares.

No person has been authorized to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorized.

The Company accepts responsibility for the completeness and accuracy of the information contained in this Offering Memorandum, and having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is, to the best of the Company's knowledge, accurate and complete in all material respects and no material facts, the omission of which would make misleading any statements of fact or opinion herein, have been omitted. None of the Joint Bookrunners or any of their respective affiliates accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the accuracy, completeness or verification of the contents of this Offering Memorandum or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Global Offering, and nothing in this Offering Memorandum will be relied upon as a promise or representation in this respect, whether as to the past or future. Each of the Joint Bookrunners and any of their respective affiliates accordingly disclaims, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of this Offering Memorandum or any such statement. No representation or warranty, express or implied, is made by any of the Joint Bookrunners, or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this Offering Memorandum.

None of the Company, the Selling Shareholders or the Joint Bookrunners accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media, regarding the Global Offering or the Company. None of the Company, the Selling Shareholders or the Joint Bookrunners makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and Morgan Stanley & Co. International plc have been appointed as joint global coordinators and joint bookrunners (the "Joint Global Coordinators"), and EFG-Hermes UAE Limited, Goldman Sachs International and International Securities L.L.C. have been appointed as joint bookrunners (together with the Joint Global Coordinators, the "Joint Bookrunners"). First Abu Dhabi Bank PJSC is authorized and regulated in the United Arab Emirates by the Central Bank of the United Arab Emirates and the Securities and Commodities Authority of the United Arab Emirates, each of Citigroup Global Markets Limited, Morgan Stanley & Co. International plc and Goldman Sachs International is authorized by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority in the United Kingdom, and HSBC Bank Middle East Limited is lead-regulated by the Dubai Financial Services Authority and regulated by the Central Bank of the United Arab Emirates and the Securities and Commodities Authority of the United Arab Emirates for licensed activities in on shore United Arab Emirates, EFG-Hermes UAE Limited is authorized and regulated by the Dubai Financial Services Authority. International Securities L.L.C. is registered in accordance with the laws of the UAE and regulated by the Securities and Commodities Authority of the United Arab Emirates for licensed activities in UAE capital markets. Citigroup Global Markets Limited, EFG-Hermes UAE Limited, First Abu Dhabi Bank PJSC, Goldman Sachs International, HSBC Bank Middle East Limited, International Securities L.L.C. and Morgan Stanley & Co. International plc are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Global Offering, and will not regard any other person (whether or not a recipient of this Offering Memorandum) as a client in relation to the Global Offering and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients, nor for giving advice in relation to the Global Offering or any transaction or arrangement referred to in this Offering Memorandum.

In connection with the Global Offering, the Joint Bookrunners, and any of their respective affiliates, may take up a portion of the Shares in the Global Offering as a principal position and in that capacity, may subscribe for and/or acquire Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Global Offering or otherwise. Accordingly, references in this Offering Memorandum to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Joint Bookrunners, and any of their respective affiliates acting as investors for their own accounts. In addition, certain of the Joint Bookrunners, or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of Shares. Moreover, in the course of their business with the Company and with parties affiliated with the Company (including the Selling Shareholders), the Joint Bookrunners (and/or their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, lending, trading, hedging, investment banking and financial advisory and ancillary activities, for which they have received, and may in the future receive, customary compensation. In respect of the aforementioned, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations. As a result of any such transactions, any Joint Bookrunner may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Shares or with the interests of the Company or the Selling Shareholders. None of the Joint Bookrunners intends to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The Global Offering relates to securities of an Abu Dhabi Global Market public company limited by shares to be listed on the ADX and potential investors should be aware that this Offering Memorandum and any other documents or announcements relating to the Global Offering have been or will be prepared solely in accordance with the disclosure requirements applicable to a publicly listed company established in the

Abu Dhabi Global Market and listed on the ADX, all of which may differ from those applicable in any other jurisdiction.

This Offering Memorandum has been drafted in a specific manner to be addressed only to qualified investors located outside the UAE, and in compliance with the laws and regulations of the relevant competent jurisdictions and acceptable to such jurisdictions, and it has not been approved by the SCA. This Offering Memorandum does not form part of the UAE Prospectus and the information contained herein does not form part of the UAE Prospectus. The review of this Offering Memorandum or any related advertisements does not fall under SCA's remit/jurisdiction.

This Offering Memorandum is not intended to constitute a financial promotion, offer, sale or delivery of shares or other securities under the ADGM Financial Services and Market Regulations 2015 or the DIFC Markets Law (DIFC Law No. 12 of 2004, as amended) (collectively, the "Market Laws"), or under the Markets Rules of the FSRA or the Market Rules of the DFSA (collectively, the "Market Rules"). The Global Offering has not been approved or licensed by the FSRA or the DFSA, and does not constitute an offer of securities in the ADGM or the DIFC in accordance with the Markets Laws or the Markets Rules.

NOTICE TO INVESTORS

The Shares are subject to transfer restrictions in certain jurisdictions. Prospective purchasers should read the restrictions described in the section "*Transfer Restrictions*". Each purchaser of the Shares will be deemed to have made the relevant representations described therein.

The distribution of this Offering Memorandum and the offer of the Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Selling Shareholders or the Joint Bookrunners to permit a public offering of the Shares or to permit the possession or distribution of this Offering Memorandum (or any other offering or publicity materials relating to the Shares) in any jurisdiction where action for that purpose may be required, other than the UAE. Accordingly, neither this Offering Memorandum nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Memorandum comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution of the Shares, and the transfer restrictions to which they are subject, see "*Transfer Restrictions*".

In particular, save for the UAE, no actions have been taken to allow for a public offering of the Shares under the applicable securities laws of any other jurisdiction, including Australia, Canada, Japan or the United States. This Offering Memorandum does not constitute an offer of, or the solicitation of an offer to subscribe for or buy any of, the Shares in any jurisdiction where it is unlawful to make such offer or solicitation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Shares have not been, and will not be, registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States. The Shares offered by this Offering Memorandum may not be offered, sold, pledged or otherwise transferred in the United States, except to persons reasonably believed to be QIBs, as defined in Rule 144A, in reliance on the exemption from the registration requirements of the U.S. Securities Act provided in Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Prospective investors are hereby notified that the sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Outside the United States, the Global Offering is being made in offshore transactions as defined in and in reliance on Regulation S under the U.S. Securities Act. No actions have been taken to allow a public offering of the Shares under the applicable securities laws of any jurisdiction, including Australia, Canada or Japan. Subject to certain exceptions, the Shares may not be offered or sold in, or to or for the account or benefit of any national, resident or citizen of, Australia, Canada or Japan. This Offering Memorandum does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Offering Memorandum, see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Shares offered by this Offering Memorandum have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any State securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Global Offering or the accuracy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Regulation (each, a "Relevant State"), with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant State, no Shares which are the subject of the Global Offering contemplated herein have been offered of will be offered to the public in that Relevant State, except that an offer of Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation, if they are implemented in that Relevant State:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) per Relevant State, subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall result in a requirement for the publication by the Company or any Joint Bookrunner of a Prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation or any measure implementing the Prospectus Regulation in a Relevant State, and each person who initially acquires any Shares or to whom any offer is made under the Global Offering will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" as defined in the Prospectus Regulation.

For the purposes of this provision, the expression of an offer of any Shares to the public in relation to any Shares in any Relevant State means the communication in any form and by any means of sufficient information of the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Relevant State by any measure implementing the Prospectus Regulation in that Relevant State; the expression Prospectus Regulation means Regulation (EU) 2017/1129 and includes any relevant implementing measure in each Relevant State.

In the case of any Shares being offered to a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, the Joint Bookrunners and their respective affiliates, and others will rely (and the Company and the Selling Shareholders each acknowledge that the Joint Bookrunners and their respective affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and will not be responsible for any loss occasioned by such reliance. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Bookrunners of such fact in writing may, with the consent of the Joint Bookrunners, be permitted to subscribe for or purchase Shares.

NOTICE TO DISTRIBUTORS IN THE EUROPEAN ECONOMIC AREA

Solely for the purposes of the product governance requirements contained within: (i) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (iii) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II

Product Governance Requirements) may otherwise have with respect thereto, the Shares to be issued in the Global Offering have been subject to a product approval process, which has determined that the Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (b) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or substantially all of their investment; the Shares to be issued in the Global Offering offer no guaranteed income and no capital protection; and an investment in the Shares to be issued in the Global Offering is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Global Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of MiFID II; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

The Shares have not been offered or will not be offered pursuant to the Global Offering in the United Kingdom, except that an offer to the public in the United Kingdom of any Shares may be made at any time under the following exemptions under the UK Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

(iii) in any other circumstances falling under the scope of Section 86 of the FSMA,

provided that no such offer of Shares shall require the Company or the Joint Bookrunners to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression of an offer of any Shares to the public in relation to any Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Shares, and the expression UK Prospectus Regulation means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA").

This Offering Memorandum is only being distributed to, and is only directed at, and any investment or investment activity to which this Offering Memorandum relates is available only to, and will be engaged in only with: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) high net worth entities falling within Article 49(2)(a) to (2d) of the Order; and/or (iii) other persons to whom it may be lawfully communicated (all being "Relevant Persons"). The Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offering Memorandum or any of its contents.

The Shares are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the UK Prospectus Regulation).

NOTICE TO DISTRIBUTORS IN THE UNITED KINGDOM

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Requirements") and/or any equivalent requirements elsewhere to the extent determined to be applicable, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK MiFIR Product Governance Requirements and/or any equivalent requirements elsewhere to the extent determined to be applicable) may otherwise have with respect thereto, the Shares to be issued in the Global Offering have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, as respectively defined in paragraphs 3.5 and 3.6 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "UK Target Market Assessment"). Notwithstanding the UK Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares to be issued in the Global Offering offer no guaranteed income and no capital protection; and an investment in the Shares to be issued in the Global Offering is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Global Offering. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the UK Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

NOTICE TO PROSPECTIVE INVESTORS IN THE ABU DHABI GLOBAL MARKET

The Shares have not been offered and will not be offered to any persons in the Abu Dhabi Global Market except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the Market Rules of the ADGM Financial Services Regulatory Authority; and

(ii) made only to persons who are Authorized Persons or Recognized Bodies (as such terms are defined in the Financial Services and Markets Regulations ("FSMR")) or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

NOTICE TO PROSPECTIVE INVESTORS IN THE DUBAI INTERNATIONAL FINANCIAL CENTRE

This Offering Memorandum relates to a company which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA").

The DFSA has not approved this Offering Memorandum and does not have any responsibility for reviewing or verifying any document or other documents in connection with the Company. Accordingly, the DFSA has not approved this Offering Memorandum or any other associated documents nor taken any steps to verify the information set out in this Offering Memorandum, and has no responsibility for it.

The Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules ("MKT") module of the DFSA; and

(ii) made only to persons who meet the Deemed Professional Client criteria set out in Rule 2.3.4 of the DFSA Conduct of Business Module and who are not a natural person.

This Offering Memorandum must not, therefore, be delivered to, or relied on by, any other type of person.

The shares to which this Offering Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares should conduct their own due diligence on the Company and the Shares. If you do not understand the contents of this Offering Memorandum you should consult an authorized financial advisor.

NOTICE TO PROSPECTIVE INVESTORS IN THE KINGDOM OF SAUDI ARABIA

This Offering Memorandum may not be distributed in the Kingdom of Saudi Arabia ("Saudi Arabia" or the "KSA"), except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations (the "Saudi Regulations") issued by the Board of the Capital Market Authority (the "Capital Market Authority") pursuant to resolution number 3-123-2017, dated 27 December 2017G, based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H (as amended by Resolution of the Board of the Capital Market Authority number 1-104-2019 dated 30 September 2019G (the "2019 Saudi Regulations"), and Resolution of the Board of the Capital Market Authority number 1-7-2021 dated 14 January 2021G (the "2021 Saudi Regulations"), noting that certain provisions of the 2021 Saudi Regulations only come into force on 1 January 2022G).

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Global Offering Memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Memorandum. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If a prospective purchaser does not understand the contents of this Offering Memorandum, he or she should consult an authorized financial adviser.

The Shares must not be advertised, offered or sold and no memorandum, information circular, brochure or any similar document has or will be distributed, directly or indirectly, to any person in Saudi Arabia other than as permitted by Saudi Regulations.

The Global Offering of the Shares in Saudi Arabia shall not constitute a "public offer" pursuant to the Saudi Regulations. Prospective investors are informed that Article 15 of the 2019 Saudi Regulations and Article 14 of the 2021 Saudi Regulations place restrictions on secondary market activity with respect to the Shares. Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the Saudi Regulations shall not be recognized by us.

NOTES ON DEFINED TERMS USED IN THIS OFFERING MEMORANDUM

The following terms used in this Offering Memorandum have the meanings assigned to them below:

"AD DED"	the Abu Dhabi Department of Economic Development.
"ADGM"	Abu Dhabi Global Market.
"ADNOC"	Abu Dhabi National Oil Company.
"ADNOC Shareholder"	ADNOC Fertilizers – Sole Proprietorship L.L.C.
"ADQ"	Abu Dhabi Developmental Holding Company PJSC.
"ADX"	the Abu Dhabi Securities Exchange.
"AED"	the lawful currency of the United Arab Emirates.
"ammonia"	anhydrous ammonia.
"Board", "Board of Directors" or "Directors"	the board of directors of the Company.
"Code"	U.S. Internal Revenue Code of 1986 (as amended).
"Companies Regulations"	the ADGM Companies Regulations 2020 (as amended).
"Company", "Fertiglobe", "Group", "our", "us" and "we"	Fertiglobe plc and its subsidiaries, as the context requires.
"Cornerstone Investors"	Abu Dhabi Pension Fund, GIC Private Limited and Inclusive Capital Partners L.P.
"Cornerstone Investment Agreements"	the cornerstone investment agreements dated 12 October 2021 entered into by the Selling Shareholders, the Company and the Cornerstone Investors.
"CSA"	the Conditional Sale Agreement dated on or around 5 February 2015 between OCI MENA B.V. and OC IHC 4 B.V.
"DAP"	Di-Ammonium Phosphate.
"DEF"	diesel exhaust fluid.
"Demerger"	the demerger of OCI's engineering and construction business in March 2015 whereby the ultimate parent company holding the demerged engineering and construction activities, OC, became listed on the Egyptian Exchange and Nasdaq Dubai.
"DIFC"	Dubai International Financial Centre.
"DZD"	the lawful currency of Algeria.
"EBIC"	Egypt Basic Industries Corporation, a member of the Group.
"EFC"	Egyptian Fertilizers Company S.A.E., a member of the Group.
"EGP"	the lawful currency of Egypt.
"EGPC"	the Egyptian General Petroleum Corporation.
"ESG"	environmental, social and governance.
"ETA"	the Egyptian Tax Authority.
"EU"	the European Union.
"EUR"	the lawful currency of the European Union.
"Exchange Act"	the U.S. Securities Exchange Act of 1934 (as amended) and the rules and regulations promulgated thereunder.
"FDL"	Fertiglobe Distribution Limited, a member of the Group.

"Fertiglobe France"	Fertiglobe France SAS, a member of the Group.
"Fertil"	Ruwais Fertilizer Industries LLC (formerly Ruwais Fertilizer Industries PJSC (ADNOC Fertilizers) prior to its re-registration as a limited liability company), a member of the Group.
"Fertil Governance Agreement"	the Fertil Governance Agreement dated 5 October 2021 between the Company, Fertil and ADNOC.
"GASCO"	the Egyptian Natural Gas Company.
"GCC"	the Gulf Cooperation Council.
"GHG"	greenhouse gas.
"HSE"	health, safety and environmental.
"IASB"	the International Accounting Standards Board.
"IFRS"	the International Financial Reporting Standards as issued by the IASB and related interpretations as adopted by IASB.
"IRS"	U.S. Internal Revenue Service.
"KBR"	KBR Inc, a company registered under the laws of Delaware, and listed on the New York Stock Exchange.
"KPIs"	key performance indicators.
"KPMG"	KPMG Lower Gulf Limited.
"MAP"	mono-ammonium phosphate.
"MENA"	Middle East and North Africa.
"MEPCO"	the Middle East Petrochemical Corporation, a member of the Group.
"MMBtu"	million British thermal units.
"MPC"	maximum proven capacity.
"net working capital inflow" and "networking capital outflow"	the aggregated periodical change of inventories, trade and other receivables and trade and other payables as presented in the consolidated statement of cash flows (and excludes changes in provisions).
"netback price"	the price achieved after deducting any applicable transportation costs incurred.
"NIN"	a national investor number with the ADX.
"NPK"	a phosphate-based fertilizer consisting of nitrogen, phosphorous and potassium.
"OC"	Orascom Construction plc.
"OCI"	OCI N.V.
"OCI S.A.E."	Orascom Construction Industries S.A.E., a member of the Group.
"OCI Shareholder"	OCI Fertilizers B.V.
"OFT"	OCI Fertilizer Trading Limited, a member of the Group.
"OFTS"	OCI Fertilizer Trade & Supply B.V., a member of the Group.
"Orascom Construction Egypt"	Orascom Construction Egypt, a subsidiary of OC.
"PFIC"	passive foreign investment company.
"Production Capacity"	each unit's MPC, which is calculated as annualizing the proven production of a production unit's best achieved month. For new plants, the MPC is the design (also known as "nameplate") capacity.

"Project Harvest"	the low carbon ammonia project being considered by Fertiglobe and ADNOC in the derivative and industrial complex located at Ruwais, Abu Dhabi.
"QIB"	qualified institutional buyer, as defined in Rule 144A.
"Regulation S"	Regulation S under the Securities Act.
"Rule 144A"	Rule 144A under the Securities Act.
"SCR"	selective catalytic reduction.
"SEC"	United States Securities and Exchange Commission.
"Securities Act"	the U.S. Securities Act of 1933 (as amended).
"Sonatrach"	Société Nationale pour la Recherche, la Production, le Transport, la Transformation, et la Commercialisation des Hydrocarbures s.p.a.
"Sorfert"	Sorfert Algérie Spa, a member of the Group.
"UAE"	the United Arab Emirates.
"UAN"	urea ammonium nitrate.
"UK"	the United Kingdom of Great Britain and Northern Ireland.
"urea"	granular urea.
"U.S."	the United States of America.
"USD"	the lawful currency of the U.S.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

Our consolidated financial statements as at and for the years ended 31 December 2019 (inclusive of the year ended 31 December 2018) and 2020 (inclusive of the year ended 31 December 2019), and semi-annual condensed consolidated interim financial statements as at and for the six months ended 30 June 2021 (inclusive of the six months ended 30 June 2020) have been included in this Offering Memorandum beginning on page F-1. These consolidated financial statements have been prepared in accordance with the requirements of IFRS as issued by the IASB and applicable requirements of the laws and regulation of the ADGM.

In December 2018, the Company was incorporated by the OCI Shareholder and, in March 2019, OCI contributed its nitrogen fertilizer production assets in Egypt, Algeria and distribution assets in the UAE to the Company under common control (since these assets and the Company were ultimately owned by the same shareholder). Accordingly, in our consolidated financial statements as at and for the year ended 31 December 2019, we have re-presented our comparative financial information as at and for the year ended 31 December 2018 and adjusted our financial information as at and for the year ended 31 December 2019 from before the date of this contribution by the OCI Shareholder as if the combination had occurred before the start of the earliest periods presented.

Our consolidated statements of financial position as at 31 December 2018 and 31 December 2019 have been restated to correct a previous overstatement of our retained earnings. This was a consequence of management becoming aware of information that the Group's exposure to historical indemnities provided to other parties was understated in the consolidated financial statements. For more information on the restatement of the consolidated statements of financial position as at 31 December 2018 and 31 December 2019, see Note 2 of our audited consolidated financial statements for the year ended 31 December 2020 as set out in the F-pages in this Offering Memorandum.

This Offering Memorandum also presents certain unaudited financial information for the twelve months ended 30 June 2021. Such information has been derived mathematically by adding the financial information for the six months ended 30 June 2021 to the financial information for the year ended 31 December 2020 and subtracting the financial information for the six months ended 30 June 2020. The financial information for the twelve months ended 30 June 2021 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date and is not prepared in the ordinary course of our financial reporting.

Fertil Financial Information

On 30 September 2019, ADNOC and OCI completed a transaction to combine ADNOC's fertilizer business (Fertil) into OCI's MENA nitrogen fertilizer platform, in exchange ADNOC received 42% of the total share capital of the Company. Accordingly, our consolidated financial statements as at and for the year ended 31 December 2018 do not include the financial results of Fertil and our consolidated financial statements as at and for the year ended 31 December 2019 do not include the financial results of Fertil relating to the period prior to 30 September 2019. The accounting for this business combination has been disclosed in our 2019 consolidated financial statements.

As a result, to assist prospective investors with comparing our performance over the periods presented in this Offering Memorandum, Fertil's financial statements as at and for the period ended 29 September 2019 (inclusive of the year ended 31 December 2018) have also been included in this Offering Memorandum. These financial statements have been prepared in accordance with the requirements of IFRS as issued by the IASB. See "*Independent Auditors*".

For more information on Fertil's financial results, including Fertil's operation as a cost center, prior to 30 September 2019, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Information for Fertil*".

Non-IFRS Information

We present in this Offering Memorandum certain measures to assess the financial performance of our business that are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include: (i) EBITDA; (ii) EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees; (iii) Adjusted EBITDA; and (iv) Adjusted EBITDA Margin. We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. We define:

- "EBITDA" as profit/(loss) before income tax, net interest cost, depreciation and amortization;
- "EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees" as EBITDA, adjusted to exclude foreign exchange and share of profit/(loss) from equity accounted investees (net of tax);
- "Adjusted EBITDA" as EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees, adjusted to exclude additional items and costs that management considers not reflective of our core operations;
- "Adjusted EBITDA Margin" as Adjusted EBITDA divided by revenues;
- "Levered Free Cash Flow" as cash flows from operating activities minus investments in property, plant and equipment and the payment of finance lease obligations; and
- "Cash Conversion" as Levered Free Cash Flow divided by EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees.

When reviewing performance, the Board uses a combination of both IFRS (statutory) and non-IFRS (adjusted) performance measures. The adjusted performance measures, including Adjusted EBITDA, provide additional information in line with how financial performance is measured by management and reported to our Board. We believe that non-IFRS measures are a useful indicator of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. You should exercise caution in comparing the non-IFRS measures as reported by us to non-IFRS measures, including adjusted variations of EBITDA, of other companies. Non-IFRS measures have limitations as an analytical tool, and you should not consider them in isolation. Some of these limitations include the following: (i) they do not reflect our capital expenditures or capitalized product development costs, our future requirements for capital expenditures or contractual commitments; (ii) they do not reflect changes in, or cash requirements for, our working capital needs; (iii) they do not reflect the interest expense, or the cash requirements necessary, to service interest or principal payments on our debt; and (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and non-IFRS measures and Adjusted EBITDA, do not reflect any cash requirements that would be required for such replacements.

Further to assist prospective investors assess the financial performance of Fertil for the year ended 31 December 2018 and for the period ended 29 September 2019, we have presented Fertil's Adjusted EBITDA for such periods in this Offering Memorandum. We define "Fertil's Adjusted EBITDA" as profit before net finance costs and depreciation, adjusted by (a) adding the aggregate of sales on behalf of shareholders (revenues) and (b) deducting total expenses.

Operational Measures

We analyze our business using a number of KPIs, including sales volume, own product sold, capital expenditure and Production Capacity, as well as certain non-IFRS measures including Adjusted EBITDA. Certain of these KPIs are derived from management estimates and are based on operational, and not financial, data. Our KPIs are not part of our financial statements or financial accounting records and have not been audited or otherwise reviewed by independent auditors, consultants or experts.

Our use or computation of our KPIs may not be comparable to the use or computation of similarly titled measures reported by other companies in our industry, by research agencies or by market reports. Other companies, research agencies or market reporters may include other items or factors in their calculation of similar metrics and may use certain estimates and assumptions that we do not use when calculating these metrics. These factors may cause the calculations by others of similar metrics to differ substantially from our calculations and if the methodologies of others were used to calculate our KPIs. The KPIs are not accounting measures, but management believes that each of these measures provides useful information concerning our business. None of the KPIs should be considered in isolation or as an alternative measure of performance under IFRS.

Except as otherwise indicated or as defined above, in this Offering Memorandum, the KPIs are defined as set forth below.

Sales volume

Sales volumes represent volumes sold of our produced products and/or third-party traded products by any of our segments. Sales volumes are largely dependent on our production volumes, inventory levels and customer demand.

Own product sold

Own product sold represents the volumes sold of our produced products. Own product sold is largely dependent on our production volumes, inventory levels and customer demand.

Capital expenditures

Capital expenditures include expenditures for the maintenance and expansion of our existing operations.

Maintenance capital expenditures include capital expenditures related to ongoing maintenance and repair requirements of our operating facilities. Expansion capital expenditures include capital expenditures related to the expansion of our current operating facilities.

Production Capacity

Production Capacity is a measure that is based on our production facilities' maximum proven annual capacity per product and does not necessarily take into account certain other limitations at our production plants, such as planned stoppages in a particular year and variations in product mix. Unanticipated events, including, but not limited to, unplanned production curtailments, shutdowns, plant turnarounds or other stoppages could cause our actual Production Capacity to diverge from what we project to be our Production Capacity.

Currency Presentation

All references in this Offering Memorandum to:

- "AED" are to UAE dirhams, the lawful currency of the UAE;
- "DZD" are to Algerian dinars, the lawful currency of Algeria;
- "EGP" are to Egyptian pounds, the lawful currency of Egypt; and
- "USD" are to U.S. dollars, the lawful currency of the U.S.

The value of AED has been pegged to USD at a rate of AED 3.673 per USD 1 since 1997. All AED/USD conversions in this Offering Memorandum have been calculated at this rate.

Rounding

Certain data in this Offering Memorandum, including financial, statistical and operating information, has been rounded. As a result of the rounding, the totals of data presented in this Offering Memorandum may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Market Data

We have included in this Offering Memorandum market data and other market information derived from industry publications, surveys or studies conducted by management, third-party industry consultants and market research firms, or publicly available information from sources that are generally believed to be reliable, including, but not limited to, the following: Argus, CRU, ICIS, MMSA and Phillip Townsend Associates, Inc. ("Industry Reports"). We confirm that the data and other information derived from Industry Reports and any other third-party information included herein has been accurately reproduced and that, as far as we are aware and are able to ascertain from Industry Reports and from information published by these and other third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. We note that none of Argus, CRU, ICIS, MMSA and Phillip Townsend Associates, Inc. nor any other third-party sources, and none of the Joint Bookrunners, accepts any liability for the accuracy of any such information, and prospective investors are advised to consider such information with caution. In addition, in certain instances in this Offering Memorandum we have included our own estimates, assessments, adjustments and judgments in preparing market information, which have not been verified by an independent third-party. Such information is to a certain degree subjective. While we believe that our own estimates, assessments, adjustments and judgments are reasonable and that the market information prepared by us approximately reflects the industry and the markets in which we operate, there is no assurance that our own estimates, assessments, adjustments and judgments are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein.

No Incorporation of Website Information

None of the contents of the Company's website, ADNOC's website, OCI's website or any website directly or indirectly linked to these websites have been verified and they do not form part of this Offering Memorandum, and investors should not rely on such information.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance and anticipated developments in markets in which operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on our current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "risk", "intends", "estimates", "aims", "plans", "targets", "predicts", "continues", "assumes", "potential" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include statements regarding intentions, beliefs and current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate. In particular, the statements under the headings regarding our strategy and other future events or prospects in the following sections are forward-looking statements: "*Summary*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Business*".

These forward-looking statements and other statements contained in this Offering Memorandum regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward looking statements. Important factors that could cause actual results to differ materially from our expectations are contained in cautionary statements in this Offering Memorandum, including, without limitation, in conjunction with the forward looking statements included in this Offering Memorandum and specifically under the section entitled "*Risk Factors*" or the underlying assumptions.

If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. Under no circumstances should the inclusion of such forward looking statements in this Offering Memorandum be regarded as a representation or warranty by us, the Selling Shareholders or the Joint Bookrunners or any other person with respect to the achievement of the results set out in such statements. Please refer to "*Risk Factors*" for further information in this regard.

The forward-looking statements contained in this Offering Memorandum speak only as at the date of this Offering Memorandum. The Company, the Selling Shareholders and the Joint Bookrunners expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law.

AVAILABLE INFORMATION

For so long as any of the Shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is not subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

SUMMARY

This summary should be read as an introduction to this offering memorandum (the "Offering Memorandum") and is qualified in its entirety by, and is subject to, the detailed information contained elsewhere in this Offering Memorandum. Accordingly, any decision to invest in the Shares should be based on consideration of this Offering Memorandum as a whole. Potential investors should read this entire Offering Memorandum carefully, including "Risk Factors" and our financial statements, including the related notes, before making any decision to invest in the Shares.

Overview

We are the world's largest seaborne exporter of urea and ammonia combined, MENA's largest producer of nitrogen fertilizers by Production Capacity, and an early mover in clean ammonia, as at the date of this Offering Memorandum. As a leading nitrogen fertilizer producer and distributer, we are committed to our purpose of responsibly supporting sustainable agriculture. We provide an effective and environmentally sound source of nitrogen, the essential nutrient for crop growth, to our customers around the world.

Our portfolio of products comprises ammonia (which is used both as a building block for other fertilizer products and sold to industrial and agricultural customers), urea for agricultural and industrial customers, and DEF, which is also known as AdBlue in Europe and marketed as AdGreen by Fertil, for industrial customers. Additional potential future uses of ammonia are currently emerging as part of the nascent clean hydrogen economy, where blue and green ammonia could serve as an efficient energy carrier and as a clean fuel.

We operate a diverse regional footprint of four world-class production facilities in three countries, comprising EBIC and EFC in Egypt, Sorfert in Algeria, and Fertil in the UAE. Fertiglobe's decision making is centralized through a strong leadership team headquartered in Abu Dhabi, which allows us to optimize operational and commercial processes to deliver efficiencies across the board. We are committed to operational and commercial excellence, with a detailed efficiency enhancement strategy focused on safety, plant reliability and integrity, and cash flow optimization.

As at the date of this Offering Memorandum, 58% of our total issued share capital is indirectly held by OCI (through the OCI Shareholder) and 42% of our total issued share capital is indirectly held by ADNOC (through the ADNOC Shareholder). In March 2019, OCI contributed its nitrogen fertilizer production assets in Egypt and Algeria, and distribution assets in the UAE to the Company. Fertiglobe in its current form was created on 30 September 2019, when ADNOC completed a transaction whereby it contributed its UAE nitrogen fertilizers business to the Company to form a strategic partnership and nitrogen fertilizer products platform with OCI. Following the contribution of the respective MENA nitrogen fertilizer products businesses of OCI and ADNOC to Fertiglobe, we became the largest seaborne exporter of urea and ammonia combined globally, and the largest producer of nitrogen fertilizers in the MENA region with a production capacity of 6.5 million tons per annum of urea and merchant ammonia. We also have the largest net ammonia export Production Capacity in the MENA region and top three globally.

OCI is a leading global producer and distributor of nitrogen products and methanol and is headquartered in the Netherlands. OCI's shares are listed on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V., under the symbol "OCI".

ADNOC, owned by the Emirate of Abu Dhabi, is one of the largest integrated energy companies globally that operates across the hydrocarbon value chain, including exploration, production, storage, refining, petrochemicals, marketing and distribution. ADNOC was formed by the Emirate of Abu Dhabi in 1971 to manage crude oil exploration, production and distribution in Abu Dhabi, developing Abu Dhabi into one of the world's leading oil producers and fueling the growth of Abu Dhabi and the UAE.

Competitive Strengths

Largest seaborne exporter of urea and ammonia combined globally

We are currently the world's largest seaborne exporter of urea and ammonia combined, the largest nitrogen fertilizer producer in MENA by Production Capacity and an early mover in clean ammonia, benefitting from geographic diversity and broad market access. As of 30 June 2021, our merchant ammonia and urea capacity represents approximately 10% of combined ammonia and urea global seaborne exports.

Attractive first quartile cost curve position

Our production footprint in natural gas-rich geographies, underpinned by secure long-term competitive supply contracts, allows us to occupy favorable positions on the global cost curves in both ammonia and urea. Access to abundant and low-cost natural gas is imperative for any nitrogen fertilizer producer to maintain its cost competitiveness globally. As a first mover in our markets, we were able to secure long-term, competitive natural gas supply contracts in Algeria, Egypt, and the UAE. In Egypt, the abundance of natural gas continues to increase on the back of significant discoveries made over recent years and as recently as September 2020 with the announced new gas discovery in the Nile Delta. Fertiglobe's natural gas cost is estimated to be USD 2.8/MMBtu (fixed weighted average price) until 31 December 2021 and approximately USD 3.0/MMBtu for 2022, while the supply contracts are long term with remaining tenors between 7 to 23 years. Please refer to section "*Business—Material Agreements—Natural gas contracts*" for more details on the gas supply contracts.

Our non-feedstock operating costs are also lower in comparison to our global peers as a result of our production efficiencies, proximity to key infrastructure and low cost North African operations whose non-feedstock costs are denominated in local currencies.

As a result of our favorable gas price contracts, lower conversion costs and strategic freight locations, Fertiglobe is situated in the first quartile of the exporter cost curve for both ammonia and urea with some of the lowest cash costs and delivered costs to key export destinations in the industry.

State of the art, young asset base

We have a state of the art asset base. Our facilities use the best available global technology and we have continuously invested in constructing, improving and maintaining our facilities at state of the art levels. Approximately 50% of our combined urea and ammonia Production Capacity is under 10 years old. By comparison, nearly 80% of the world's ammonia plants are at least 20 years old. The age of an asset correlates to its ability to maintain high utilization rates with low maintenance capital expenditure. As an asset ages, it requires increasing maintenance capital expenditure to continue to operate, while high utilization rates become more difficult to maintain. As such, we believe we are well positioned versus our competitors.

The markets in which we operate have clear benefits for incumbent operators, which are difficult to achieve for smaller, newer operators and therefore represent significant barriers to entry. These markets are characterized by regulatory and structural features which make competing difficult and costly for potential entrants. For instance, plant construction has historically frequently involved long lead times of four to six years at a significant cost of construction. Securing the necessary financing can be challenging, a dynamic that favors existing operators with established financing sources.

Combination of strategically located asset base and global storage and distribution capabilities with extensive reach to all global markets from advantageous freight locations

Our export-focused production facilities benefit from direct access to six key ports and distribution hubs by the Mediterranean Sea, Red Sea, and the Arabian Gulf. This strategic positioning allows us to easily access the major end-markets for our products (Europe, South Asia, Australia, East Africa, Latin America and the Far East), and to optimize volumes routing East and West of the Suez Canal, creating significant freight optimization and synergies.

Our own in-house distribution capabilities give us more control over the placement of our products. Regional competitors without their own distribution capabilities typically seek off-take contracts with traders or importers, committing to certain volumes in advance, priced at local benchmark minus freight, thereby sacrificing potential netback price optimizations in favor of product placement certainty. Fertiglobe's distribution model enables us to focus on netback price optimization, as we have the ability to place products in the spot market given our marketing reach and local knowledge, combined with our storage network providing the required flexibility to tap markets at the most opportune windows, and to capitalize on higher pricing in markets during peak demand periods.

We believe that our platform also has a significant competitive advantage compared to other exporters, such as those based in Russia, given it can export from North Africa into Europe on a duty-free basis. In addition, our North African assets benefit from significant freight cost advantages to Europe and reduced transportation times allowing for flexibility in logistics and higher netback prices. Fertil is located directly on the Arabian Gulf and its robust logistics infrastructure allows it to export globally with favorable access to

Asia, complementing our North African assets and allowing our platform to benefit from greater geographic diversity and market access.

We have a centrally coordinated global sales and marketing strategy that leverages our logistical advantages, global distribution network and long-term customer relationships to deliver strong netback prices. Our internal team is complemented by strategic partnerships which allow us to further optimize distribution channels opportunistically and access our partners' respective distribution or storage infrastructure.

Our commercial activities are supported by robust inland storage and distribution infrastructure, including over 750 thousand metric tons of owned and leased warehousing capacity across our locations, efficient multi-modal on-site loading and logistics operations, and two chartered ammonia vessels.

Our well-placed geographic network contributes to our favorable positioning on the global cost curve for fertilizers, and our complementary production and distribution locations bring geographic diversity and enhanced market access, benefitting both existing and new customers.

We can leverage our geographic reach and flexible production assets to respond to market demand and price evolution to tap the highest netback price markets, at a competitive freight charges, while benefiting from a low fixed cost base, especially in our operations in Egypt and Algeria.

Early mover advantage in blue and green ammonia

Driven by the global trend towards a higher focus on environmentally friendly production and consumption, and consequently a decrease of carbon dioxide emissions, clean / low or no carbon hydrogen has recently emerged as an area of focus across various industries and regions, for example in the shipping sector, and Japan's commitment to de-carbonize by 2050 and build a 'hydrogen society' by around 2030. Ammonia has emerged as one of the most promising products to drive the hydrogen economy and enable this energy transition as it currently represents more than 40% of global hydrogen use today.

Management believes that Fertiglobe is well positioned to benefit from this potential paradigm shift in the industry and play a role in the clean hydrogen value chain. As a global leader in merchant ammonia and early mover in clean ammonia projects, we are also uniquely positioned to capitalize on new demand for low-carbon ammonia as an efficient energy carrier and clean fuel as part of the energy transition. We are the largest seaborne exporter of urea and ammonia combined globally and benefit from comprehensive access to critical ammonia trading infrastructure, with a network of 19 warehouses and storage tanks, direct access to ports and jetties from our production facilities, and two chartered ammonia vessels. Our plants and storage tanks are also located in close proximity to the busiest global shipping routes from the Far East to Europe and near three of the top four global bunkering hubs. EBIC and EFC are next to the Suez Canal which represents approximately 12% of global trade, Sorfert is approximately one day sailing from Gibraltar, a major bunkering hub, and Fertil is near Fujeirah in the UAE.

Attractive financial profile with low maintenance capex requirements and strong cash generation

We have an attractive financial profile with cash flows from operating activities of USD 520.8 million and USD 482.0 million, respectively, for the year ended 31 December 2020 and for the six months ended 30 June 2021 and Adjusted EBITDA Margins of 29.2% and 42.2%, respectively, for the year ended 31 December 2020 and for the six months ended 30 June 2021.

Our ability to generate free cash flow is supported by: (i) our low capital expenditure, which for the year ended 31 December 2020 was USD 67.1 million and for the six months ended 30 June 2021 was USD 13.6 million, and for the twelve months ended 30 June 2021 was USD 54.7 million; (ii) our low effective tax rates in countries in which we operate (in the UAE, Fertil is currently subject to a corporate income tax rate of 25%, Sorfert in Algeria is subject to a corporate income tax rate of 19% on taxable profits realized on its domestic sales, EFC in Egypt is subject to a corporate income tax rate of 22.5%, and EBIC in Egypt is not subject to a corporate income tax under the free zone regime); (iii) our organic EBITDA growth; and (iv) our capital discipline. Our strong operational and commercial position generally allows us to generate cash in most of the pricing environments and points in the cycle.

Significant non-GDP growth levers

Fertiglobe benefits from multiple pathways to non-GDP driven growth levers, originating from the commercial set-up and strategy of the Company, and comprising continued realization of internal synergies amongst our plants and best practice sharing, third-party volume growth, downstream expansion, operational excellence initiatives, and strategic partnerships, in addition to the opportunities in the clean hydrogen economy described above.

Supported by strong shareholders, and multiple strategic partnerships

The Company was formed as a strategic partnership between OCI and ADNOC in 2019 and has benefitted from the support of both shareholders since. We can leverage OCI's existing European platform, as well as logistics access to the North American market through N-7 LLC, a 50/50 marketing joint venture between OCI and Dakota Gasification Company, which markets and distributes more than 3.8 million metric tons of nitrogen products per year, including offtake of Dyno Nobel's products. We can also leverage ADNOC's experience in carbon capture and underground storage as well as its global commercial platform. Furthermore, our strong nexus with our shareholders is expected to enhance our ability to continue to grow the Company's opportunity set, including in the low carbon space as ammonia develops into a key enabler of the hydrogen economy over the medium and long term.

Our Strategies

Continue developing our global commercial strategy by capitalizing on our market reach and strategic locations

Our state of the art and geographically advantageous footprint facilitates a global approach for our commercial strategy, which allows us to align our sales and marketing activities to leverage logistical advantages through our global distribution network and cultivate customer relationships to deliver strong netback prices. Our coordinated global sales and marketing organization is supported by strong distribution and logistics capabilities, thereby allowing us to reach customers around the world while seeking to maximize returns. We intend to accelerate our global commercial expansion by increasing our sales and marketing platform's physical presence by establishing new strategically positioned offices and distribution partnerships increasing our physical presence from seven markets today to 16 by 2025, with a focus on Brazil, Argentina, Mexico, East Africa, South Africa, Australia, China and Singapore. We are concentrating our expansion on higher growth / emerging countries both east and west of the Suez Canal, a global approach that is enabled by our asset and production footprint in the Middle East and North Africa, and differentiates us from competitors either focused on Asia or the Americas only. We also intend to grow our third-party traded volumes by leveraging our existing distribution businesses to better place merchant ammonia and urea volumes globally and achieve higher netbacks.

We also see significant demand growth potential for non-fertilizer applications for ammonia and urea, such as DEF and the use of ammonia as a shipping fuel in the future. With our strategic locations near major shipping routes, we are well positioned to capture additional demand from these growing application fields for both products.

Furthermore, we are actively exploring opportunities to optimize our distribution and production capabilities. When evaluating opportunities to optimize our presence in our key markets or gain entrance into strategically attractive markets or adjust our capabilities, we consider acquisitions, partnerships, joint ventures, business combination transactions or other major transactions that are in line with our strategic goals and financial return expectations. We have a clear financial policy in place and evaluate any potential transactions against our strict financial policies and return requirements.

Leverage existing ammonia production capabilities and logistics infrastructure to capitalize on the global shift to blue and green ammonia

We intend to leverage our established ammonia platform to capitalize on the potential global shift to blue and green ammonia. As part of the accelerated global shift to clean energy, hydrogen is expected to play a vital role in achieving the world's decarbonization ambitions and thus hydrogen demand is expected to grow significantly over the next decade. Management believes that the Group is well positioned to capitalize on the global transition to a hydrogen economy because ammonia has emerged as one of the most promising products to drive the hydrogen economy and enable the energy transition.

Although most countries are working towards developing a hydrogen economy, it is not feasible to produce sufficient hydrogen to meet expected demand given limitations on renewable energy sources in many regions, including Europe. This means that hydrogen will need to be transported over long distances. This is not straightforward as hydrogen needs to be cooled down to minus 253 degrees Celsius, which results in a large loss of energy. Ammonia is an ideal energy carrier for several reasons: (i) its energy density is 70% higher than hydrogen's and is a liquid already at minus 33 degrees Celsius; (ii) it is a widely used product globally; and (iii) it is easier to store with extensive global distribution and storage infrastructure already in place. As such, clean ammonia and hydrogen will allow a broad range of decarbonization opportunities, including, among others, reductions in the emission from marine fuel, power generation, transportation, construction, and agriculture, sectors that currently account for around 80% of global greenhouse gas emissions.

We are well-situated to develop our blue and green ammonia production capacities through plug-and-play projects. We have strong shareholder support, benefitting from ADNOC's experience in carbon capture and OCI's global downstream ammonia infrastructure, as well as access to attractively priced abundant low cost solar and wind energy in all three countries we operate in and can leverage our existing ammonia infrastructure. This means that unlike greenfield projects, we can access this market with potentially limited upfront capex. These advantages allow for the relatively straightforward conversion of feedstock to green and / or blue hydrogen.

Marine fuel is a particularly promising new market for low or no carbon ammonia and Fertiglobe is well-positioned to benefit from this opportunity. Converting all long-distance shipping fuel to ammonia would require approximately 750-900 million metric tons of ammonia annually by 2050, which is four to five times the current total global ammonia production, and more than 35 times the current merchant ammonia traded volumes. We are particularly well positioned to capitalize on ammonia's direct use as a marine fuel in a ship's combustion engine due to our strategic positioning in close proximity to the busiest global shipping routes and near key bunkering hubs, our access to established ammonia infrastructure, and the renewable energy advantages described above.

As an early mover in clean ammonia with the largest ammonia export production capacity in the MENA region and top three globally, Fertiglobe is also uniquely positioned to capitalize on emerging demand for low-carbon ammonia as part of the energy transition towards clean hydrogen. We have tangible and near term projects in our pipeline, including a blue ammonia pilot project in Fertil and Project Harvest in the UAE (which is in the evaluation phase). In addition, and in conjunction with ADNOC, we have also recently sold the UAE's first shipments of blue ammonia to three customers in Japan. The shipments underscore the favorable economics for blue ammonia as a source of low-carbon energy. We are also studying how to utilize the region's abundant solar and wind resources to produce green ammonia in Egypt.

With ammonia's end-markets covering food, fuel, and feedstock, we believe that clean ammonia represents an opportunity to decarbonize a significant portion of today's global greenhouse gas emissions across agriculture, industry and transportation.

Capitalize on favorable positioning to grow our product portfolio through strategic market and geographic expansion

Our current production portfolio comprises four assets in Egypt, Algeria, and the UAE with a distribution reach exceeding 34 countries. Our products are nitrogen-based fertilizers, namely ammonia and urea, which are core fertilizers applied to crops and represent 57% of a crop's annual nutrient requirements. We believe that declining arable land, combined with a growing global population and more sophisticated global dietary requirements will result in sustained nitrogen-based fertilizer demand for the foreseeable future. We also believe that there is potential for additional growth in fertilizer demand as farmers in agricultural markets, and in particular developing markets such as sub-Saharan Africa, begin to increase their fertilizer usage to maximize crop yields.

We aim to enter into new markets through an "asset-light" approach with limited capital investment, e.g. via strategic partnerships. Once we have developed a thorough understanding of local market dynamics, we will scale up through larger capital commitments and further expand and establish our market position.

We are also strongly positioned as a leading fertilizer producer and distributor in the regional market to take advantage of such future demand growth. We will also continue to pursue strategic acquisitions that offer attractive synergies and add value propositions and have cultivated a strong track record in acquiring and developing accretive assets.

Maximize cash flow generation by decreasing controllable costs through our operational excellence program

In addition to generating strong free cash flows by maximizing netbacks, we have launched an operational excellence program focused on maximizing process safety and asset reliability, energy efficiency, and costs optimization. The program leverages existing expertise across our platform to share best practices, provide in-house technical support, and cooperate on committees to implement preventative and predictive programs including assessment of the end of life for equipment and associated systems. The program was launched at the end of 2020 and is targeted to achieve consistently higher utilization rates, reduce energy consumption, and in turn reduce GHG emissions over the medium-term (consistent with our emissions reduction target). The program will also seek to optimize outside resourcing and maintenance costs by interchanging resources and expertise between our assets, challenging capital expenditure plans including turnarounds to improve efficiencies and to maintain low maintenance capital expenditure levels.

Maintain industry-leading HSE performance

We are committed to providing a safe and healthy workplace by fostering a culture of zero injuries at all production sites and implementing the highest international safety standards to avoid any potential risks to people, communities, assets or the environment. We continuously train all employees to implement the best sustainable practices and currently have one of the lowest total recordable injury rates ("TRIR") in the industry, with a current rate of 0.32 injuries per 200,000 hours worked versus industry rate of 1.24 (as at 2019 based on IFA average). We believe that the health and safety of our employees is essential to the successful conduct and future growth of our business and is in the best interests of our stakeholders. We aim to maintain a strong HSE record and strive towards achieving no recordable injuries across our plants.

We seek to provide sustainable solutions to our agricultural and industrial customers. We are committed to investing in a greener future to create value for our communities, our customers, our employees and our shareholders. Our commitment to a more sustainable world and a greener future has required us to commit to being an environmental steward and both minimize our environmental footprint through continuous investment in state of the art technologies and maximize our development and production of greener solutions for our customers. As such, we work diligently to reduce our environmental footprint throughout our value chain. Our production facilities utilize best-in-class technology, including best available control technology to minimize GHG emissions, and our operational excellence program and switch to renewable electricity is expected to result in emissions reductions across our asset base. Our lower carbon initiatives are also expected to result in emissions reductions throughout our value chain in the medium-term.

Recent Developments

On 12 October 2021, the Selling Shareholders and the Company entered into the Cornerstone Investment Agreements with the Cornerstone Investors, pursuant to which each of the Cornerstone Investors, severally (and neither jointly nor jointly and severally) has committed to purchase Shares in the Global Offering, and the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, Shares to the Cornerstone Investors at the final offer price. The aggregate commitments of all the Cornerstone Investors pursuant to the Cornerstone Investment Agreements amounts to c. USD 231 million (c. AED 847 million). The Cornerstone Investment Agreements are conditional upon Admission and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled on or before 12 November 2021 (or such other date as may be agreed between the Company, the Selling Shareholders and the Cornerstone Investors). For more information, see "*Subscription and Sale—Cornerstone Investors*".

RISK FACTORS

Investing in and holding the Shares involve significant risk, including the following:

Risks Relating to Our Business

- *Nitrogen fertilizers are global commodities, and we face global competition from other producers.*
- *The nitrogen fertilizer business is cyclical, resulting in periods of industry oversupply during which our financial condition, results of operations and cash flows are expected to be negatively affected.*
- *Our operations are dependent upon raw materials provided by third parties, and any delay or interruption in the delivery or increased costs may adversely affect our business.*
- *Our operating results fluctuate due to the seasonality of the nitrogen fertilizer business. Our inability to predict future seasonal nitrogen fertilizer demand accurately could result in us having excess inventory, potentially at costs in excess of market value, or product shortages.*

- *We are reliant on a limited number of key facilities, and unplanned production curtailments or shutdowns may impact our financial performance or anticipated production.*
- *We are exposed to risks with our strategic partnerships.*
- *We operate three of our four facilities in locations where we are exposed to greater than average risk of adverse sovereign action.*
- *We are not fully insured against all potential hazards and risks incident to our business. Therefore, our insurance coverage may not adequately cover our losses.*
- *Adverse weather conditions may decrease demand for our nitrogen fertilizers or materially disrupt our operations.*
- *Natural disasters or health epidemics or pandemics, such as the current COVID-19 pandemic, may disrupt our operations, decrease the demand for our products or otherwise have an adverse impact on our business.*
- *We may not be successful in acquiring or integrating new businesses.*
- *Changes in government policies (including with respect to subsidies and state support programs) may adversely affect demand and prices for our products.*
- *Our operations and the production and handling of our nitrogen fertilizers involve significant risks and hazards. Accidents involving our products or production facilities could cause severe damage or injury to property, the environment and human health, which could materially adversely affect our business, results of operations and financial condition.*
- *We are subject to numerous environmental, health, and safety laws, regulations and permitting requirements, as well as potential environmental liabilities, which may require us to make substantial expenditures or impact our ability to export our products.*
- *Our transportation and distribution activities rely on third-party providers and are subject to environmental, safety and regulatory oversight. This exposes us to risks and uncertainties beyond our control that may adversely affect our operations and expose us to additional liability.*
- *The Company's structure includes a trust arrangement and is therefore subject to certain additional risks.*
- *The development of our blue and green ammonia production capabilities may be subject to delay and be more costly than we anticipate, and the market and pricing of blue and green ammonia may not develop in line with our expectations.*
- *Acts of terrorism could negatively affect our business.*
- *Cybersecurity risks could result in disruptions in business operations and adverse operating results.*
- *We are subject to risks associated with operating in several jurisdictions.*
- *Our operations are dependent on maintaining permits and meeting financial assurance requirements from governmental authorities.*
- *We conduct our business in multiple jurisdictions and are exposed to the tax laws of such jurisdictions, including risks in connection with challenges to our tax positions.*
- *Our debt agreements contain restrictions that may limit our flexibility in operating our business, and we may incur additional debt.*
- *We are subject to interest rate related risks.*
- *Our business has exposure to exchange rate fluctuations.*
- *Our business could be impacted by acrimonious employee relations, which could adversely affect our operations.*
- *If we are unable to attract and retain qualified personnel and skilled employees, we will be unable to operate efficiently, which could reduce our results of operations and cash flows.*

- *We may be involved in disputes and legal proceedings that, if determined unfavorably to us, could have a material adverse effect on our business, results of operations, financial condition and cash flows.*
- *Our subsidiary OCI S.A.E. continues to hold some residual activities related to the legacy engineering and construction business.*
- *We may be unsuccessful in enhancing the integrity, reliability and efficiency of our internal control over financial reporting.*

Risks Relating to Geographical, Political and Economic Conditions

- *Governments in the MENA region have exercised and continue to exercise significant influence over their respective economies, and legal and regulatory systems in the MENA region, which may create an uncertain environment for investment and business activities.*
- *Continued instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect our business, results of operations, financial condition and cash flows.*
- *In certain jurisdictions in which we operate, the developing legal system and the introduction of new laws and regulations can create an uncertain or changed environment for investment and business activity, and can adversely affect the way in which we are able to conduct our businesses and our results of operations, financial condition and cash flows.*
- *Deterioration of global market and economic conditions could have a material adverse effect on our business, results of operations, financial condition and cash flows.*

Risks Relating to the Global Offering and to the Shares

- *After the Global Offering, OCI will continue to be able to exercise control, and ADNOC will continue to be able to exercise significant influence, over us, our management and our operations.*
- *Substantial sales of Shares by OCI or ADNOC could depress the price of the Shares.*
- *Future issuances of Shares may dilute the holdings of shareholders and may depress the price of the Shares.*
- *The Global Offering may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. In addition, the ADX is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares.*
- *Because we are a holding company and substantially all of our operations are conducted through our subsidiaries, our ability to pay dividends on the Shares depends on our ability to obtain cash dividends or other cash payments or obtain loans from such entities.*
- *We may not pay any cash dividends on the Shares. Consequently, you may not receive any return on investment unless you sell your Shares for a price greater than that which you paid for them.*
- *Holders of the Shares in certain jurisdictions outside of the UAE, including the U.S., may not be able to exercise their pre-emptive rights if we increase our share capital.*

Our registered office is located at Unit 1, 20th Floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. Our telephone number is + 971 2 694 8600. Our website address is www.fertiglobe.com. The information contained on our website is not incorporated by reference into, or otherwise included in, this Offering Memorandum.

THE GLOBAL OFFERING

Company	Fertiglobe plc, a public company limited by shares, incorporated in the ADGM, pursuant to the Companies Regulations.
Selling Shareholders	Immediately following completion of the Global Offering, the OCI Shareholder will continue to own at least 50% plus one share of our issued and outstanding share capital, and the ADNOC Shareholder will continue to own at least 36.2% of our issued and outstanding share capital. Collectively, the Selling Shareholders will continue to own at least 86.2% of our issued and outstanding share capital.
Joint Global Coordinators and Joint Bookrunners	Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and Morgan Stanley & Co. International plc have been appointed as Joint Global Coordinators and Joint Bookrunners, and EFG-Hermes UAE Limited, Goldman Sachs International and International Securities L.L.C. have been appointed as Joint Bookrunners.
Global Offering	1,145,582,011 ordinary shares are being offered in the Global Offering. All of the Shares are being sold by the Selling Shareholders. The Selling Shareholders reserve the right to amend the size of the Global Offering at any time prior to the end of the subscription period at their sole discretion. The Company will not receive any proceeds from the sale of Shares by the Selling Shareholders. The Global Offering comprises the Qualified Institutional Offering, the ADGM Exempt Offer, the DIFC Exempt Offer and the UAE Retail Offer. The Shares are being offered outside the United States in reliance on Regulation S and within the United States only to QIBs in reliance on Rule 144A. The Exempt Offer is being made in the ADGM pursuant to an exemption from registration under the Market Rules of the FSRA and in the DIFC pursuant to an exemption from registration under the Markets Rules of the DFSA. Subject to the approval of the SCA, the Company reserves the right to alter the percentage of the Global Offering which is to be made available to either the UAE Retail Offer, which shall not exceed 40% of the total Shares offered in the Global Offering, or the Qualified Investor Offering, which shall not be reduced to less than 60% of the total Shares offered in the Global Offering.
Qualified Investor Offering	90% of the Shares being offered in the Global Offering are being offered to certain investors in the Qualified Investor Offering (i) outside the United States in reliance on Regulation S, (ii) within the United States only to QIBs in reliance on Rule 144A, and (iii) pursuant to the Exempt Offer.
Exempt Offer	A number of Shares to be determined by the Joint Bookrunners, the Selling Shareholders and us are being offered in the Exempt Offer in the ADGM pursuant to an exemption from registration under the Markets Rules of the FSRA, and in the DIFC pursuant to an exemption from registration under the Markets Rules of the DFSA.
UAE Retail Offer	10% of the Shares being offered in the Global Offering are being offered pursuant to the UAE Prospectus, the publication of which was approved by the SCA, to: (A) natural persons who hold a NIN with the ADX and have a bank account; and (B) other investors (including natural persons, companies and establishments) who do not participate in the Qualified Investor Offering that hold a NIN with the ADX and have a bank account (collectively, "Eligible Applicants").

Shares — Our share capital consists of 8,301,318,925 ordinary shares, each with a value of USD 0.16 each, which are fully paid, issued and outstanding. The Shares have the rights described under "*Description of Share Capital*".

Cornerstone Investors — On 12 October 2021, the Selling Shareholders and the Company entered into the Cornerstone Investment Agreements with the Cornerstone Investors, pursuant to which each of the Cornerstone Investors, severally (and neither jointly nor jointly and severally) has committed to purchase Shares in the Global Offering, and the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, Shares to the Cornerstone Investors at the final offer price. The aggregate commitments of all the Cornerstone Investors pursuant to the Cornerstone Investment Agreements amounts to c. USD 231 million (c. AED 847 million). The Cornerstone Investment Agreements are conditional upon Admission and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled on or before 12 November 2021 (or such other date as may be agreed between the Company, the Selling Shareholders and the Cornerstone Investors). For more information, see "*Subscription and Sale—Cornerstone Investors*".

Offer price range — The offer price range is AED 2.45 to AED 2.65 per Share.

Commencement of the Global Offering — On or about 13 October 2021.

Expected pricing date — On or about 20 October 2021.

Expecting Closing Date — On or about 27 October 2021.

Payment and settlement — Payment for the Shares purchased in connection with the Qualified Investor Offering shall be made in either USD or AED, as specified by each purchaser to the Joint Bookrunners during the bookbuilding process. Purchasers will be required to make full payment for the Shares to the Joint Bookrunners for receipt by the Joint Bookrunners on the business day prior to the Closing Date. In the event of a failure to make timely payment, purchasers of Shares may incur significant charges.

Delivery of the Shares is expected to be made on the Closing Date to the accounts of purchasers through the book-entry facilities operated by the ADX. Trading of the Shares will take place through the trading system of the ADX. Shares will be held under NINs assigned by the ADX either to the holders directly or through custodian omnibus accounts and the ownership of the Shares will be evidenced by the holdings under each such NIN. Clearing and settlement of trades on the ADX by brokers or custodians may be performed only through members of the ADX that are authorized clearing members (the "Clearing Members"). Settlement of securities trading on the ADX is governed by the ADX's rules and regulations, which are available from its website, www.adx.ae.

Restrictions on purchases and transfers of Shares — The Shares are subject to certain restrictions on their purchase, resale and transfer. For more information, see "*Subscription and Sale*" and "*Transfer Restrictions*".

Dividends — The Board has adopted a robust dividend policy designed to return to shareholders substantially all of its distributable free cash flow after providing for growth opportunities and while maintaining an investment grade credit profile. We intend to distribute cash dividends twice each financial year, with an initial payment in October of that year in relation to the financial performance for the first six months of that financial year and a second payment in April of the following year in relation to financial performance of the last six months of the financial year, subject to the approval of Shareholders at a general meeting.

Our ability to pay dividends is dependent on a number of factors, including:

- the availability of distributable reserves and our capital expenditure plans and other cash requirements in future periods;
- market conditions and the then current operating environment in our markets;
- the Board's outlook for our business;
- future profits and our business plan (including our ability to perform in accordance with the expectations in our business plan);
- the discretion of our Board; and
- approval of any dividend payment at a general meeting of our Shareholders.

See "*Risk Factors—Risks Relating to the Global Offering and to the Shares—Because we are a holding company and substantially all of our operations are conducted through our subsidiaries, our ability to pay dividends on the Shares depends on our ability to obtain cash dividends or other cash payments or obtain loans from such entities*".

While there is no assurance that we will be able to do so and subject to the factors described above, following the Global Offering, we are currently: (i) targeting to pay a dividend of at least USD 200 million in April 2022 for the second half of the year ended 31 December 2021; and (ii) targeting to pay a dividend of at least USD 400 million relating to our financial performance in the year ended 31 December 2022, with 50% of that dividend paid in October 2022 and 50% of that dividend paid in April 2023. For more information regarding dividends to shareholders before the Global Offering, see "*Capitalization*".

Use of proceeds.................................. The Company will not receive any proceeds from the Global Offering. All expenses of the Global Offering (including underwriting commissions and any discretionary fees) will be borne by the Selling Shareholders. The Global Offering is being conducted, among other reasons, to allow the Selling Shareholders to sell part of their shareholdings to more actively manage and optimize their portfolio of assets, while providing increased trading liquidity in the Shares and raising our profile with the international investment community.

Listing and trading .... We have applied for the Shares to be listed on the ADX under the symbol "FERTIGLOBE". Prior to the Global Offering, there has not been any public market for the Shares. There will be no conditional dealings in the Shares prior to Admission. It is expected that Admission will become effective and that dealings in the Shares will commence on the ADX on or about the Closing Date.

Lock-up .... Pursuant to the terms of an underwriting agreement among the Company, the Selling Shareholders and the Joint Bookrunners (the "Underwriting Agreement"), we and the Selling Shareholders, which held 100% of the Shares immediately prior to the Global Offering, have contractually agreed, for a period of twelve months after the Closing Date, subject to certain exceptions, not to: (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed. For more information, see "*Subscription and Sale*".

Pursuant to the Cornerstone Investment Agreements, the Cornerstone Investors have agreed that, subject to certain exceptions, during the period of three months following Admission, they will not, without the prior written consent of the Joint Global Coordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares they have acquired under the Cornerstone Investment Agreements (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Taxation... For a discussion of certain tax considerations relevant to an investment in the Shares, see "*Taxation*".

General Information.......................... The security identification numbers of the Shares offered hereby are as follows:

- Shares ISIN: The Company is in the process of obtaining the ISIN for the Shares, which will be announced prior to the Closing Date.
- ADX Share Trading Symbol: FERTIGLOBE

Risk Factors .... You should read "*Risk Factors*" for a discussion of factors that you should consider carefully before deciding to invest in the Global Offering.

SUMMARY HISTORICAL FINANCIAL AND KEY OPERATING INFORMATION

The summary historical financial information set forth below as at and for the years ended 31 December 2018, 2019 and 2020, and for the six months ended 30 June 2020 and 2021 has been derived from our financial statements as at and for the years ended 31 December 2019 (inclusive of the year ended 31 December 2018) and 2020 (inclusive of the year ended 31 December 2019), and as at and for the six months ended 30 June 2021 (inclusive of the six months ended 30 June 2020). Results for the six months ended 30 June 2021 are not necessarily indicative of the results that can be expected for the full year. The summary historical financial and key operating information should be read in conjunction with "Selected Historical Financial and Key Operating Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements, including the related notes, included elsewhere in this Offering Memorandum.

Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income Data

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	**2019**	**2020**	**2020**	**2021**	**2021**
			(*USD millions*)			
Revenues	1,237.5	1,055.5	1,550.8	737.5	1,260.0	2,073.3
Cost of sales	(878.3)	(858.9)	(1,278.5)	(626.8)	(818.0)	(1,469.7)
Gross profit	**359.2**	**196.6**	**272.3**	**110.7**	**442.0**	**603.6**
Other income	52.6	4.6	—	—	—	—
Selling, general and administrative expenses	(37.9)	(57.1)	(89.4)	(41.3)	(45.0)	(93.1)
Other expenses	(0.1)	(1.9)	(1.3)	(2.1)	—	0.8
Operating profit	**373.8**	**142.2**	**181.6**	**67.3**	**397.0**	**511.3**
Finance income	8.7	15.4	33.5	21.5	7.5	19.5
Finance cost	(135.3)	(104.0)	(47.0)	(15.5)	(23.9)	(55.4)
Net finance (cost)/income	(126.6)	(88.6)	(13.5)	6.0	(16.4)	(35.9)
Share of (loss)/profit from equity accounted investees (net of tax)	—	(0.1)	(0.1)	0.5	—	(0.6)
Profit before income tax	**247.2**	**53.5**	**168.0**	**73.8**	**380.6**	474.8
Income tax	(30.3)	(15.1)	(40.9)	(11.6)	(64.0)	(93.3)
Profit for the year/period	**216.9**	**38.4**	**127.1**	**62.2**	**316.6**	**381.5**
Other comprehensive income:						
Items that are or may be reclassified subsequently to profit or loss						
Foreign operations – foreign currency translation differences	(17.3)	(8.6)	(56.9)	(43.5)	(18.3)	(31.7)
Other comprehensive income, net of tax	**(17.3)**	**(8.6)**	**(56.9)**	**(43.5)**	**(18.3)**	(31.7)
Total comprehensive income	**199.6**	**29.8**	**70.2**	**18.7**	**298.3**	**349.8**
Profit attributable to:						
Owners of the Company	82.0	3.9	74.3	23.0	198.5	249.8
Non-controlling interest	134.9	34.5	52.8	39.2	118.1	131.7
Profit for the year/period	**216.9**	**38.4**	**127.1**	**62.2**	**316.6**	**381.5**
Total comprehensive income attributable to:						
Owners of the Company	71.6	(0.3)	45.3	0.8	189.1	233.6
Non-controlling interest	128.0	30.1	24.9	17.9	109.2	116.2
Total comprehensive income	**199.6**	**29.8**	**70.2**	**18.7**	**298.3**	**349.8**

Summary Consolidated Statement of Financial Position Data

	As at 31 December			As at 30 June
	2018[(1)(2)]	2019[(2)]	2020	2021
	(USD millions)			
Assets				
Total non-current assets	2,230.1	4,149.0	3,862.6	3,718.7
Total current assets	673.2	842.9	934.7	1,277.8
Total assets	**2,903.3**	**4,991.9**	**4,797.3**	**4,996.5**
Equity				
Total equity	**102.6**	**2,985.2**	**3,062.4**	**3,027.2**
Liabilities				
Total non-current liabilities	1,035.1	1,263.2	1,108.6	1,030.6
Total current liabilities	1,765.6	743.5	626.3	938.7
Total liabilities	**2,800.7**	**2,006.7**	**1,734.9**	**1,969.3**
Total equity and liabilities	**2,903.3**	**4,991.9**	**4,797.3**	**4,996.5**

(1) The financial information as per 31 December 2018 has been restated for the effect as disclosed in Note 2 of our audited consolidated financial statements for the year ended 31 December 2020 as set out in the F-pages in this Offering Memorandum. This was a consequence of management that became aware of information that the Group's exposure to historical indemnities provided to other parties was understated in the consolidated financial statements. The restatement reduced the retained earnings by USD 23.6 million and increased the provisions (which form part of the total current liabilities) by USD 23.6 million.

(2) The balance sheet information as at 31 December 2019 has been restated to correct a previous overstatement of our retained earnings. The restatement reduced the retained earnings by USD 23.6 million and increased the provisions (which form part of the total current liabilities) by USD 23.6 million. This was a consequence of management that became aware of information that the Group's exposure to historical indemnities provided to other parties was understated in the consolidated financial statements. For more information on the restatement of the balance sheet information as at 31 December 2019, see Note 2 of our audited consolidated financial statements for the year ended 31 December 2020 as set out in the F-pages in this Offering Memorandum.

Summary Consolidated Statement of Cash Flows Data

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018[(1)]	2019	2020	2020	2021	2021
			(USD millions)			
Cash flows from operating activities	424.1	255.1	520.8	313.2	482.0	689.6
Cash used in investing activities	(17.2)	(5.0)	(66.6)	(25.4)	(13.6)	(54.8)
Cash used in financing activities	(201.6)	(148.5)	(312.4)	(118.0)	(141.1)	(335.5)
Net cash flows	**205.3**	**101.6**	**141.8**	**169.8**	**327.3**	**299.3**
Cash and cash equivalents at beginning of the year / period	121.8	323.1	424.6	424.6	534.9	567.3
Effect of exchange rate fluctuations on cash held	(4.0)	(0.1)	(31.5)	(27.1)	(10.0)	(14.4)
Cash and cash equivalents at the end of the year/period	**323.1**	**424.6**	**534.9**	**567.3**	**852.2**	**852.2**

(1) Restricted cash of USD 16.9 million for the year ended 31 December 2018 has been included under cash and cash equivalents to present this information on a consistent basis with the summary consolidated statement of cash flows data for the year ended 31 December 2020.

Other Financial Information

The following table sets forth certain financial measures used by us as key indicators of our financial performance as at and for the years ended 31 December 2018, 2019 and 2020, and as at and for the six months ended 30 June 2020 and 2021. For further information, including definitions, see "*Presentation of Financial and Other Information—Non-IFRS Information*".

	As at and for the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	**2019**	**2020**	**2020**	**2021**	**2021**
	(USD millions, except percentages)					
Gross profit[(1)]	359.2	196.6	272.3	110.7	442.0	603.6
Gross profit margin[(2)]	29.0%	18.6%	17.6%	15.0%	35.1%	29.1%
EBITDA[(3)]	552.4	356.8	472.0	214.9	537.8	794.9
EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees[(3)]	548.5	364.9	449.6	201.0	533.3	781.9
Adjusted EBITDA[(3)]	506.9	371.0	453.3	204.7	532.2	780.8
Adjusted EBITDA Margin[(3)]	41.0%	35.1%	29.2%	27.8%	42.2%	37.7%

(1) Gross profit is revenues less cost of sales. The following table shows a reconciliation of revenues to gross profit.

	As at and for the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	**2019**	**2020**	**2020**	**2021**	**2021**
	(USD millions)					
Revenues	1,237.5	1,055.5	1,550.8	737.5	1,260.0	2,073.3
Cost of sales	(878.3)	(858.9)	(1,278.5)	(626.8)	(818.0)	(1,469.7)
Gross profit	**359.2**	**196.6**	**272.3**	**110.7**	**442.0**	**603.6**

(1) Gross profit margin consists of revenues less cost of sales divided by revenues.

(2) We calculate "EBITDA" as profit/(loss) before income tax, net interest costs (aggregate of interest income and expenses), depreciation and amortization and we calculate "EBITDA Excluding Foreign Exchange and Share of Profit (Loss) From Equity Accounted Investees" as EBITDA, adjusted to exclude foreign exchange and share of profit/(loss) from equity accounted investees (net of tax). We believe it is a useful financial metric for assessing our operating performance over time. We define "Adjusted EBITDA" as EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees, adjusted to exclude additional items and costs that management considers not reflective of our core operations. Adjusted EBITDA Margin consists of Adjusted EBITDA divided by revenues.

EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees and Adjusted EBITDA are supplemental measures of financial performance that are not required by, or presented in accordance with, IFRS. Therefore, EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees and Adjusted EBITDA should be viewed as supplemental but not as a substitute for measures presented in the consolidated statement of comprehensive income, which are determined in accordance with IFRS. Investors should not consider EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees and Adjusted EBITDA (a) as an alternative to operating profit or profit/(loss) before income tax (as determined in accordance with IFRS) as a measure of our operating performance, (b) as an alternative to net cash outflows or inflows from operating, investing and financing activities (as determined in accordance with IFRS) as a measure of our ability to meet cash needs or (c) as an alternative to any other measure of performance under IFRS. Because not all companies define EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees or Adjusted EBITDA in the same way, EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees and Adjusted EBITDA, as shown in this Offering Memorandum, may not be comparable to similarly titled measures used by other companies. In particular, Adjusted EBITDA includes certain adjustments based on management estimates, including expectations regarding realized commodity prices and utilization rates as well as projections, and we cannot assure you that these expectations and projections would occur in the future, if at all.

In evaluating Adjusted EBITDA, we encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemented analysis. You should be aware that, as an analytical tool, Adjusted EBITDA is both subject to all of the limitations applicable to EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by other items.

The following table shows for each period a reconciliation of profit for the year/period to EBITDA, EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees and Adjusted EBITDA.

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	**2019**	**2020**	**2020**	**2021**	**2021**
			(USD millions)			
Profit for the year / period	216.9	38.4	127.1	62.2	316.6	381.5
Income tax	30.3	15.1	40.9	11.6	64.0	93.3
Net interest cost[(a)]	130.5	80.6	36.0	7.4	20.9	49.5
Depreciation and amortization	174.7	222.7	268.0	133.7	136.3	270.6
EBITDA	552.4	356.8	472.0	214.9	537.8	794.9
Foreign exchange result[(b)]	(3.9)	8.0	(22.5)	(13.4)	(4.5)	(13.6)
Share of profit/(loss) from equity accounted investees (net of tax)	—	0.1	0.1	(0.5)	—	0.6
EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees	548.5	364.9	449.6	201.0	533.3	781.9
Sorfert insurance proceeds[(c)]	(44.0)	—	—	—	—	—
Other (including provisions)[(d)]	2.4	6.1	3.7	3.7	(1.1)	(1.1)
Adjusted EBITDA	**506.9**	**371.0**	**453.3**	**204.7**	**532.2**	**780.8**

(a) Net interest cost is the aggregate of interest income and expenses.

(b) Foreign exchange result is the aggregate of the foreign exchange gains and losses.

(c) Adjustments for the insurance claim relating to the Sorfert shutdown include loss of profit resulting from business interruption of USD 44.0 million caused by the unplanned shutdown at one of Sorfert's ammonia lines from May to December 2017. In December 2018, Sorfert reached a final settlement with the insurance companies for a claim in connection with the business interruption. The agreed settlement of USD 51.8 million was received in cash in part in 2018 (USD 20.1 million) with the remainder received in 2019 (USD 31.7 million). For the USD 51.8 million settlement, less the 15% that our partner receives for Sorfert, we calculated an impact on EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees of USD 44.0 million in 2018. See "*Business—Material Agreements—Material strategic partnerships—Sorfert*".

(d) Other adjustments include: (i) USD 2.4 million related to movement in provision in 2018; (ii) USD 6.4 million fair value adjustment of inventories related to the Fertil acquisition in 2019 which was recorded at fair value as part of the purchase price allocation and upon sale of the inventory resulted in USD 6.4 million negative impact on EBITDA and was adjusted given its exceptional in nature; (iii) a movement in provisions of USD 1.9 million in 2019 and other expenses of USD 1.6 million; (iv) a movement in provision of USD 3.7 million in 2020; and (v) a release provision of USD 1.1 million in the first six months of 2021.

Our Adjusted EBITDA for the year ended 31 December 2018 does not include the results of operations of Fertil and our Adjusted EBITDA for the year ended 31 December 2019 does not include Fertil's results of operations for the period prior to 30 September 2019. Fertil's Adjusted EBITDA for the year ended 31 December 2018 and for the period ended 29 September 2019 was USD 342.6 million and USD 203.3 million, respectively. The foregoing Fertil's Adjusted EBITDA figures do not give effect to Fertil's renewed gas supply contract dated 30 September 2019. Assuming Fertil's renewed gas contract was effective from January 1, 2018, this would have resulted in a USD 98.4 million and USD 75.3 million increase in Fertil's cost of sales (and corresponding reduction in Adjusted EBITDA) for the periods ended 31 December 2018 and 29 September 2019, respectively. For more information on Fertil's financial information for the periods prior to 30 September 2019, including Fertil's Adjusted EBITDA, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Information for Fertil*".

Levered free cash flow and cash conversion

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	2019	2020	2020	2021	2021
				(*USD millions*)		
EBITDA excluding foreign exchange and Share of Profit (Loss) from Equity Accounted Investees	**548.5**	**364.9**	**449.6**	**201.0**	**533.3**	**781.9**
Changes in working capital:						
Changes in inventories	22.8	(0.3)	(31.7)	(3.2)	19.5	(9.0)
Changes in trade and other receivables[1]	(126.5)	(9.7)	69.1	121.7	(40.2)	(92.8)
Changes in trade and other payables	35.1	(1.3)	97.9	21.8	12.1	88.2
Total changes in working capital	**(68.6)**	**(11.3)**	**135.3**	**140.3**	**(8.6)**	**(13.6)**
Changes in provisions	(12.7)	(0.7)	2.0	—	(22.3)	(20.3)
Impact difference in profit sharing non-controlling interest	36.1	10.5	17.4	13.5	33.3	37.2
Net finance cost paid[2]	(79.1)	(56.5)	(62.9)	(38.7)	(18.6)	(42.8)
Income taxes paid	(0.1)	(51.8)	(20.6)	(3.7)	(35.1)	(52.0)
Other expenses	—	—	—	0.8	—	(0.8)
Cash flows from operating activities[3]	**424.1**	**255.1**	**520.8**	**313.2**	**482.0**	**689.6**
Investments in property, plant and equipment	(17.2)	(50.8)	(67.1)	(26.0)	(13.6)	(54.7)
Payment of finance lease obligations[4]	—	(1.4)	(12.9)	(8.7)	(5.7)	(9.9)
Levered Free Cash Flow[5]	**406.9**	**202.9**	**440.8**	**278.5**	**462.7**	**625.0**
Cash Conversion[6]	**74%**	**56%**	**98%**	**139%**	**87%**	**80%**

(1) Changes in trade receivables includes the movement of a related party loans receivable of USD (32.5) million in 2018, USD (30.6) million in 2019 and USD 63.1 million in 2020. The total impact over the period 2018 to 2020 is zero.

(2) Net finance cost paid is the aggregate of interest paid and interest received.

(3) Cash flows from operating activities as presented in the consolidated statement of cash flows as disclosed in the consolidated financial statements (other than in the case of the year ended 31 December 2018 and the twelve-month period ended 30 June 2021).

(4) Finance lease obligations include lease obligations and payment of lease liabilities.

(5) "Levered Free Cash Flow" is calculated as the cash flows from operating activities minus the investments in property, plant and equipment and the payment of finance lease obligations. We believe it is a useful financial metric for assessing our performance over time. Levered Free Cash Flow is a supplemental measures of financial performance that is not required by, or presented in accordance with, IFRS. Therefore, Levered Free Cash Flow should be viewed as supplemental but not as a substitute for measures presented in the consolidated statement of comprehensive income or consolidated statement of cash flows, which are determined in accordance with IFRS. Investors should not consider Levered Free Cash Flow (a) as an alternative to operating profit or profit/(loss) before income tax (as determined in accordance with IFRS) as a measure of our operating performance, (b) as an alternative to net cash outflows or inflows from operating, investing and financing activities (as determined in accordance with IFRS) as a measure of our ability to meet cash needs or (c) as an alternative to any other measure of performance under IFRS. Levered Free Cash Flow, as shown in this Offering Memorandum, may not be comparable to similarly titled measures used by other companies.

(6) "Cash Conversion" is calculated as the Levered Free Cash Flow divided by the EBITDA excluding foreign exchange and share of profit / (loss) from equity accounted investees.

Other Operational Data

The following table sets forth certain financial and operational measures used by us as key indicators of our operating performance as at and for the years ended 31 December 2018, 2019 and 2020, and as at and for the six months ended 30 June 2020 and 2021.

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	2019	2020	2020	2021	2021
Sales volume[(1)] (*'000 metric tons*)	4,364.2	4,188.3	6,153.6	3,047.9	3,464.8	6,570.5
Own product sold[(2)] (*'000 metric tons*)	3,965.3	4,087.7	5,460.5	2,726.3	2,942.6	5,676.8
Investments in property, plant and equipment[(3)] (*$ millions*)	17.2	50.8	67.1	26.0	13.6	54.7
Maintenance capital expenditures[(4)] (*$ millions*)	17.2	50.8	53.0	13.7	12.9	42.2
Expansion capital expenditures[(5)] (*$ millions*)	—	—	14.1	12.3	0.7	2.5
Production Capacity[(6)] (*million metric tons*)	4.4	6.5	6.6	6.6	6.7	6.7

(1) Sales volume represents volumes sold of the products we produce and/or products produced by third parties that we sell ("third-party traded" products). Sales volumes are largely dependent on our production volumes, inventory levels, and on customer demand.

(2) Own product sold represents the volumes sold of our produced products. Own product sold is largely dependent on our production volumes, inventory levels, and on customer demand.

(3) Investments in property, plant and equipment include expenditures for the maintenance and expansion of our existing operations.

(4) Maintenance capital expenditures include capital expenditures related to on-going maintenance and repair requirements of our operating facilities.

(5) Expansion capital expenditures include capital expenditures related to the expansion of our current operating facilities. The expansion capital expenditures during 2020 primarily related to the installation of equipment upgrades at Sorfert. In the six months ended 30 June 2021, capital expenditures related primarily to regular maintenance expenditures.

(6) Our Production Capacity refers to the aggregate of each production unit's MPC as at the date specified, which is based on consolidated capacity that is calculated through annualizing the proven production of a production unit's best achieved month. For new plants, the MPC is the design (also known as "nameplate") capacity. For facilities with more than one interconnected production unit, the Production Capacity of each downstream product cannot all be achieved at the same time. Production Capacity is a measure that is based on our production facilities' maximum proven annual capacity per product and does not necessarily take into account certain other limitations at our production plants, such as planned stoppages in a particular year and variations in product mix. Unanticipated events, including, but not limited to, unplanned production curtailments, shutdowns, plant turnarounds and other stoppages could cause our actual Production Capacity to diverge from what we project to be our Production Capacity.

The financial and operational measures used by us as key indicators of our operating performance set out in the table above for the year ended 31 December 2018 do not include Fertil's financial or operating data and for the year ended 31 December 2019 do not include Fertil's financial or operating data for the period prior to 30 September 2019. Fertil's sales volume for the year ended 31 December 2018 was 2,163.9 thousand metric tons of urea and 14.5 thousand metric tons of ammonia. Fertil's sales volume for the period ended 29 September 2019 was 1,401.2 thousand metric tons of urea and 23.3 thousand metric tons of ammonia. All of Fertil's sales volumes for these periods were own product sold.

RISK FACTORS

Investing in and holding the Shares involve financial risk. Prospective investors in the Shares should carefully review all of the information contained in this Offering Memorandum and should pay particular attention to the following risks associated with an investment in us and the Shares, that should be considered together with all other information contained in this Offering Memorandum. If one or more of the following risks were to arise, our business, financial condition, results of operations, prospects or the price of the Shares could be materially and adversely affected, and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in us and the Shares. Additional risks and uncertainties not currently known to us or which we currently deem immaterial may arise or become material in the future and may have a material adverse effect on our business, results of operations, financial condition, cash flows, prospects or the price of the Shares.

This Offering Memorandum contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks discussed below and elsewhere in this Offering Memorandum. *See "Information Regarding Forward-Looking Statements".*

Risks Related to Our Business

Nitrogen fertilizers are global commodities, and we face global competition from other producers.

We are subject to price competition from our competitors. Nitrogen fertilizers are global commodities with little or no product differentiation, and customers make their purchasing decisions principally on the basis of delivered price and to a lesser extent on customer service and product quality. We compete with many producers, including state-owned and government-subsidized entities. Some of our competitors have greater total resources and are less dependent on earnings from nitrogen fertilizer sales, which makes them less vulnerable to industry downturns and better positioned to pursue new expansion and development opportunities. Some competitors may also benefit from control over or access to raw material reserves, functional locations near major customers, or market reputation and long-standing trade relationships with global market participants. Our competitive position could suffer to the extent we are not able to expand our own resources. A decrease in demand and prices for our nitrogen fertilizers due to these or other reasons could have a material adverse effect on our business, results of operations, financial condition and cash flows if we are unable to replace sales lost to our competitors in certain markets with export sales in other markets.

The nitrogen fertilizer business is cyclical, resulting in periods of industry oversupply during which our financial condition, results of operations and cash flows are expected to be negatively affected.

Historically, selling prices for nitrogen fertilizers have fluctuated in response to periodic changes in supply and demand conditions. Such supply and demand fluctuations can be unexpected and may significantly impact selling prices. Demand for nitrogen fertilizers is affected by planted acreage and application rates, driven by population growth, changes in dietary habits and crop economics, and governmental agricultural policies, among other things. Conditions in the global agricultural industry significantly impact our operating results. A number of factors may affect global agricultural industries, including weather patterns and field conditions, current and projected grain inventories and prices, demand for agricultural products, socio-economic factors and consumer behavior, use of substitute products such as genetically modified organisms and government policies regarding trade in agricultural products. These factors are outside of our control.

Global available Production Capacity, operating rates, raw material costs and availability, government policies and global trade all impact the supply of nitrogen fertilizers. The construction of new manufacturing capacity, as well as improvements to increase output from the existing production assets, increase supply and affect the supply-demand balance.

Periods of high demand, high-capacity utilization and increasing operating margins tend to result in investment in Production Capacity, which may cause supply to exceed demand and selling prices and capacity utilization to decline. Future growth in demand for nitrogen fertilizers may not be sufficient to absorb excess industry capacity.

During periods of nitrogen fertilizer industry oversupply, our results of operations, financial condition and cash flows are expected to deteriorate as, based on historical pricing data, we expect the price at which we will be able to sell our products to decline. This may result in reduced profit margins, write-downs in the value of our inventory and temporary or permanent curtailments of nitrogen fertilizer production. Accordingly, the cyclical nature of the nitrogen fertilizer industry may have a material adverse effect on our business, results of operations, financial condition and cash flows in some years compared with other years.

Our operations are dependent upon raw materials provided by third parties, and any delay or interruption in the delivery or increased costs may adversely affect our business.

We use natural gas and other raw materials in the manufacture of nitrogen fertilizers. We purchase the natural gas and other raw materials from third-party suppliers, including state-owned entities. Our natural gas is transported by pipeline to our facilities by third-party transportation providers or through the use of facilities owned by third parties. Delays or interruptions in the delivery of natural gas or other raw materials may be caused by, among other things, severe weather or natural disasters, unscheduled downtime, labor difficulties, insolvency of our suppliers or their inability to meet existing contractual arrangements, deliberate sabotage and terrorist incidents, or mechanical failures.

For example, between 2013 and 2015, our production facilities in Egypt were adversely impacted by supply volatility due to the government prioritizing the supply of natural gas to the electricity sector to reduce power blackouts in the country. In addition, the transport of natural gas by pipeline is subject to additional risks, including delays or interruptions caused by capacity constraints, leaks, or ruptures. Any delay or interruption in the delivery of natural gas or other raw materials, even for a limited period, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Sorfert's long-term natural gas supply agreement with Sonatrach has a clause that defines the price of natural gas sold through a price stabilization mechanism under the agreement, which covers a ten-year period ending in November 2023. We expect that the price for the period following that date will be determined by negotiation and, in the event the parties are unable to agree, by an Algerian court. The price applicable to the period following November 2023 may be higher than the price under the currently applicable price clause. See "*Business—Material Agreements—Natural gas contracts—Long-term natural gas contract between Sorfert and Sonatrach*" below.

If we are unable to renew contracts with our suppliers on commercially reasonable terms, it could be difficult to replace these suppliers in a timely fashion, if at all. Moreover, in the event that either demand for our products increases or our suppliers experience a scarcity of resources, our suppliers may be unable to meet the demand for raw materials, and we may not be able to locate additional suppliers to cover any shortfall. A material increase in the price, or any disruptions in the supply of natural gas could have a material adverse effect on our business, results of operations, financial condition and cash flows if we are unable to pass on the increased costs to customers due to contractual, market or other constraints.

Our operating results fluctuate due to the seasonality of the nitrogen fertilizer business. Our inability to predict future seasonal nitrogen fertilizer demand accurately could result in us having excess inventory, potentially at costs in excess of market value, or product shortages.

The nitrogen fertilizer business is seasonal. The degree of seasonality of our nitrogen fertilizer business can change significantly from year to year due to conditions in the agricultural industry and other factors, and our estimates of future demand for our products may, as a result, become inaccurate. The strongest demand for our nitrogen fertilizer occurs during the spring planting season, with a second period of strong demand following the fall harvest. We and our customers generally build nitrogen fertilizer inventories during the low demand periods of the year to ensure timely product availability during the peak sales seasons. Seasonality is greatest for ammonia due to the short application season and the limited ability of our customers and their customers to store significant quantities of this product. The seasonality of nitrogen fertilizer demand results in our sales volumes and net sales being the highest during the spring and our working capital requirements being the highest just prior to the start of the spring planting season.

If seasonal demand for nitrogen fertilizers is less than we expect, we may be left with excess nitrogen fertilizers inventory that will have to be stored (in which case our results of operations will be negatively affected by any related increased storage costs) or liquidated (in which case the selling price may be below our production, procurement and storage costs). The risks associated with excess nitrogen fertilizers inventory and nitrogen fertilizers shortages are exacerbated by the volatility of nitrogen fertilizers prices and the relatively brief periods during which farmers can apply nitrogen fertilizers. If prices for our nitrogen fertilizers rapidly decrease, we may be subject to inventory write-downs, adversely affecting our operating results. If seasonal demand for nitrogen fertilizers is greater than we expect, we may experience nitrogen product shortages, and our customers may turn to our competitors for nitrogen fertilizers that they would otherwise have purchased from us. Any such development could adversely impact our business, results of operations, financial condition and cash flows.

We are reliant on a limited number of key facilities, and unplanned production curtailments or shutdowns may impact our financial performance or anticipated production.

We have four production facilities. The suspension of operations at any of these complexes would adversely affect our ability to produce our nitrogen fertilizers and our sales volumes, and could have a material adverse effect on our business, financial condition, results of operations, cash flows, or our ability to achieve our anticipated results in our expected timeline. Unanticipated events that may result in unplanned production curtailments or shutdowns include, but are not limited to, adverse weather conditions, power outages, equipment failures, fires, or interruptions to the supply of key raw materials. For example, Sorfert was impacted by power outages caused by national grid supply instability in 2020 and has now installed a dedicated electricity supply system to reduce reliance on national grid supply. See "—*We operate three of our four facilities in locations where we are exposed to greater than average risk of adverse sovereign action*" below.

Moreover, our facilities may be subject to the failure of certain equipment which may be difficult to replace, and we may experience delays in securing replacement parts, which could result in operational disruptions and have an adverse effect on our business, results of operations, financial condition and cash flows. For example, Sorfert was impacted by unexpected damage that required repairs between May and December 2017, with a significant lead time to procure replacement parts.

We are exposed to risks with our strategic partnerships.

We participate in strategic partnerships including Sorfert (which is 51% owned by the Company and operates an ammonia and urea production facility in the Arzew industrial zone, Algeria), and EBIC (which is 75% owned by the Company and operates an ammonia production facility in Ain Sokhna, Egypt). Our strategic partners share a measure of control over the operations of our strategic partnerships. As a result, our investments in strategic partnerships involve risks that are different from the risks involved in owning facilities and operations independently. These risks include the possibility that our strategic partners: have economic or business interests or goals that are or become inconsistent with our economic or business interests or goals; are in a position to take action contrary to (or have veto rights over) our instructions, requests, policies or objectives; subject a strategic partnership to liabilities exceeding those contemplated; take actions that reduce our return on investment; or take actions that harm our reputation or restrict our ability to run our business. In addition, we may become involved in disputes with our strategic partners, which could lead to impasses or situations that could harm the strategic partnership, and reduce our revenues or increase our costs. Such risks materializing could adversely affect our business, results of operations, financial condition and cash flows.

We operate three of our four facilities in locations where we are exposed to greater than average risk of adverse sovereign action.

As of 30 June 2021, EFC, EBIC and Sorfert represented 68% of our Production Capacity. These facilities are located in Egypt and Algeria, where we are exposed to a greater than average risk of adverse sovereign action, including overt or effective expropriation or nationalization of property. In the past, countries in which we operate, including Egypt, have adopted protective policies, including the nationalization of major private enterprises, and some governments have repudiated or renegotiated contracts with, or expropriated assets from, companies operating in their countries. Governments may also implement export controls on certain products or place restrictions on foreign ownership or operation of certain assets. Although as of the date of this Offering Memorandum no such nationalizations, expropriations or export controls have been proposed, there can be no assurance that the relevant governments will not adopt such policies going forward. Expropriation of assets, renegotiation or nullification of existing agreements (including our long-term natural gas supply agreements), leases or permits by the governments of countries in which we operate, could each have a material adverse effect on our business, results of operations, financial condition and cash flows.

Further, we are committed to supplying our local agricultural markets under certain of our long-term natural gas contracts and partnership agreements – namely in Egypt, the UAE and Algeria –with annual quantities and pricing required to be agreed with the respective agricultural and/or energy ministries annually. Although the commitments we have agreed with the relevant government ministries have historically been in respect of modest quantities of urea, representing in aggregate c. 5% of its total sales volumes as of 31 December 2020, and following bilateral discussions, we are exposed to the risk of government ministries requiring us to commit to supply higher volumes of products on a priority and/or discounted basis. Such risks materializing could adversely affect our business, results of operations, financial condition and cash flows.

The governments of the countries in which we operate could also impose foreign exchange and currency control restrictions that could have an adverse impact on our business results of operations and cash flows if we are prevented from receiving dividends from our subsidiaries or if these restrictions affect our ability to procure external financing or supply contracts with foreign companies. See "*—Risks Relating to Geographical, Political and Economic Conditions—Governments in the MENA region have exercised and continue to exercise significant influence over their respective economies, and legal and regulatory systems in the MENA region, which may create an uncertain environment for investment and business activities*" and "*—Risks Relating to Geographical, Political and Economic Conditions—In certain jurisdictions in which we operate, the developing legal system and the introduction of new laws and regulations can create an uncertain or changed environment for investment and business activity, and can adversely affect the way in which we are able to conduct our businesses and our results of operations and financial condition*" below.

We are not fully insured against all potential hazards and risks incident to our business. Therefore, our insurance coverage may not adequately cover our losses.

We maintain property, business interruption, casualty and liability insurance policies, but, as is typical of any insurance program, we are not fully insured against all potential hazards and risks incident to our business. If we were to incur significant liability for which we were not fully insured, it could have a material adverse effect on our business, results of operations, financial condition and cash flows. We are subject to various self-retentions, deductibles and limits under these insurance policies. The policies also contain exclusions and conditions that could have a material adverse impact on our ability to receive indemnification thereunder. Our policies will generally be renewed annually. As a result of market conditions, our premiums, self-retentions and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. In addition, significantly increased costs could lead us to decide to reduce, or possibly eliminate, coverage.

Adverse weather conditions may decrease demand for our nitrogen fertilizers or materially disrupt our operations.

Weather conditions that delay or disrupt field work during the planting and growing seasons may cause agricultural customers to use different forms of nitrogen fertilizers, which may adversely affect demand for the forms that we sell or impede farmers from applying our nitrogen fertilizers until the following growing season, resulting in lower demand for our nitrogen fertilizers.

Adverse weather conditions following harvest may delay or eliminate opportunities to apply nitrogen fertilizers in the fall. Weather can also have an adverse effect on crop yields, which could lower the income of growers and impair their ability to purchase nitrogen fertilizers from our customers. Our quarterly financial results can vary significantly from one year to the next due to weather-related shifts in planting schedules and nitrogen fertilizers purchasing patterns. Any, or a combination, of these factors could also adversely impact our business, results of operations, financial condition and cash flows.

Natural disasters or health epidemics or pandemics, such as the current COVID-19 pandemic, may disrupt our operations, decrease the demand for our products or otherwise have an adverse impact on our business.

Extraordinary events such as natural disasters or global or local health epidemics or pandemics could result in significant damage to our facilities and/or disruption of our operations and may negatively affect local economies, including those of our customers or suppliers. The occurrence of such events cannot be predicted, although their occurrence can be expected to continue to adversely impact the economy in general and our specific markets.

The resulting damage from a natural disaster could include loss of life, property damage or site closure, which may disrupt our ability to manufacture and deliver products and require us to temporarily declare an excused performance, or force majeure, under our existing agreements with customers. Any damage resulting in stoppage or reduction of our facilities' Production Capacity could reduce our revenues and any unanticipated capital expenditures to repair such damage (to the extent not covered by our insurance policies) may reduce profitability. Any, or a combination, of these factors could also adversely impact our business, results of operations, financial condition and cash flows.

In addition, global or local heath epidemics or pandemics may result in disruption of our operations. For example, the COVID-19 pandemic has resulted in closures, quarantines, travel restrictions and extended shutdowns of certain businesses in regions in which we operate and could also substantially interfere with general commercial activity related to our supply chain and customer base. Even though our business operations have been designated as essential industries by the governments in the jurisdictions in which we operate, these measures may impact all or portions of our workforce and operations. If significant portions of our workforce are unable to work effectively or we are unable to operate our business effectively, including because of illness, quarantines, government actions, border closures, facility closures or other restrictions, we may be unable to meet customer demand or perform fully under our contracts and this could adversely impact our business, results of operations, financial condition and cash flows.

In addition, our customers, suppliers and third-party service providers, including transportation providers, may in the future be affected by COVID-19, including as a result of measures taken by federal and local governments to slow the spread of the virus. Any negative impacts on our customers, suppliers and third-party service providers could negatively impact our business, financial condition, results of operations or cash flows. For example, restrictions on or disruptions to transportation, port closures or increased border controls or closures, or other impacts on domestic and global supply chains or distribution channels, could increase our costs and limit our ability to meet customer demand.

While the COVID-19 pandemic has not had a material adverse effect on our business and reported results to date, we are unable to predict the ultimate impact it may have on our business, financial condition, results of operations or cash flows in the future. The extent to which our operations may be impacted by COVID-19 will depend on future developments, which are highly uncertain and cannot be accurately predicted, including the further spread of the virus or COVID-19 variants, the duration of the COVID-19 pandemic, and the type and duration of actions that may be taken by various governmental authorities in response to the outbreak. The pandemic has significantly increased global market uncertainty and caused an economic slowdown, which has resulted in a global recession. Persistent weakness in economic activity caused by a deterioration of global market and economic conditions could materially adversely affect our business, results of operations, financial condition and cash flows.

We may not be successful in acquiring or integrating new businesses.

We routinely consider strategic transactions. Strategic transactions, including acquisitions, partnerships, joint ventures, business combination transactions, dispositions, spin-offs or other major transactions that require significant managerial resources, which may cause a diversion from our other activities, and may impair the operation of our business. The risks of any transaction through investments, acquisitions, partnerships, joint ventures, business combination transactions, dispositions, or spin-offs are increased due to the significant capital and other resources that we may have to commit to any such transaction, which may not be recoverable if the transaction initiative to which they were devoted is ultimately not implemented. Even in cases where we acquire a majority interest, our joint venture or strategic partners may have significant influence over policies, including consent rights with respect to certain specified matters, and we may fail to gain the support of our partners for our business plans. We have a lesser degree of control over the business operations of the joint ventures and businesses in which we make minority investments. Among the risks associated with the pursuit and consummation of acquisitions, partnerships, joint ventures, business combination transactions, dispositions, spin-offs or other major transactions are those involving:

- difficulties in integrating or separating the parties' operations, systems, technologies, products and personnel;
- incurrence of significant transaction-related expenses;
- potential integration or restructuring costs;
- our ability to obtain the desired financial or strategic benefits or operating and financial efficiencies, synergies and cost savings from any such transaction, and the potential impairment charges related to the goodwill, intangible assets or other assets to which any such transaction relates, in the event that the financial benefits of such transaction prove to be less than anticipated;
- other unanticipated costs associated with such transactions;

- our ability to obtain sufficient financing for any such transaction;
- the parties' ability to retain key business relationships, including relationships with key personnel, other employees, customers, partners and suppliers;
- entry into markets or involvement with products with which we have limited current or prior experience or in which competitors may have stronger positions;
- assumption of contingent liabilities, including litigation;
- exposure to unanticipated liabilities;
- differences in the parties' internal control environments or applicable accounting standards, which may require significant time and resources to resolve in conformity with our legal and accounting standards;
- increased scope, geographic diversity and complexity of our operations;
- the tax effects of any such transaction; and
- the potential for costly and time-consuming litigation, including shareholder lawsuits.

As a result of these and other factors, including general economic risk, we may not be able to realize our projected returns from any future acquisitions, partnerships, joint ventures, business combination transactions, dispositions, spin-offs or other major transactions, or the results of any planned synergies, or any others in relation to such transactions that we report from time to time. Any such disruption could adversely impact our business, results of operation, financial condition and cash flows.

Changes in government policies (including with respect to subsidies and state support programs) may adversely affect demand and prices for our products.

Government policies can affect fertilizer demand and prices. Government policies that influence fertilizers include:

- policies and commodity support programs that provide subsidies to farmers for purchasing fertilizers;
- export duties on fertilizers;
- government policies affecting prices of phosphate rock or other raw materials used in fertilizer production (which may affect production costs and profitability of fertilizer producers, which in turn may result in upward pressure on fertilizer prices); and
- other policies such as those restricting the number of hectares that may be planted, requiring a particular type of crop to be grown and limiting the use of fertilizers in certain areas or for certain types of agricultural products.

For example, fertilizer demand and prices in India have historically been heavily dependent on government policies, as the government provides direct subsidies to farmers to purchase fertilizers. Government policies can also influence market conditions in markets with indirect government subsidies such as in Europe and the U.S.

In several markets, we benefit from government policies that support the agricultural industry. As a result of such policies (which often include direct or indirect fertilizer purchase subsidies), farmers and growers are often able to spend more on fertilizer purchases than in the absence of such policies. For example, we benefit from the direct state fertilizer purchase subsidies provided by the Indian government, as described above. Any changes in subsidies to growers or in other state support programs may inhibit the growth of, or cause a decline in, the demand for fertilizer products.

While some of the changes in regulatory framework may be beneficial for us, such as tightening environmental regulations in China resulting in closures of high-emitting Chinese producers, any reversal of such regulations could lead to more intense competition and additional costs to ensure compliance with the new or revised regulatory requirements, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our operations and the production and handling of our nitrogen fertilizers involve significant risks and hazards. Accidents involving our products or production facilities could cause severe damage or injury to property, the environment and human health, which could materially adversely affect our business, results of operations and financial condition.

As a nitrogen fertilizers business working with chemicals and hazardous substances, our operations are subject to hazards inherent in the manufacture, transportation, storage and distribution of nitrogen fertilizers products, including ammonia, which is highly toxic and corrosive. These hazards include: explosions; fires; severe weather and natural disasters; train derailments, collisions, vessel groundings and other transportation and maritime incidents; leaks and ruptures involving storage tanks, pipelines and rail cars; spills, discharges and releases of toxic or hazardous substances or gases; deliberate sabotage and terrorist incidents; mechanical failures; unscheduled plant downtime; labor difficulties; and other risks. Some of these hazards can cause bodily injury and loss of life, severe damage to or destruction of property and equipment, environmental damage, and may result in suspension of operations and the imposition of civil or criminal penalties and liabilities which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Further, we manufacture, store and transport ammonia and other chemical products the release of which may have an adverse impact on the environment, such as:

- explosions at our production facilities; and
- discharges of ammonia or toxic gases into the atmosphere.

Accidents involving chemical substances could result in fires, explosions, severe pollution or other catastrophic circumstances, which could cause severe damage or injury to persons (employees or otherwise), property or the environment as well as disruptions to our business. Such events could result in damage to production facilities, equipment failures or shutdowns, civil lawsuits, criminal investigations and regulatory enforcement proceedings (including against management), all of which could lead to significant liabilities for us. Any damage to persons, equipment or property or other disruption to our ability to produce or distribute our products could result in a significant decrease in our revenues and profits and significant additional cost to replace or repair our assets, and depending on the nature of the incident we may not be fully insured, or not insured at all, all of which could result in a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, certain environmental laws applicable to us impose joint and several liability, without regard to fault, for clean-up costs on those who have disposed of or released hazardous substances into the environment. As a result, given the nature of our business, we may incur environmental clean-up liabilities in respect of our current or former facilities, adjacent or nearby third-party facilities or offsite disposal locations. Pollution risks and related clean-up costs are often impossible to assess unless environmental audits have been performed and the extent of liability under environmental laws is clearly determinable. The costs associated with future clean-up activities that we may be required to conduct or finance may be material. Additionally, we may become liable to third parties for damages, including personal injury and property damage, resulting from the disposal or release of hazardous substances into the environment.

We are subject to numerous environmental, health, and safety laws, regulations and permitting requirements, as well as potential environmental liabilities, which may require us to make substantial expenditures or impact our ability to export our products.

We are subject to numerous environmental, health and safety laws and regulations in the countries in which we operate, including laws and regulations relating to air emissions, wastewater discharges, solid and hazardous waste management, the use, composition, handling, distribution and transportation of hazardous materials, and the demolition of existing plant sites upon permanent closure. Many of these laws and regulations are becoming increasingly stringent, and the cost of compliance with these requirements can be expected to increase over time.

In addition, the Green Deal of December 2019 proposes new EU legislation, which includes a "carbon border tax" or "border carbon adjustment" implementation. The European Commission proposes to impose an obligation on the importers of some types of goods with high GHG footprints to buy carbon emission allowances. If enacted, more stringent GHG legislation is likely to have a significant impact on us, because our production facilities emit GHGs such as carbon dioxide and nitrous oxide and because natural gas, a fossil fuel, is a primary raw material used in our nitrogen production processes. Regulation of GHGs may require us to make changes in our operating activities that would increase our operating costs, reduce our efficiency, limit our output, require us to make capital improvements to our facilities, increase our costs for or limit the availability of energy, raw materials or transportation, impact our ability to export into Europe, or otherwise materially adversely affect our business, results of operations, financial condition and cash flows.

In addition, a number of jurisdictions, including the European Economic Area, have started to adopt limitations on the use and application of fertilizers due to concerns about the impact of these products on the environment. For example, the use of urea as a fertilizer is increasingly regulated in the EU. National legislation is in place or is being drafted in various EU member states prohibiting or taxing the use of uncoated or non-inhibited urea. This development might require us to make changes in our operations or sales activities.

We are not able to predict the impact of new or changed laws or regulations or changes in the ways that such laws or regulations are administered, interpreted or enforced. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. To the extent that the costs associated with meeting any of these requirements are substantial and not adequately provided for, our operating results and financial condition could be adversely affected.

Violations of environmental, health and safety laws can result in substantial penalties, court orders to install pollution-control equipment, civil and criminal sanctions (including regarding management), permit revocations and facility shutdowns. We may be subject to more stringent enforcement of existing or new environmental, health and safety laws in the future. Additionally, future environmental, health and safety laws and regulations or reinterpretation of current laws and regulations may require us to make substantial expenditures. Our costs to comply with, or any liabilities under, these laws and regulations could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our transportation and distribution activities rely on third-party providers and are subject to environmental, safety and regulatory oversight. This exposes us to risks and uncertainties beyond our control that may adversely affect our operations and expose us to additional liability.

We rely on truck, pipeline, river barge and ocean vessel companies to transport raw materials to our manufacturing facilities, to coordinate and deliver finished products to our distribution system and to ship finished products to our customers. These transportation operations, equipment and services are subject to various hazards, including adverse operating conditions on the inland waterway system, extreme weather conditions, system failures, work stoppages, delays, accidents such as spills and derailments and other accidents and operating hazards. These transportation operations, equipment and services are also subject to environmental, safety and regulatory oversight. Due to concerns related to accidents, discharges or other releases of hazardous substances, and national security threats, governmental entities could implement new regulations affecting the transportation of raw materials or finished products.

If shipping of our products is delayed or we are unable to obtain raw materials as a result of these transportation companies' failure to operate properly, or if new and more stringent regulatory requirements are implemented affecting transportation operations or equipment, or if there are significant increases in the cost of these services or equipment, our revenues and cost of operations could be adversely affected. In addition, increases in our transportation costs, or changes in such costs relative to transportation costs incurred by our competitors, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

The Company's structure includes a trust arrangement and is therefore subject to certain additional risks.

As Fertil is a UAE company, it is subject to the laws of the UAE in respect of local ownership requirements. Although the general requirement for 51% local ownership in a UAE company was repealed on 1 June 2021, the Department of Economic Development of each Emirate in the UAE has separately published a list of activities which it permits to be undertaken by UAE companies incorporated in that Emirate without being subject to any local ownership requirements (a "**Positive List**"). As of the date of this Offering Memorandum, only some of the activities undertaken by Fertil are on the AD DED's Positive List and therefore it is not currently known if Fertil continues to be subject to any UAE local ownership requirements as a result of the activities it undertakes which are not on the AD DED's Positive List. We are currently in contact with the AD DED to clarify its position on UAE local ownership requirements in respect of its activities which are not on the AD DED's Positive List. The Company and its subsidiaries are not considered UAE nationals for the purposes of any UAE local ownership requirements.

In order to ensure compliance with any requirements in respect of UAE local ownership that may be imposed on the activities of Fertil which are not included on the AD DED's Positive List, 51% of the total issue share capital of Fertil is currently held indirectly by the Fertil trustee (being Nassef Sawiris, the Executive Vice-Chairperson of the Board and a UAE national) as bare nominee on our behalf and for account of the Company. While the Company is not aware of any circumstances where the Fertil trustee would wish to do so, there is a risk that the Fertil trustee may intentionally breach the terms of the Fertil trust arrangement (including by seeking to unilaterally terminate, amend the terms of such arrangements or by refusing to unwind the trust arrangement). If, following our discussions with the AD DED in respect of its Positive List, it is determined that no UAE local ownership requirements apply to any of the activities undertaken by Fertil, we intend to take steps to unwind the Fertil trust arrangement.

In addition, it is possible that the Fertil trust arrangement could be unilaterally challenged before a UAE court (including on the basis of UAE Federal Law no. 17 of 2004). The prevailing legal interpretation in the UAE is that the restrictions under the UAE law only apply to activities that are strictly reserved for UAE nationals and/or entities wholly-owned by UAE nationals under UAE law and licensing requirements, and do not prohibit sponsor or trust arrangements in respect of entities subject to UAE local ownership requirements if the activities conducted by such entities are not strictly reserved for UAE nationals and/or entities wholly-owned by UAE nationals. As at the date of this Offering Memorandum, the Company is not aware of such arrangements having been unilaterally or in any other manner challenged by the Government of the UAE or any Emirate thereof. However, there can be no certainty as to the approach that the UAE courts would take in the event of any enforcement action being taken in relation to the Fertil trust arrangement.

There could be a number of adverse implications for the Company if any aspect of the Fertil trust arrangement were to be breached by the Fertil trustee or successfully challenged, including, among others:

- the Fertil trust arrangement could be deemed void, which would result in:
  - the loss of the Company's right to claim the full economic benefit of Fertil;
  - the loss of the option to acquire the shares held by the Fertil trustee in Fertil or to require the shares held by the Fertil trustee in Fertil to be transferred to a third-party;
  - the loss of the Company's right to be appointed as a proxy for the Fertil trustee during shareholder meetings of Fertil; and/or
  - the loss of the right to prevent the Fertil trustee from selling or transferring their shares in Fertil;
- in the case of a successful challenge, the suspension of operating licenses and permits of Fertil (which could require the Company to close or suspend the operations of Fertil);
- the Company having to adopt an alternative ownership or operating structure that could be disadvantageous to the Company and Fertil; and/or
- in the case of a successful challenge, the imposition of material fines.

See "*Business—Material Agreements—Fertil trust arrangement*". Any of the following could adversely impact the Group's business, results of operations, financial condition and cash flows.

The development of our blue and green ammonia production capabilities may be subject to delay and be more costly than we anticipate, and the market and pricing of blue and green ammonia may not develop in line with our expectations.

Management believes that the Company plants have the scale to support the production of blue and green ammonia. However, building out our blue and green ammonia production capabilities may take longer to do and may be more costly than we expect. This may limit our ability to establish ourselves earlier than our competitors in the clean hydrogen economy and/or we may incur significant costs in doing so.

Further, the market for blue and green ammonia is still in its early stage and undergoing development. There is a risk that government policies may shift away from decarbonization, a global transition to a hydrogen economy may slow down or the market and pricing for blue and green ammonia may not develop as quickly or in the manner that we expect. Accordingly, the demand for, and price at which we are able to sell, the blue and green ammonia that we may have the capability to produce in the future may be lower than we anticipate. This may result in reduced profit margins, write downs in the value of our plants or inventory and temporary or permanent curtailments of blue and green ammonia production, which may have a material adverse effect on our business, results of operations, financial condition and cash flows.

Acts of terrorism could negatively affect our business.

Like other companies with major industrial facilities, we may be targets of terrorist activities. Many of our plants and facilities store significant quantities of ammonia and other materials that can be dangerous if mishandled. Any damage to infrastructure facilities, such as electricity generation, transmission and distribution facilities, or injury to employees, who could be direct targets or indirect casualties of an act of terrorism, may affect our operations. Any disruption of our ability to produce or distribute our nitrogen fertilizers could result in a significant decrease in revenues and significant additional costs to replace, repair or insure our assets, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, due to concerns related to terrorism or the potential use of certain chemical substances such as explosives or poisonous materials, governments in the countries in which we operate may implement new regulations impacting the security of our plants, warehouses and other facilities or the transportation and use of fertilizers and other chemicals. These regulations may result in higher operating costs or limitations on the sale of our products, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Cybersecurity risks could result in disruptions in business operations and adverse operating results.

We rely on information technology and computer control systems in many aspects of our business, including internal and external communications, the management of our accounting, financial and supply chain functions and plant operations. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions suffered by us or our suppliers due to cyber-attacks could seriously harm our operations and materially adversely affect our operating results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the misuse or loss of control over computer control systems, and breaches due to employee error. Our exposure to cyber security risks includes exposure through third parties on whose systems we place significant reliance for the conduct of our business and exposure through third-party suppliers whose systems may be vulnerable to cyber-attacks. We have implemented security procedures and measures in order to protect our systems and information from being vulnerable to cyber-attacks, and we believe these measures and procedures are appropriate. However, we may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to our information and control systems could adversely affect our business, results of operations and financial condition.

We are subject to risks associated with operating in several jurisdictions.

Our global business operations are subject to numerous risks and uncertainties, including: difficulties and costs associated with complying with a wide variety of complex laws, treaties and regulations; unexpected changes in regulatory environments; currency fluctuations; changes to tax treaties or tax rates; changes to domestic and international tax law (including, without limitation, the Pillar III proposal by the Organization for Economic Co-operation and Development); earnings that may be subject to withholding requirements; and the imposition of tariffs, exchange controls or other restrictions.

We are subject to anti-corruption laws and regulations and economic sanctions programs in various jurisdictions, including the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act of 2010, and economic sanctions programs administered by the United Nations, the European Union and the Office of Foreign Assets Control of the U.S. Department of the Treasury, and regulations set forth under the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010. As a result of doing business internationally, we are exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we, our partners or agents operate. Violations of anti-corruption and sanctions laws and regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. The violation of applicable laws by our employees, consultants, agents or partners could subject us to penalties and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We are subject to antitrust and competition laws in various countries throughout the world. We cannot predict how these laws or their interpretation, administration and enforcement will change over time. Changes in antitrust laws globally, or in their interpretation, administration or enforcement, may limit our existing or future operations and growth.

In addition, we are required to comply with applicable export controls, economic sanctions and international trade laws and regulations, which are subject to change at any time based on social and political conditions. Violation of these laws and regulations could result in penalties, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our operations are dependent on maintaining permits and meeting financial assurance requirements from governmental authorities.

We hold permits and approvals authorizing operations at each of our facilities. A decision by a government agency to deny or delay issuing a new or renewed material permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on our ability to continue operations at the affected facility and on its business, financial condition and results of operations. In certain cases, as a condition to procure such permits and approvals or as a condition to maintain existing approvals, we may be required to comply with regulatory financial assurance requirements. The purpose of these requirements is to assure local or national government agencies that we will have sufficient funds available for the ultimate closure, post-closure care and/or reclamation at its facilities. Additional financial assurance requirements or other increases in local regulations and taxes could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We conduct our business in multiple jurisdictions and are exposed to the tax laws of such jurisdictions, including risks in connection with challenges to our tax positions.

We operate on a global basis and are therefore subject to the tax laws and regulations in different jurisdictions. Given that tax laws and regulations are subject to change and may not provide clear-cut or definitive doctrines, the tax regime applied to us is sometimes based on our interpretations of such laws and regulations. There is a risk that our understanding and interpretation of tax laws, double tax treaties and other provisions is not correct in all respects. There is also a risk that tax authorities in the relevant jurisdictions may audit us and make assessments, including potentially interest, fines and penalties, and decisions that differ from our understanding and interpretation of the aforementioned laws, tax treaties and other provisions, which could have an adverse effect on our operations, results and financial condition. Further, there is a risk that new or amended laws, tax treaties or other provisions, which may apply retroactively, may have a material adverse effect on our business, results of operations, financial condition and cash flows.

In connection with our recognition of deferred tax assets, we use projections of future taxable income that are based on management's estimates and assumptions. Accordingly, there is a risk that changes in assumptions or erroneous estimates in the projection of future taxable income could result in significant differences in the valuation of deferred taxes.

Our debt agreements contain restrictions that may limit our flexibility in operating our business, and we may incur additional debt.

As at 30 June 2021, we had USD 581.4 million total loans and borrowings. Our debt agreements contain certain covenants that limit our ability to engage in certain types of transactions. These include covenants requiring us to maintain certain ratios relating to interest coverage and net debt to EBITDA. In addition, certain of our debt agreements contain restrictive covenants limiting our ability to, among other things:

- incur or guarantee additional financial indebtedness (subject to permitted exceptions);
- grant security or create security interests (subject to permitted exceptions); and
- sell, lease, transfer or otherwise dispose of any of its assets above certain thresholds without the consent of the relevant lender.

In addition, the outstanding debt agreements contain, and any future debt agreements may contain, cross default clauses whereby a default under one debt obligation may constitute an event of default under other outstanding debt obligations. Certain outstanding debt agreements also contain change of control provisions which allow lenders to accelerate the debt should OCI and ADNOC (or any of their affiliates) collectively cease to own of at least 60% of our Shares or if ADNOC (or any of its affiliates) cease to own at least 25% of our Shares. Any of these covenants could prevent us from engaging in certain transactions that we may view as desirable without the consent of the lenders.

Furthermore, a breach of any of these covenants may result in a default under our debt obligations in which the relevant covenant is included, which may result in all amounts outstanding thereunder becoming immediately due and payable and the termination of all commitments to extend further credit to us.

Moreover, we may incur additional indebtedness that contains similar or more onerous terms. This additional indebtedness could further restrict our operational flexibility.

Any of these occurrences could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We are subject to interest rate related risks.

As at 30 June 2021, our total loans and borrowings amounted to USD 581.4 million, all of which were at floating interest rates. As a result, our interest expense is significantly impacted by volatility of interest rates. Interest rates are sensitive to many factors beyond our control, including the policies of central banks, economic conditions and political factors. Any increases in reference rates would result in an increase in our interest rate expenses and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business has exposure to exchange rate fluctuations.

Our principal reporting currency is the USD, but our revenues and costs are denominated in several currencies, including the USD, the EUR, the EGP, the DZD, and the AED. The majority of our revenues are based on product prices denominated in USD and EUR, with approximately 6% for the twelve-month period ended 30 June 2021 in EGP, AED and DZD. In addition, as at 30 June 2021, 42% of our debt was denominated in USD. However, because of the location of our production facilities, non-feedstock costs in Egypt, Algeria, and United Arab Emirates are denominated in local currency. Given this, exchange rate fluctuations can adversely affect our operational and financial performance. In addition, other than the AED which has been pegged to the USD, the EGP and DZD may be subject to sudden and material changes in exchange rate and liquidity. We may selectively reduce some foreign currency exchange rate risk by, among other things, requiring contracted purchases of our products to be settled in, or indexed to, the USD or a currency freely convertible into USD, or hedging through foreign currency derivatives. These efforts, however, may not be effective. As a result, fluctuations in exchange rates could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Further, although the AED has been pegged to the USD at a rate of AED 3.673 to USD 1.00 since 1997, there can be no assurance that the UAE Central Bank will continue to maintain this fixed-rate in the future, particularly if there continues to be increased demand for the USD as a result of the COVID-19 pandemic and any additional waves or resurgences thereof. Any change to the USD / AED exchange rate could increase the costs of our operations in the UAE, including in respect of the costs that we pay for our products or to service our indebtedness, or could cause our results of operations and financial condition to fluctuate due to currency translation effects, any of which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our business could be impacted by acrimonious employee relations, which could adversely affect our operations.

As at 30 June 2021, approximately 30% of our global workforce is represented by a works council or labor union in their respective locations as required by local law. Although we consider our employee relations to be good, it cannot be certain that disputes will not emerge with employees or employee representatives of works councils, or that union activity will not occur in the future. Such disputes could impact employee performance and workplace relations which could adversely affect our business, results of operations, financial condition and cash flows.

If we are unable to attract and retain qualified personnel and skilled employees, we will be unable to operate efficiently, which could reduce our results of operations and cash flows.

Our ability to operate our facilities and manage our business is dependent on our ability to attract and retain qualified personnel, including specialist engineers and operators, technicians, and key management positions. Increase in the demand for qualified personnel in the markets in which we operate may result in us being unable to hire and retain a sufficient skilled labor force necessary to support our operating requirements and growth strategy. Our labor expenses may increase as a result of a shortage in the supply of skilled personnel and we may also be forced to incur significant training expenses if we are unable to hire employees with the requisite skills. Additionally, our businesses are managed by a number of key executive and operational officers and are dependent upon retaining and recruiting qualified management. Labor shortages, increased labor or training costs, or the loss of key personnel could materially adversely affect our business, results of operations, financial condition and cash flows.

We may be involved in disputes and legal proceedings that, if determined unfavorably to us, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We may be involved in disputes and legal proceedings, including disputes and legal proceedings initiated by regulatory, competition and tax authorities as well as proceedings with competitors, suppliers, customers, employees and other parties. Certain of these disputes may relate to key operational matters, such as our permits, and if determined adversely, could have a material adverse effect on our business. Any such disputes or legal proceedings, whether with or without merit, could be expensive and time consuming, could divert the attention of our management and, if resolved adversely to us, could harm our reputation, result in the payment of monetary damages, injunctive relief and/or increase our costs, all of which could have a material adverse effect on our business, results of operations, financial condition and cash flows and, thereby, our ability to fulfil our obligations under the Shares, as well as the market price and value of the Shares.

Our subsidiary OCI S.A.E. continues to hold some residual activities related to the legacy engineering and construction business.

As part of the Demerger, OCI transferred its engineering and construction business to OC in March 2015. Prior to the Demerger, OCI S.A.E., which is our sub-holding company for two of our four operating subsidiaries, held certain residual engineering and construction activities that could not be transferred to OC as part of the Demerger due to legal, regulatory or other considerations.

To give effect to the Demerger, OCI MENA B.V. (a subsidiary of OCI, and now our wholly-owned subsidiary) and OC IHC 4 B.V. (a subsidiary of OC) entered into the CSA in February 2015. The CSA stipulates that the management of construction activities, as well as the economic effect of all related risks and rewards, would be passed from OCI S.A.E. to OC until OCI S.A.E.'s construction activities are terminated, or until OCI S.A.E.'s construction activities are demerged into a separate construction entity that is then transferred to OC. Accordingly, the financial statements of OCI S.A.E. do not reflect the activities, assets or liabilities of the legacy engineering and construction activities. See "*Related Party Transactions—OCI S.A.E.—Demerger Conditional Sale Agreement*".

In addition, there is an ongoing dispute relating to a construction project in Sidra which is currently in arbitration. OCI S.A.E. and Orascom Construction Egypt (a subsidiary of OC) entered into an assignment of rights and obligations (the "Assignment of Rights") to Orascom Construction Egypt, pursuant to which any liabilities or awards that may arise under the OCI S.A.E parent company guarantee relating to the Sidra project arbitration are attributable to OC. See "*Related Party Transactions—OCI S.A.E.—Demerger Conditional Sale Agreement*".

OCI S.A.E.'s contingent liability exposure to OC's engineering and construction business would only materialize if OC fails to fulfil its obligations under the CSA or the Assignment of Rights. Even if OCI S.A.E.'s liability so materializes, OCI has agreed to indemnify us for losses arising from certain liabilities relating to Fertiglobe's legacy engineering and construction businesses. See "*Related Party Transactions—Fertiglobe—Subscription and contribution agreement*". This liability exposure includes liabilities relating to contractual undertakings in connection with the legacy construction business, the Sidra arbitration proceedings, and a tax claim in Egypt. See "*Business—Legal proceedings—OCI S.A.E. tax evasion case*" and "*Business—Legal proceedings—OCI S.A.E. / Sidra project arbitration*".

As a result of the foregoing, we retain exposure to certain aspects of OCI S.A.E.'s legacy engineering and construction business. Any liabilities that have arisen or may arise in relation to OCI S.A.E.'s legacy engineering and construction business for which we are not adequately compensated by OC IHC 4 B.V., Orascom Construction Egypt, OC or OCI may have a material adverse effect on our business, results of operations, financial condition and cash flows.

We may be unsuccessful in enhancing the integrity, reliability and efficiency of our internal control over financial reporting.

Our business relies on internal controls and procedures that regulate customer and management information, finance, credit exposure and other aspects of our business. Our financial auditors have not recorded any material gaps in our internal controls in their financial reporting audits. However, there can be no assurances that these controls and procedures will be adequate for our requirements generally or our requirements as a publicly-owned company. If material weaknesses in our internal control over financial reporting occur in the future, our financial statements may contain material misstatements, we would be required to restate our financial results and investors could lose confidence in our reported financial information. In addition, if we are unable to produce accurate and timely financial statements, the market price of our shares may be adversely affected.

Risks Relating to Geographical, Political and Economic Conditions

Governments in the MENA region have exercised and continue to exercise significant influence over their respective economies, and legal and regulatory systems in the MENA region, which may create an uncertain environment for investment and business activities.

The governments in the MENA region, including Algeria, Egypt and the UAE, have frequently intervened in the economic policy of their respective countries. This intervention has included, but not been limited to, regulation of market conditions, including foreign investment, foreign trade, financial services and oil & gas services. Any unexpected changes in the political, social, economic or other conditions in the MENA region or neighboring countries could have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects. These changes include:

- an increase in inflation and government measures to curb such inflation, including through policies such as price controls;
- governments' actions or interventions, including tariffs, protectionism, foreign exchange and currency controls and subsidies;
- regulatory and legal structure changes, including foreign ownership restrictions, cancellation of contractual rights, expropriation of assets and potential lack of certainty as to title to real estate property in certain jurisdictions where we operate;
- changes to the availability of, requirements for, and cost to secure, employment and residence visas for expatriate staff and their dependents;
- income and other taxation;
- policies of nationalization of assets and requirements to employ local national employees;
- difficulties and delays in obtaining new permits and consents for new operations or renewing existing permits; and
- an inability to repatriate profits and/or dividends.

Unexpected changes in these policies or regulations could lead to increased operating or compliance expenses and could have the effect of decreasing our competitiveness. Any such changes could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Continued instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect our business, results of operations, financial condition and cash flows.

Since 2011 there has been political unrest in a number of countries in the MENA region, including Bahrain, Egypt, Iran, Iraq, Libya, Syria, Tunisia and Yemen. The unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war, and has given rise to a number of regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as war or other hostilities, or the impact that such events or occurrences might have on the jurisdictions in which we operate. The MENA region currently is subject to a number of armed conflicts including those in Yemen, Syria (in which multiple state and non-state actors are involved, such as the U.S., Russia, Turkey and Iran), Iraq and Palestine, as well as conflicts with militants associated with the Islamic State.

Algeria, Egypt and the UAE are, and will continue to be, affected by political developments in or affecting them and the wider MENA region, and investors' reactions to developments in any country in the

MENA region may affect securities of issuers in other markets, including the UAE. There can be no assurance that extremists or terrorist groups will not initiate terrorist or other violent activity in the jurisdictions in which we operate, or that the jurisdictions in which we operate will not be impacted by any escalation of regional armed conflict. Any terrorist incidents in or affecting Abu Dhabi or the UAE and increased regional geopolitical instability (whether or not directly involving Abu Dhabi or the UAE), or any heightened levels of military conflict in the region, may have a material adverse effect on Abu Dhabi and the UAE's attractiveness for foreign investment and capital, their ability to engage in international trade, their tourism industry, and, consequently, their economic, external and fiscal positions, and therefore could adversely impact our business, results of operations, financial condition and cash flows.

Furthermore, the UAE is dependent on expatriate labor, including unskilled laborers as well as highly-skilled professionals in a range of industry sectors, and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the country. These steps make the UAE potentially more vulnerable should regional instability increase, foreign militants commence operations in the country, or extremist or terrorist groups engage in activities in the country. In addition, as the government endeavors to further diversify the UAE's economy into other sectors, including tourism, the exposure to broader regional and global economic trends and geopolitical developments likely will increase.

In certain jurisdictions in which we operate, the developing legal system and the introduction of new laws and regulations can create an uncertain or changed environment for investment and business activity, and can adversely affect the way in which we are able to conduct our businesses and our results of operations, financial condition and cash flows.

Some of the jurisdictions in which we operate are still developing the legal framework required to support a market economy. Algeria, Egypt and the UAE in particular and emerging market economies generally are characterized by less comprehensive legal and regulatory environments than are found in more developed regions. The following risk factors relating to these legal systems create uncertainty with respect to the legal and business decisions that we make and such uncertainties may not exist in countries with more developed market economies:

- inconsistencies between and among the constitution, federal law, presidential, governmental and ministerial decrees, and conflicts between federal, regional and local legislation;
- lack of fully developed corporate and securities laws;
- lack of judicial and administrative guidance on interpreting legislation;
- gaps in the regulatory structure due to delay or absence of implementing legislation;
- the relative inexperience of judges and courts in interpreting legislation;
- lack of an independent judiciary;
- difficulty in enforcing court orders;
- a high degree of discretion on the part of governmental authorities, which could result in arbitrary actions such as suspension or termination of our licenses; and
- under-developed bankruptcy or insolvency procedures that are subject to abuse.

The rapid evolution of these legal systems in ways that may not always coincide with market developments can result in ambiguities, inconsistencies and anomalies in the law and judicial practice. These weaknesses affect our ability to protect our rights under our licenses and contracts, or to defend ourselves against claims by others, including challenges by regulatory and governmental authorities in relation to our compliance with applicable laws and regulations and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Further, as these economies mature, and in part due to the desire of certain countries in the MENA region, including in particular Algeria and the UAE, to accede to the World Trade Organization, the governments of these countries have begun, and we expect will continue, to implement new laws and regulations that could impact the way we conduct our business and have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects. Changes in investment policies or in the prevailing political climate could result in the introduction of changes to government regulations with respect to:

- price controls;

- export and import controls;
- income and other taxes;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labor and welfare benefit policies.

There can be no assurance that the introduction of any changes to current laws would not increase our costs or otherwise materially adversely affect our business, results of operations, financial condition and cash flows.

Deterioration of global market and economic conditions could have a material adverse effect on our business, results of operations, financial condition and cash flows.

A slowdown of, or persistent weakness in, economic activity caused by a deterioration of global market and economic conditions could adversely affect our business in the following ways, among others: conditions in the credit markets could affect the ability of our customers and their customers to obtain sufficient credit to support their operations, the failure of our customers to fulfil their purchase obligations could result in increases in bad debts and impact our working capital, and the failure of certain key suppliers could increase our exposure to disruptions in supply or to financial losses. We also may experience declining demand and falling prices for some of our products due to our customers' reluctance to replenish inventories. The overall impact of a global economic downturn on us is difficult to predict, and our business, results of operations, financial condition and cash flows could be materially adversely impacted.

Risks Relating to the Global Offering and to the Shares

After the Global Offering, OCI will continue to be able to exercise control, and ADNOC will continue to be able to exercise significant influence, over us, our management and our operations.

As at the date of this Offering Memorandum, OCI indirectly holds 58% of our issued share capital and ADNOC indirectly holds 42% of our issued share capital, and immediately following the Global Offering OCI will continue to hold at least 50% plus one share of our share capital and ADNOC will continue to hold at least 36.2% of our share capital. As a result, OCI will be able to exercise control, and ADNOC will be able to exercise significant influence, over our management and operations and over matters requiring the consent of our shareholders, such as in relation to the payment of dividends and the election of the members of our Board of Directors and other matters. There can be no assurance that the interests of OCI and ADNOC will coincide with the interests of each other or of purchasers of the Shares.

Furthermore, OCI's and ADNOC's significant ownership of the Shares may: (i) delay or deter a change of control of the Company (including deterring a third-party from making a takeover offer for the Company); (ii) deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company; and (iii) affect the liquidity of the Shares, any of which could have a material adverse effect on the market price of the Shares. In addition, there may be circumstances where our businesses compete directly or indirectly with OCI's or ADNOC's businesses, and OCI or ADNOC may take decisions with respect to those businesses that are adverse to the interests of our other shareholders.

Our business as it is conducted today was formed following the contribution of OCI's MENA nitrogen products business to us, and the subsequent acquisition of Fertil. Accordingly, due to the origins of our operations, we are party to a number of related party transactions with OCI and ADNOC that have been entered into in the ordinary course of business or are required to remain in place for a transitional period. See "*Related Party Transactions*". All of our related party transactions have been entered into on an arm's length basis and we believe them to be beneficial to us. However, there can be no assurance that these related party transactions will ultimately accrue to our benefit.

Substantial sales of Shares by OCI or ADNOC could depress the price of the Shares.

Sales of a substantial number of Shares by OCI or ADNOC following the completion of the Global Offering may significantly reduce our share price. OCI and ADNOC have agreed in the Underwriting Agreement to certain restrictions on its ability to sell, transfer and otherwise deal in its Shares for a period of twelve months from Admission, except in certain limited circumstances, unless otherwise consented to by the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed). See "*Subscription* *and Sale—Lock-up Arrangements*". Nevertheless, we are unable to predict whether substantial amounts of Shares (in addition to those which will be available in the Global Offering) will be sold in the open market following the completion of the Global Offering. Any sales of substantial amounts of Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Shares.

Future issuances of Shares may dilute the holdings of shareholders and may depress the price of the Shares.

We are subject to a twelve month lock-up period following Admission pursuant to the terms of the Underwriting Agreement. It is possible that we may decide to offer additional Shares or securities convertible into Shares in the future, including in the form of stock-based compensation. Future sales could dilute the holdings of shareholders, adversely affect the prevailing market price of the Shares and impair our ability to raise capital through future sales of equity securities.

The Global Offering may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. In addition, the ADX is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares.

Prior to the Global Offering, there has been no public trading market for the Shares. We cannot guarantee that an active trading market will develop or be sustained following the completion of the Global Offering, or that the market price of the Shares will not decline thereafter below the offer price. The trading price of the Shares may be subject to wide fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of our actual performance or conditions in the UAE.

The Company has applied for the Shares to be listed on the ADX. The ADX was established in 2000, but its future success and liquidity in the market for the Shares cannot be guaranteed. The ADX is substantially smaller in size and trading volume than other established securities markets, such as those in the U.S. and the UK. As of 30 June 2021, there were 78 companies with securities traded on the ADX with a total market capitalization of approximately AED 1,191 billion. The ADX had a total regular trading volume of 21.8 billion shares in 2020. Brokerage commissions and other transaction costs on the ADX are generally higher than those in Western European countries.

These factors could generally decrease the liquidity and increase the volatility of share prices on the ADX, which in turn could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the ADX in the desired amount and at the price and time achievable in more liquid markets.

Because we are a holding company and substantially all of our operations are conducted through our subsidiaries, our ability to pay dividends on the Shares depends on our ability to obtain cash dividends or other cash payments or obtain loans from such entities.

We currently conduct all of our operations through our subsidiaries, and such entities generate substantially all of our operating income and cash flow. Because we have no direct operations or significant assets other than the capital stock of these entities, we rely on those subsidiaries for cash dividends, investment income, financing proceeds and other cash flows to pay dividends, if any, on the Shares and, in the long term, to pay other obligations at the holding company level that may arise from time to time.

The ability of such entities to make payments to us depends largely on their financial condition and ability to generate profits. In addition, because our subsidiaries are separate and distinct legal entities, they will have no obligation to pay any dividends or to lend or advance us funds and may be restricted from doing so by contract, including other financing arrangements, charter provisions, other shareholders or applicable laws and regulations of the various countries in which they operate. For example, the distribution of dividends by Sorfert is subject to the prior approval of the Central Bank of Algeria. Similarly, because of our holding company structure, claims of the creditors of our subsidiaries, including trade creditors, banks and other lenders, effectively have priority over any claims that we may have with respect to the assets of these entities. Further, we cannot be certain that, in the long term, its subsidiaries will generate sufficient profits and cash flows, or otherwise prove willing or able, to pay dividends or lend or advance to us sufficient funds to enable it to meet our obligations and pay interest, expenses and dividends, if any, on the Shares.

Some of the countries in which we operate have historically implemented currency control restrictions and, in particular, rules surrounding the repatriation of dividends to foreign investors. There can be no guarantee that existing legislation will have no adverse impact on our revenues to the extent that we are prevented from receiving dividends from our subsidiaries or that our subsidiaries will not incur problems with external financing or supply contracts with foreign companies as a result of applicable legislation.

The inability of one or more of these entities to pay dividends or lend or advance us funds and currency control restrictions and restrictions on the repatriation of dividends imposed on us or our subsidiaries may adversely affect not only our ability as a holding company to pay dividends, but also our business, results of operations, financial condition and cash flows.

We may not pay any cash dividends on the Shares. Consequently, you may not receive any return on investment unless you sell your Shares for a price greater than that which you paid for them.

While we intend to pay dividends in respect of the Shares, there can be no assurance that we will do so. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, applicable laws and regulations, our results of operations, financial condition, cash requirements, contractual restrictions, our future projects and plans and other factors that our Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them. See "*Dividend Policy*".

Holders of the Shares in certain jurisdictions outside of the UAE, including the U.S., may not be able to exercise their pre-emptive rights if we increase our share capital.

Under our Articles of Association to be adopted in connection with the Global Offering, holders of the Shares generally have the right to subscribe and pay for a sufficient number of our ordinary shares to maintain their relative ownership percentages prior to the issuance of any new ordinary shares in exchange for cash consideration. U.S. holders of the Shares may not be able to exercise their pre-emptive rights unless a registration statement under the Securities Act is effective with respect to such rights and the related ordinary shares or an exemption from the registration requirements of the Securities Act is available. Similar restrictions exist in certain other jurisdictions outside the UAE. We currently do not intend to register the Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from such registration requirements will be available to enable U.S. or other holders of the Shares to exercise their pre-emptive rights or, if available, that we will utilize such exemption. To the extent that the U.S. or other holders of the Shares are not able to exercise their pre-emptive rights, the pre-emptive rights would lapse and the proportional interests of such U.S. or other holders would be reduced.

USE OF PROCEEDS

The Company will not receive any proceeds from the Global Offering. All expenses of the Global Offering (including underwriting commissions and any discretionary fees) will be borne by the Selling Shareholders. The Global Offering is being conducted, among other reasons, to allow the Selling Shareholders to sell part of their shareholdings to more actively manage and optimize their portfolio of assets, while providing increased trading liquidity in the Shares and raising our profile with the international investment community.

DIVIDEND POLICY

The Board has adopted a robust dividend policy designed to return to shareholders substantially all of its distributable free cash flow after providing for growth opportunities and while maintaining an investment grade credit profile. We intend to distribute cash dividends twice each financial year, with an initial payment in October of that year in relation to the financial performance for the first six months of that financial year and a second payment in April of the following year in relation to financial performance of the last six months of the financial year, subject to the approval of Shareholders at a general meeting.

Our ability to pay dividends is dependent on a number of factors, including:

- the availability of distributable reserves and our capital expenditure plans and other cash requirements in future periods;
- market conditions and the then current operating environment in our markets;
- the Board's outlook for our business;
- future profits and our business plan (including our ability to perform in accordance with the expectations in our business plan);
- the discretion of our Board; and
- approval of any dividend payment at a general meeting of our Shareholders.

See *"Risk Factors—Risks Relating to the Global Offering and to the Shares—Because we are a holding company and substantially all of our operations are conducted through our subsidiaries, our ability to pay dividends on the Shares depends on our ability to obtain cash dividends or other cash payments or obtain loans from such entities"*.

While there is no assurance that we will be able to do so and subject to the factors described above, following the Global Offering, we are currently: (i) targeting to pay a dividend of at least USD 200 million in April 2022 for the second half of the year ended 31 December 2021; and (ii) targeting to pay a dividend of at least USD 400 million relating to our financial performance in the year ended 31 December 2022, with 50% of that dividend paid in October 2022 and 50% of that dividend paid in April 2023. For more information regarding dividends to shareholders before the Global Offering, see "*Capitalization*".

CAPITALIZATION

The following table sets out our cash and cash equivalents, and total capitalization. The capitalization information has been extracted, without material adjustment, from our unaudited condensed consolidated financial statements as at and for the six-month period ended 30 June 2021. Total capitalization is calculated as the sum of total equity and current and non-current borrowings.

The summary data presented below should be read in conjunction with "*Presentation of Financial and Other Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our financial statements, including the related notes, included elsewhere in this Offering Memorandum.

	30 June 2021[(1)]
	$ millions
Cash and cash equivalents	852.2
Loans and borrowings – current	120.7
Loans and borrowings – non-current	460.7
Total loans and borrowings	**581.4**
Share capital	1,328.2
Reserves	761.2
Retained earnings	449.6
Equity attributable to owners of the Company	**2,539.0**
Non-controlling interest	488.2
Total Equity	**3,027.2**
Capitalization[(2)]	**3,608.6**

Notes:

(1) Following 30 June 2021, the Group entered into material transactions that may impact the Group's total capitalization, including:

(i) entry by the Company into the RCF Agreement on 16 August 2021 pursuant to which a USD 300 million revolving credit facility was made available and of which USD 160 million was drawn on 7 October 2021 for general working capital purposes;

(ii) entry by the Company into the BTL Facility Agreement on 16 August 2021 pursuant to which a USD 900 million bridge term loan, together with a USD 200 million accordion, was made available and was drawn down in full and used to refinance the outstanding borrowings under the Company's historical USD 385 million term facility maturing in 2025 on 4 October 2021 and to partially fund the payment of a special dividend of USD 850 million to the Selling Shareholders on 5 October 2021;

(iii) the payment by the Company of a dividend of USD 130 million to the Selling Shareholders on 5 July 2021 relating to the financial performance of the Company for the three month period ended 31 March 2021;

(iv) the payment by the Company of a dividend of USD 315 million to the Selling Shareholders (of which USD 165 million was paid on 5 October 2021 and USD 150 million was paid on 11 October 2021);

(v) the payment by the Company of a special dividend of USD 850 million to the Selling Shareholders on 5 October 2021;

(vi) the payment by Sorfert of a dividend of DZD 36,922.4 million (USD 273.0 million based on a DZD exchange rate against the USD of 0.0074) to its shareholders relating to the financial year ended 31 December 2020 (of which DZD 24,246.6 million (USD 179.4 million based on a DZD exchange rate against the USD of 0.0074) was paid to Sonatrach on 3 August 2021 and DZD 12,675.9 million (USD 93.6 million based on a DZD exchange rate against the USD of 0.0074) was paid to OCI S.A.E. on 13 August 2021, which is the original declared dividend to OCI S.A.E. of DZD 14,084.3 million post 10% withholding tax). USD 93.6 million of such dividend was paid to the Company and distributed as an advanced dividend by the Company to the Selling Shareholders on 25 August 2021;

(vii) on 17 June 2019, in connection with the contribution of the relevant MENA fertilizer businesses of OCI and ADNOC to Fertiglobe, Fertiglobe entered into a subscription and contribution agreement with, among others, the OCI Shareholder and ADNOC. Pursuant to an amendment to the subscription and contribution agreement entered into on 5 October 2021, OCI has agreed to indemnify the Company for losses arising from certain liabilities relating to the Company's legacy engineering and construction businesses (see "*Related Party Transactions—Fertiglobe—Subscription and Contribution Agreement*". The indemnification provided to Fertiglobe is resulting in a contribution in kind of USD 64.0 million and recognition of a receivable due from OCI for the same amount. Such receivable will only become due and payable by OCI in the event such liability materializes; and

(viii) on 2 August 2021, OCI MEPCO Holding Limited (a wholly-owned subsidiary of the Company) acquired 25% of the total issued share capital in MEPCO from KBRDC Egypt Cayman Limited (and thereby increased its ownership stake in MEPCO from 75% to 100%) for a total consideration of USD 43 million. As a result of this transaction, the Company has increased its aggregate indirect ownership stake in EBIC from 60% to 75%.

(2) Capitalization is calculated as total loans and borrowings plus total equity. If non-controlling interests are excluded as part of the total capitalization, then total capitalization would be USD 3,120.4 million.

SELECTED HISTORICAL FINANCIAL AND KEY OPERATING INFORMATION

The selected historical financial information set forth below as at and for the years ended 31 December 2018, 2019 and 2020, and for the six months ended 30 June 2020 and 2021 has been derived from our financial statements as at and for the years ended 31 December 2019 (inclusive of the year ended 31 December 2018) and 2020 (inclusive of the year ended 31 December 2019), and as at and for the six months ended 30 June 2021 (inclusive of the six months ended 30 June 2020). Results for the six months ended 30 June 2021 are not necessarily indicative of the results that can be expected for the full year.

In December 2018, the Company was incorporated by the OCI Shareholder and, in March 2019, OCI contributed its nitrogen fertilizer production and distribution assets in Egypt, Algeria and the UAE to the Company under common control (since these assets and the Company were ultimately owned by the same shareholder). Accordingly, in our financial statements as at and for the year ended 31 December 2019 we have re-presented our comparative financial information as at and for the year ended 31 December 2018 and adjusted our financial information as at and for the year ended 31 December 2019 from before the date of this contribution by OCI as if the combination had occurred before the start of the earliest periods presented.

On 30 September 2019, ADNOC and OCI completed a transaction to combine ADNOC's fertilizer business (Fertil) into OCI's MENA nitrogen fertilizer platform, in exchange ADNOC received 42% of the total share capital of the Company. Accordingly, our financial statements as at and for the year ended 31 December 2018 do not include the financial results of Fertil and our financial statements as at and for the year ended 31 December 2019 do not include the financial results of Fertil relating to the period prior to 30 September 2019. The accounting for this business combination has been disclosed in our 2019 consolidated financial statements.

The selected historical financial and key operating information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements, including the related notes, included elsewhere in this Offering Memorandum.

Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income Data

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	2019	2020	2020	2021	2021
			(USD millions)			
Revenues	1,237.5	1,055.5	1,550.8	737.5	1,260.0	2,073.3
Cost of sales	(878.3)	(858.9)	(1,278.5)	(626.8)	(818.0)	(1,469.7)
Gross profit	**359.2**	**196.6**	**272.3**	**110.7**	**442.0**	**603.6**
Other income	52.6	4.6	—	—	—	—
Selling, general and administrative expenses	(37.9)	(57.1)	(89.4)	(41.3)	(45.0)	(93.1)
Other expenses	(0.1)	(1.9)	(1.3)	(2.1)	—	0.8
Operating profit	**373.8**	**142.2**	**181.6**	**67.3**	**397.0**	**511.3**
Finance income	8.7	15.4	33.5	21.5	7.5	19.5
Finance cost	(135.3)	(104.0)	(47.0)	(15.5)	(23.9)	(55.4)
Net finance (cost)/income	(126.6)	(88.6)	(13.5)	6.0	(16.4)	(35.9)
Share of (loss)/profit from equity accounted investees (net of tax)	—	(0.1)	(0.1)	0.5	—	(0.6)
Profit before income tax	**247.2**	**53.5**	**168.0**	**73.8**	**380.6**	474.8
Income tax	(30.3)	(15.1)	(40.9)	(11.6)	(64.0)	(93.3)
Profit for the year/period	**216.9**	**38.4**	**127.1**	**62.2**	**316.6**	**381.5**
Other comprehensive income:						
Items that are or may be reclassified subsequently to profit or loss						
Foreign operations – foreign currency translation differences	(17.3)	(8.6)	(56.9)	(43.5)	(18.3)	(31.7)
Other comprehensive income, net of tax	**(17.3)**	**(8.6)**	**(56.9)**	**(43.5)**	**(18.3)**	(31.7)
Total comprehensive income	**199.6**	**29.8**	**70.2**	**18.7**	**298.3**	**349.8**
Profit attributable to:						
Owners of the Company	82.0	3.9	74.3	23.0	198.5	249.8
Non-controlling interest	134.9	34.5	52.8	39.2	118.1	131.7
Profit for the year/period	**216.9**	**38.4**	**127.1**	**62.2**	**316.6**	**381.5**
Total comprehensive income attributable to:						
Owners of the Company	71.6	(0.3)	45.3	0.8	189.1	233.6
Non-controlling interest	128.0	30.1	24.9	17.9	109.2	116.2
Total comprehensive income	**199.6**	**29.8**	**70.2**	**18.7**	**298.3**	**349.8**

Summary Consolidated Statement of Financial Position Data

	As at 31 December			As at 30 June
	2018(1)(2)	2019(2)	2020	2021
	(USD millions)			
Assets				
Total non-current assets	2,230.1	4,149.0	3,862.6	3,718.7
Total current assets	673.2	842.9	934.7	1,277.8
Total assets	**2,903.3**	**4,991.9**	**4,797.3**	**4,996.5**
Equity				
Total equity	**102.6**	**2,985.2**	**3,062.4**	**3,027.2**
Liabilities				
Total non-current liabilities	1,035.1	1,263.2	1,108.6	1,030.6
Total current liabilities	1,765.6	743.5	626.3	938.7
Total liabilities	**2,800.7**	**2,006.7**	**1,734.9**	**1,969.3**
Total equity and liabilities	**2,903.3**	**4,991.9**	**4,797.3**	**4,996.5**

(1) The financial information as per 31 December 2018 has been restated for the effect as disclosed in Note 2 of our audited consolidated financial statements for the year ended 31 December 2020 as set out in the F-pages in this Offering Memorandum. This was a consequence of management that became aware of information that the Group's exposure to historical indemnities provided to other parties was understated in the consolidated financial statements. The restatement reduced the retained earnings by USD 23.6 million and increased the provisions (which form part of the total current liabilities) by USD 23.6 million.

(2) The balance sheet information as at 31 December 2019 has been restated to correct a previous overstatement of our retained earnings. The restatement reduced the retained earnings by USD 23.6 million and increased the provisions (which form part of the total current liabilities) by USD 23.6 million. This was a consequence of management that became aware of information that the Group's exposure to historical indemnities provided to other parties was understated in the consolidated financial statements. For more information on the restatement of the balance sheet information as at 31 December 2019, see Note 2 of our audited consolidated financial statements for the year ended 31 December 2020 as set out in the F-pages in this Offering Memorandum.

Summary Consolidated Statement of Cash Flows Data

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018(1)	2019	2020	2020	2021	2021
	(USD millions)					
Cash flows from operating activities	424.1	255.1	520.8	313.2	482.0	689.6
Cash used in investing activities	(17.2)	(5.0)	(66.6)	(25.4)	(13.6)	(54.8)
Cash used in financing activities	(201.6)	(148.5)	(312.4)	(118.0)	(141.1)	(335.5)
Net cash flows	**205.3**	**101.6**	**141.8**	**169.8**	**327.3**	**299.3**
Cash and cash equivalents at beginning of the year / period	121.8	323.1	424.6	424.6	534.9	567.3
Effect of exchange rate fluctuations on cash held	(4.0)	(0.1)	(31.5)	(27.1)	(10.0)	(14.4)
Cash and cash equivalents at the end of the year/period	**323.1**	**424.6**	**534.9**	**567.3**	**852.2**	**852.2**

(1) Restricted cash of USD 16.9 million for the year ended 31 December 2018 has been included under cash and cash equivalents to present this information on a consistent basis with the summary consolidated statement of cash flows data for the year ended 31 December 2020.

Other Financial Information

The following table sets forth certain financial measures used by us as key indicators of our financial performance as at and for the years ended 31 December 2018, 2019 and 2020, and as at and for the six months ended 30 June 2020 and 2021. For further information, including definitions, see "*Presentation of Financial and Other Information—Non-IFRS Information*".

	As at and for the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	2019	2020	2020	2021	2021
	(USD millions, except percentages)					
Gross profit[(1)]	359.2	196.6	272.3	110.7	442.0	603.6
Gross profit margin[(2)]	29.0%	18.6%	17.6%	15.0%	35.1%	29.1%
EBITDA[(3)]	552.4	356.8	472.0	214.9	537.8	794.9
EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees[(3)]	548.5	364.9	449.6	201.0	533.3	781.9
Adjusted EBITDA[(3)]	506.9	371.0	453.3	204.7	532.2	780.8
Adjusted EBITDA Margin[(3)]	41.0%	35.1%	29.2%	27.8%	42.2%	37.7%

(1) Gross profit is revenues less cost of sales. The following table shows a reconciliation of revenues to gross profit.

	As at and for the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	2019	2020	2020	2021	2021
	(USD millions)					
Revenues	1,237.5	1,055.5	1,550.8	737.5	1,260.0	2,073.3
Cost of sales	(878.3)	(858.9)	(1,278.5)	(626.8)	(818.0)	(1,469.7)
Gross profit	**359.2**	**196.6**	**272.3**	**110.7**	**442.0**	**603.6**

(1) Gross profit margin consists of revenues less cost of sales divided by revenues.

(2) We calculate "EBITDA" as profit/(loss) before income tax, net interest costs (aggregate of interest income and expenses), depreciation and amortization and we calculate "EBITDA Excluding Foreign Exchange and Share of Profit (Loss) From Equity Accounted Investees" as EBITDA, adjusted to exclude foreign exchange and share of profit/(loss) from equity accounted investees (net of tax). We believe it is a useful financial metric for assessing our operating performance over time. We define "Adjusted EBITDA" as EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees, adjusted to exclude additional items and costs that management considers not reflective of our core operations. Adjusted EBITDA Margin consists of Adjusted EBITDA divided by revenues.

EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees and Adjusted EBITDA are supplemental measures of financial performance that are not required by, or presented in accordance with, IFRS. Therefore, EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees and Adjusted EBITDA should be viewed as supplemental but not as a substitute for measures presented in the consolidated statement of comprehensive income, which are determined in accordance with IFRS. Investors should not consider EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees and Adjusted EBITDA (a) as an alternative to operating profit or profit/(loss) before income tax (as determined in accordance with IFRS) as a measure of our operating performance, (b) as an alternative to net cash outflows or inflows from operating, investing and financing activities (as determined in accordance with IFRS) as a measure of our ability to meet cash needs or (c) as an alternative to any other measure of performance under IFRS. Because not all companies define EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees or Adjusted EBITDA in the same way, EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees and Adjusted EBITDA, as shown in this Offering Memorandum, may not be comparable to similarly titled measures used by other companies. In particular, Adjusted EBITDA includes certain adjustments based on management estimates, including expectations regarding realized commodity prices and utilization rates as well as projections, and we cannot assure you that these expectations and projections would occur in the future, if at all.

In evaluating Adjusted EBITDA, we encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemented analysis. You should be aware that, as an analytical tool, Adjusted EBITDA is both subject to all of the limitations applicable to EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by other items.

The following table shows for each period a reconciliation of profit/(loss) for the period to EBITDA, EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees and Adjusted EBITDA.

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	2019	2020	2020	2021	2021
			(USD millions)			
Profit for the year / period	216.9	38.4	127.1	62.2	316.6	381.5
Income tax	30.3	15.1	40.9	11.6	64.0	93.3
Net interest cost[(a)]	130.5	80.6	36.0	7.4	20.9	49.5
Depreciation and amortization	174.7	222.7	268.0	133.7	136.3	270.6
EBITDA	552.4	356.8	472.0	214.9	537.8	794.9
Foreign exchange result[(b)]	(3.9)	8.0	(22.5)	(13.4)	(4.5)	(13.6)
Share of profit/(loss) from equity accounted investees (net of tax)	—	0.1	0.1	(0.5)	—	0.6
EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees	548.5	364.9	449.6	201.0	533.3	781.9
Sorfert insurance proceeds[(c)]	(44.0)	—	—	—	—	—
Other (including provisions)[(d)]	2.4	6.1	3.7	3.7	(1.1)	(1.1)
Adjusted EBITDA	**506.9**	**371.0**	**453.3**	**204.7**	**532.2**	**780.8**

(a) Net interest cost is the aggregate of interest income and expenses.

(b) Foreign exchange result is the aggregate of the foreign exchange gains and losses.

(c) Adjustments for the insurance claim relating to the Sorfert shutdown include loss of profit resulting from business interruption of USD 44.0 million caused by the unplanned shutdown at one of Sorfert's ammonia lines from May to December 2017. In December 2018, Sorfert reached a final settlement with the insurance companies for a claim in connection with the business interruption. The agreed settlement of USD 51.8 million was received in cash in part in 2018 (USD 20.1 million) with the remainder received in 2019 (USD 31.7 million). For the USD 51.8 million settlement, less the 15% that our partner receives for Sorfert, we calculated an impact on EBITDA Excluding Foreign Exchange and Share of Profit (Loss) from Equity Accounted Investees of USD 44.0 million in 2018. See "*Business—Material Agreements—Matrial strategic partnerships—Sorfert*".

(d) Other adjustments include: (i) USD 2.4 million related to movement in provision in 2018; (ii) USD 6.4 million fair value adjustment of inventories related to the Fertil acquisition in 2019 which was recorded at fair value as part of the purchase price allocation and upon sale of the inventory resulted in USD 6.4 million negative impact on EBITDA and was adjusted given its exceptional in nature; (iii) a movement in provisions of USD 1.9 million in 2019 and other expenses of USD 1.6 million; (iv) a movement in provision of USD 3.7 million in 2020; and (v) a release provision of USD 1.1 million in the first six months of 2021.

Our Adjusted EBITDA for the year ended 31 December 2018 does not include the results of operations of Fertil and our Adjusted EBITDA for the year ended 31 December 2019 does not include Fertil's results of operations for the period prior to 30 September 2019. Fertil's Adjusted EBITDA for the year ended 31 December 2018 and for the period ended 29 September 2019 was USD 342.6 million and USD 203.3 million, respectively. The foregoing Fertil's Adjusted EBITDA figures do not give effect to Fertil's renewed gas supply contract dated 30 September 2019. Assuming Fertil's renewed gas contract was effective from January 1, 2018, this would have resulted in a USD 98.4 million and USD 75.3 million increase in Fertil's cost of sales (and corresponding reduction in Adjusted EBITDA) for the periods ended 31 December 2018 and 29 September 2019, respectively. For more information on Fertil's financial information for the periods prior to 30 September 2019, including Fertil's Adjusted EBITDA, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Information for Fertil*".

Levered free cash flow and cash conversion

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	2019	2020	2020	2021	2021
	(*USD millions*)					
EBITDA excluding foreign exchange and Share of Profit (Loss) from Equity Accounted Investees	**548.5**	**364.9**	**449.6**	**201.0**	**533.3**	**781.9**
Changes in working capital:						
Changes in inventories	22.8	(0.3)	(31.7)	(3.2)	19.5	(9.0)
Changes in trade and other receivables(1)	(126.5)	(9.7)	69.1	121.7	(40.2)	(92.8)
Changes in trade and other payables	35.1	(1.3)	97.9	21.8	12.1	88.2
Total changes in working capital	**(68.6)**	**(11.3)**	**135.3**	**140.3**	**(8.6)**	**(13.6)**
Changes in provisions	(12.7)	(0.7)	2.0	—	(22.3)	(20.3)
Impact difference in profit sharing non-controlling interest	36.1	10.5	17.4	13.5	33.3	37.2
Net finance cost paid(2)	(79.1)	(56.5)	(62.9)	(38.7)	(18.6)	(42.8)
Income taxes paid	(0.1)	(51.8)	(20.6)	(3.7)	(35.1)	(52.0)
Other expenses	—	—	—	0.8	—	(0.8)
Cash flows from operating activities(3)	**424.1**	**255.1**	**520.8**	**313.2**	**482.0**	**689.6**
Investments in property, plant and equipment	(17.2)	(50.8)	(67.1)	(26.0)	(13.6)	(54.7)
Payment of finance lease obligations(4)	—	(1.4)	(12.9)	(8.7)	(5.7)	(9.9)
Levered Free Cash Flow(5)	**406.9**	**202.9**	**440.8**	**278.5**	**462.7**	**625.0**
Cash Conversion(6)	**74%**	**56%**	**98%**	**139%**	**87%**	**80%**

(1) Changes in trade receivables includes the movement of a related party loans receivable of USD (32.5) million in 2018, USD (30.6) million in 2019 and USD 63.1 million in 2020. The total impact over the period 2018 to 2020 is zero.

(2) Net finance cost paid is the aggregate of interest paid and interest received.

(3) Cash flows from operating activities as presented in the consolidated statement of cash flows as disclosed in the consolidated financial statements (other than in the case of the year ended 31 December 2018 and the twelve-month period ended 30 June 2021).

(4) Finance lease obligations include lease obligations and payment of lease liabilities.

(5) "Levered Free Cash Flow" is calculated as the cash flows from operating activities minus the investments in property, plant and equipment and the payment of finance lease obligations. We believe it is a useful financial metric for assessing our performance over time. Levered Free Cash Flow is a supplemental measures of financial performance that is not required by, or presented in accordance with, IFRS. Therefore, Levered Free Cash Flow should be viewed as supplemental but not as a substitute for measures presented in the consolidated statement of comprehensive income or consolidated statement of cash flows, which are determined in accordance with IFRS. Investors should not consider Levered Free Cash Flow (a) as an alternative to operating profit or profit/(loss) before income tax (as determined in accordance with IFRS) as a measure of our operating performance, (b) as an alternative to net cash outflows or inflows from operating, investing and financing activities (as determined in accordance with IFRS) as a measure of our ability to meet cash needs or (c) as an alternative to any other measure of performance under IFRS. Levered Free Cash Flow, as shown in this Offering Memorandum, may not be comparable to similarly titled measures used by other companies.

(6) "Cash Conversion" is calculated as the Levered Free Cash Flow divided by the EBITDA excluding foreign exchange and share of profit / (loss) from equity accounted investees.

Other Operational Data

The following table sets forth certain financial and operational measures used by us as key indicators of our operating performance as at and for the years ended 31 December 2018, 2019 and 2020, and as at and for the six months ended 30 June 2020 and 2021.

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	**2019**	**2020**	**2020**	**2021**	**2021**
Sales volume(1) (*'000 metric tons*)	4,364.2	4,188.3	6,153.6	3,047.9	3,464.8	6,570.5
Own product sold(2) (*'000 metric tons*)	3,965.3	4,087.7	5,460.5	2,726.3	2,942.6	5,676.8
Investments in property, plant and equipment(3) (*$ millions*)	17.2	50.8	67.1	26.0	13.6	54.7
Maintenance capital expenditures(4) (*$ millions*)	17.2	50.8	53.0	13.7	12.9	42.2
Expansion capital expenditures(5) (*$ millions*)	—	—	14.1	12.3	0.7	2.5
Production Capacity(6) (*million metric tons*)	4.4	6.5	6.6	6.6	6.7	6.7

(1) Sales volume represents volumes sold of the products we produce and/or products produced by third parties that we sell ("third-party traded" products). Sales volumes are largely dependent on our production volumes, inventory levels, and on customer demand.

(2) Own product sold represents the volumes sold of our produced products. Own product sold is largely dependent on our production volumes, inventory levels, and on customer demand.

(3) Investments in property, plant and equipment include expenditures for the maintenance and expansion of our existing operations.

(4) Maintenance capital expenditures include capital expenditures related to on-going maintenance and repair requirements of our operating facilities.

(5) Expansion capital expenditures include capital expenditures related to the expansion of our current operating facilities. The expansion capital expenditures during 2020 primarily related to the installation of equipment upgrades at Sorfert. In the six months ended 30 June 2021, capital expenditures related primarily to regular maintenance expenditures.

(6) Our Production Capacity refers to the aggregate of each production unit's MPC as at the date specified, which is based on consolidated capacity that is calculated through annualizing the proven production of a production unit's best achieved month. For new plants, the MPC is the design (also known as "nameplate") capacity. For facilities with more than one interconnected production unit, the Production Capacity of each downstream product cannot all be achieved at the same time. Production Capacity is a measure that is based on our production facilities' maximum proven annual capacity per product and does not necessarily take into account certain other limitations at our production plants, such as planned stoppages in a particular year and variations in product mix. Unanticipated events, including, but not limited to, unplanned production curtailments, shutdowns, plant turnarounds and other stoppages could cause our actual Production Capacity to diverge from what we project to be our Production Capacity.

The financial and operational measures used by us as key indicators of our operating performance set out in the table above for the year ended 31 December 2018 do not include Fertil's financial or operating data and for the year ended 31 December 2019 do not include Fertil's financial or operating data for the period prior to 30 September 2019. Fertil's sales volume for the year ended 31 December 2018 was 2,163.9 thousand metric tons of urea and 14.5 thousand metric tons of ammonia. Fertil's sales volume for the period ended 29 September 2019 was 1,401.2 thousand metric tons of urea and 23.3 thousand metric tons of ammonia. All of Fertil's sales volumes for these periods were own product sold.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations as at and for the years ended 31 December 2018, 2019 and 2020, as at 30 June 2021, and for the six months ended 30 June 2020 and 2021 should be read in conjunction with our audited and unaudited financial statements, in each case including the related notes, and the information relating to our business included elsewhere in this Offering Memorandum. Investors should read the whole of this Offering Memorandum and not just rely upon summarized information.

The following discussion includes forward-looking statements that reflect the current view of our management and involves risks and uncertainties. See "Information Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause our actual results to differ materially from the forward-looking statements contained herein.

Overview

We are the world's largest seaborne exporter of urea and ammonia combined, MENA's largest producer of nitrogen fertilizers by Production Capacity, and an early mover in clean ammonia, as at the date of this Offering Memorandum. As a leading nitrogen fertilizer producer and distributer, we are committed to our purpose of responsibly supporting sustainable agriculture. We provide an effective and environmentally sound source of nitrogen, the essential nutrient for crop growth, to our customers around the world.

Our portfolio of products comprises ammonia (which is used both as a building block for other fertilizer products and sold to industrial and agricultural customers), urea for agricultural and industrial customers, and DEF, which is also known as AdBlue in Europe and marketed as AdGreen by Fertil, for industrial customers. Additional potential future uses of ammonia are currently emerging as part of the nascent clean hydrogen economy, where blue and green ammonia could serve as an efficient energy carrier and as a clean fuel.

We operate a diverse regional footprint of four world-class production facilities in three countries, comprising EBIC and EFC in Egypt, Sorfert in Algeria, and Fertil in the UAE. Fertiglobe's decision making is centralized through a strong leadership team headquartered in Abu Dhabi, which allows us to optimize operational and commercial processes to deliver efficiencies across the board. We are committed to operational and commercial excellence, with a detailed efficiency enhancement strategy focused on safety, plant reliability and integrity, and cash flow optimization.

As at the date of this Offering Memorandum, 58% of our total issued share capital is indirectly held by OCI (through the OCI Shareholder) and 42% of our total issued share capital is indirectly held by ADNOC (through the ADNOC Shareholder). In March 2019, OCI contributed its nitrogen fertilizer production assets in Egypt and Algeria, and distribution assets in the UAE to the Company. Fertiglobe in its current form was created on 30 September 2019, when ADNOC completed a transaction whereby it contributed its UAE nitrogen fertilizers business to the Company to form a strategic partnership and nitrogen fertilizer products platform with OCI. Following the contribution of the respective MENA nitrogen fertilizer products businesses of OCI and ADNOC to Fertiglobe, we became the largest export-focused nitrogen fertilizer platform globally, and the largest producer of nitrogen fertilizers in the MENA region with a production capacity of 6.5 million tons per annum of urea and merchant ammonia.

OCI is the leading global producer and distributor of nitrogen products and methanol and is headquartered in the Netherlands. OCI's shares are listed on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V., under the symbol "OCI".

ADNOC, owned by the Emirate of Abu Dhabi, is one of the largest integrated energy companies globally that operates across the hydrocarbon value chain, including exploration, production, storage, refining, petrochemicals, marketing and distribution. ADNOC was formed by the Emirate of Abu Dhabi in 1971 to manage crude oil exploration, production and distribution in Abu Dhabi, developing Abu Dhabi into one of the world's leading oil producers and fueling the growth of Abu Dhabi and the UAE.

Key Factors Affecting Results of Operations

Our results of operations, financial condition and liquidity are primarily driven by our revenues and our costs, which are determined by the prices at which we sell our products, and the cost of natural gas, the key raw material for our production processes. These are affected by numerous factors, many of which are macroeconomic industry variables that are beyond our control. Market prices fluctuate as a result of the global supply or demand balance of the industries in which we operate.

The principal factors that have impacted the business during the financial periods presented in this Offering Memorandum and that are likely to continue to impact our business are:

- Sales volumes;
- Market prices;
- Currency effects;
- Seasonality; and
- COVID-19.

Because many of these factors are beyond our control and certain of these factors have historically been volatile, past performance is not necessarily indicative of future performance and it is difficult to predict future performance with any degree of certainty.

Sales volumes

Our results of operations are significantly affected by our sales volumes. Sales volumes in turn depend in large part on the level of use of our Production Capacity, which can be deliberately influenced by commercial decisions impacting the timing of sales, the chosen product mix at our facilities based on prevailing market pricing and supply/demand dynamics, planned outages of our facilities such as turnarounds, and due to exogenous factors such as unplanned outages of our facilities, natural gas curtailments, and market conditions. Depending on the severity and duration of such outages and curtailments, sales volumes and consequently our results of operations may vary from year to year.

Our sales volumes largely depend on our Production Capacity and the utilization rates achieved by our production facilities.

As of the date of this Offering Memorandum, our MPC is approximately 4.5 million metric tons of ammonia (of which approximately 2.9 million metric tons are used in our downstream production processes), 5.1 million metric tons of urea, and the optionality to produce 0.5 million metric tons of DEF.

Plant	Country	Ammonia gross	Ammonia net	Urea	DEF	Total(1)
EFC	Egypt	876	—	1,714	350	1,714
EBIC.	Egypt	748	748	—	—	748
Sorfert	Algeria	1,629	826	1,259	—	2,086
Fertil	UAE	1,205	—	2,117	100	2,117
Total MPC		**4,458**	**1,575**	**5,090**	**450**	**6,665**

(1) Excluding DEF

A facility's utilization rate is the actual production achieved by that facility in a given period as a percentage of its Production Capacity, and thus a higher percentage represents a lower number of production outages, which may be scheduled or unscheduled. In the years from 2018 to 2020 and the first six months of 2020 and 2021, our platform's blended utilization rates were:

Historical Platform Utilization Rates	FY 2018	FY 2019	FY 2020	First six months 2020	First six months 2021
Ammonia	90%	85%	81%	81%	89%
Granular urea	96%	86%	91%	89%	85%

Scheduled production outages generally occur for preventative maintenance, efficiency, debottlenecking, or repair works, while unscheduled outages will occur due to unforeseen events such as extreme weather conditions or equipment failure. In addition, any product quality issues may be considered production outages, despite facilities still operating.

We continually evaluate the performance of our assets by maintaining a focus on profitability. To achieve this, we actively manage our asset bases to optimize our product mix and maximize returns. We pursue an investment policy that is focused on ensuring consistently high production overall, coupled with maintaining our low-cost advantage. Further, we assess the productivity of our operations and, where possible, reorganize our operations and processes to improve our profitability and margins.

We schedule planned turnarounds each year in accordance with each plant's maintenance cycles. These stoppages are used to complete preventative maintenance, debottlenecking and repairs. While such outages are scheduled for a certain number of days, they may take longer, which has an effect on our production levels and, thus, sales volumes.

In 2017, we also experienced unscheduled outages. The most material outage was caused by unexpected repairs required on certain equipment at Sorfert that was implemented between May 2017 and December 2017 resulting in lower than expected utilization rates in 2017. The unscheduled outage was covered by insurance. In 2018 and 2019 we received USD 51.8 million in insurance proceeds for the stoppage at Sorfert.

Plant turnarounds are the principal driver of capital expenditures. Between 2018 and 2020, we deployed USD 135.1 million in capital expenditures focused on improving efficiencies and reliability and implemented upgrades where required. Examples include comprehensive turnarounds at Sorfert including the installation of a new waste heat boiler in 2019 and the installation of a dedicated 60kV electricity supply system. These improvements have resulted in higher production efficiencies, production volumes and optimized costs, which will be further realized through a group operational excellence program launched in 2020. The program is centered on three key pillars: (i) process safety and reliability to further improve operating rates towards MPC; (ii) improving energy efficiency; and (iii) optimizing costs and capital deployment to ensure capital expenditure costs are centrally controlled. While some turnarounds planned in 2020 were deferred to 2021 and 2022 due to the availability of contractors during COVID-19 resulting in a concentration of capital expenditures in the coming period, we expect capital expenditures to fall in line with averages through the maintenance cycle thereafter.

Our sales volumes by product and segment are set out in the following table:

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	(‘000 metric tons)				
Production and marketing of own produced volumes					
Ammonia	1,204.6	1,108.0	895.6	494.7	734.0
Urea	2,760.7	2,979.7	4,564.8	2,231.6	2,208.6
Total production and marketing of own produced volumes	**3,965.3**	**4,087.7**	**5,460.4**	**2,726.3**	**2,942.6**
Third-party trading					
Ammonia	214.7	80.0	130.1	51.3	64.1
Urea	166.2	20.6	563.1	270.3	458.1
Total third-party trading	**380.9**	**100.6**	**693.2**	**321.6**	**522.2**
Total	**4,346.2**	**4,188.3**	**6,153.6**	**3,047.9**	**3,464.8**

In addition to our sales volumes being driven by our production utilization rates, we seek to continually adjust our product mix with the aim to optimize our margins. Key drivers include global supply and demand dynamics, as well as price premium variability between end markets. We continually assess the price premiums between ammonia and urea in major end markets to optimize both our product and segment mix and our sales destinations, resulting in fluctuations in product or segment contribution mix from period to period.

Market prices

Our products are commodities and end-customers base purchasing decisions mainly on price and availability, as little differences exist between our products and those of competitors.

The prices we receive for our products depend primarily on the benchmark prices attainable on the international commodities markets. These markets are often highly volatile and prices are dependent on various factors, such as global supply availability, farmer income and other factors that drive demand for our products. To mitigate price fluctuations of any single product, we have a diversified product portfolio comprising ammonia and urea that serves a wide range of end users.

In the years from 2018 to 2020 and the first six months of 2020 and 2021, benchmark prices were as follows:

Product	Benchmark	2018 average price	2019 average price	2020 average price	First six months 2020 average price	First six months 2021 average price	2019% change over 2018	2020% change over 2019	First six months 2021% change over first six months 2020
Ammonia	Middle East fob ($/metric ton)	307	238	222	216	441	(22)%	(7)%	104%
Granular urea	Egypt fob ($/metric ton)	277	262	249	236	378	(5)%	(5)%	60%
Granular urea	Middle East non-US netback ($/metric ton)	273	260	249	236	361	(5)%	(4)%	53%

As a result of the gradual price decline for ammonia and urea from 2018 to 2020, our revenues did not grow at the same pace as the increase in our sales volumes as such price declines partially offset our sales volume increase. However, in the first six months of 2021 the significant increase in the price of ammonia coupled with our sales volume increase has seen our revenues for the six months ended 30 June 2021 increase 71% compared to the six months ended 30 June 2020.

Currency effects

Our consolidated revenues, operating expenses and long-term debt are primarily denominated in USD. Our revenues and primary production costs are matched by currency with sales predominantly denominated in USD and natural gas costs incurred in USD. 94.7% of our revenues and all of our natural gas costs were denominated in USD for the financial year ended 31 December 2020. Sorfert's natural gas price is contractually agreed with Sonatrach and is denominated in USD, although these costs are payable in DZD. Non-natural gas costs in Algeria, Egypt and United Arab Emirates are incurred in local currency, and 5.3% of sales are made domestically in local currencies. We use USD as our reporting currency. Significant changes in exchange rates of currencies we are exposed to (USD, EUR, EGP, DZD and AED) therefore can have a material effect on our reported and actual financial performance. We manage our foreign exchange cash flow risk on a consolidated basis by matching our foreign currency-denominated liabilities with continuing sources of foreign currencies. *See* "*Risk Factors—Risks Related to Our Business—We are subject to risks associated with operating in several jurisdictions*" and "*Risk Factors—Risks Related to Our Business—Our business has exposure to exchange rate fluctuations*."

The following significant exchange rates against the USD applied during each period under review:

	Average 2018	Average 2019	Average 2020	Average first six months 2021	Closing 2018	Closing 2019	Closing 2020	Closing June 2021
Euro[1]	1.1813	1.1193	1.1418	1.2051	1.1428	1.1213	1.2225	1.1849
Egyptian Pound[1]	0.0562	0.0596	0.0632	0.0638	0.0559	0.0623	0.0635	0.0637
Algerian Dinar[1]	0.0086	0.0084	0.0079	0.0075	0.0085	0.0084	0.0076	0.0074

(1) The above exchange rates as reported in our financial statements.

The AED has been pegged to the USD at the rate of 1 USD to 3.673 AED for all periods under review.

Seasonality

Our operations are inherently dependent on seasonal fluctuations in demand as governed by major crop planting, growing and harvesting seasons. Weighted average netback prices—that is, the net price achieved after deducting any applicable transportation costs incurred—for our products tend to be higher during the Northern and Southern Hemispheres' planting seasons, translating into generally stronger second and fourth quarters.

Our production facilities operate all year round and we generally build nitrogen fertilizer inventories during the low demand periods of the year to ensure timely product availability during the peak sales seasons. The seasonality of nitrogen fertilizer demand results in our sales volumes and net sales being the highest during the spring and our working capital requirements being the highest just prior to the start of the spring planting season.

COVID-19 impact

Since the outbreak of COVID-19, our business operations including our global supply chain and distribution channels have continued without interruption throughout the pandemic to-date, as our industries and our products have been designated as essential by the respective governments of each of our markets to ensure the uninterrupted supply of goods and other essential products. During the pandemic, we noted extreme volatility in our selling prices (decreased selling prices for all our products during the second quarter of 2020, followed by rapidly increased selling prices since the fourth quarter of 2020). Our current outlook is that our financial and operating performance remains solid, supported by healthy market fundamentals.

Factors affecting Historical and Future Comparability

Fertil acquisition

On 30 September 2019, ADNOC and OCI completed a transaction to combine ADNOC's fertilizer business (Fertil) into OCI's MENA nitrogen fertilizer platform, in exchange ADNOC received 42% of the total share capital of Fertiglobe. Accordingly, our financial information relating to the year ended 31 December 2018 does not include the financial results of Fertil and our financial information relating to the year ended 31 December 2019 does not include the financial results of Fertil relating to the period prior to 30 September 2019. For more information, see "*—Financial Information for Fertil*" below.

Non-controlling interest

The non-controlling interest in the Group is comprised of the combined 25% stake in EBIC owned by Egyptian National Gas Holding Company (15%) and First Arabian Development and Investment Company (10%), and the 49% stake in Sorfert owned by the Algerian Government through Sonatrach. Our consolidated financial statements as at and for the years ended 31 December 2019 (inclusive of the year ended 31 December 2018) and 2020 (inclusive of the year ended 31 December 2019), and semi-annual condensed consolidated interim financial statements as at and for the six months ended 30 June 2021 (inclusive of the six months ended 30 June 2020) only reflects a non-controlling interest of 60% in EBIC, as the additional 15% stake in EBIC was not acquired by us until 2 August 2021 (see "*Capitalization*").

Adjusting for our increased shareholding in EBIC to reflect a 25% non-controlling interest in EBIC (as opposed to a 40% non-controlling interest for the last twelve months ended 30 June 2021), the share attributable to our controlling interests in respect of our Adjusted EBITDA for the last twelve months ended 30 June 2021 amounts to approximately USD 173 million (or 22%). Going forward, given the operational improvements at Sorfert, the Company expects this portion to increase to between 22% and 25%.

The profit attributable to non-controlling interests for the same period amounts to approximately USD 132 million (or 35%). See "*Selected Historical Financial and Key Operating Information—Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income Data*". The share attributable to non-controlling interest in profits is higher than the attributable share in Adjusted EBITDA due to comparatively higher depreciation and amortization charges at Fertil and the impact of profit and loss taxes at Fertil and EFC, which are both 100% owned by us, compared to Sorfert and EBIC which are tax exempt.

The free cash flow attributable to non-controlling interests can be approximated by adding the dividends related to the partnership agreement with Sonatrach at Sorfert (see "*Business—Material Agreements—Material strategic partnerships—Sorfert*") to the profit attributable to non-controlling interests for the same period. These dividends are disclosed as "impact difference in profit sharing non-controlling interest" in our consolidated financial statements as at and for the years ended 31 December 2019 (inclusive of the year ended 31 December 2018) and 2020 (inclusive of the year ended 31 December 2019), and semi-annual condensed consolidated interim financial statements as at and for the six months ended 30 June 2021 (inclusive of the six months ended 30 June 2020). See "*Selected Historical Financial and Key Operating Information—Other Financial Information*".

Segmental analysis

For the year ended 31 December 2020 we established the following reportable segments due to changes in our organizational structure and internal reporting. Our financial statements for the year ended 31 December 2020 include those reporting segments, for both the current year and for the year ended

31 December 2019. Our financial statements for the six months ended 30 June 2021 also include these results.

- **Production and marketing of own produced volumes**, representing our nitrogen fertilizer production facilities, as well as our global sales and distribution activities in relation to our facilities.
- **Third-party trading**, representing our third-party nitrogen fertilizer trading activities where we purchase products from third parties and resell to our customers.
- **Other**, representing all remaining entities of the Group and corporate activities.

Our financial statements for the year ended 31 December 2019 had no reportable segments because we were not required to disclose segment information in accordance with IFRS 8. Accordingly there are no reportable segments available for the year ended 31 December 2018.

IFRS 16 "Leases"

IFRS 16 was issued in January 2016 replacing IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". For lessees, IFRS 16 introduced a single lessee accounting model. Under the standard, lessees are required to recognize (i) assets and liabilities for all leases with voluntary exceptions for short-term leases (of less than twelve months) and leases of which the underlying asset is of low value (less than USD 5,000); (ii) depreciation of lease assets separately from interest on lease obligations in the statement of profit or loss; and (iii) repayment of lease obligations presented as cash flows from finance activities.

We have chosen to apply IFRS 16 initially on 1 January 2019 using the modified retrospective approach which requires the recognition of the cumulative effect of initially applying IFRS 16, as of 1 January 2019, to the retained earnings and not to restate prior years. While applying the modified retrospective approach, we have elected the option to (i) measure right-of-use assets based on the value of the respective lease obligations, (ii) exclude initial direct costs, (iii) use the incremental borrowing rate at the start of a contract to determine the present value of a lease obligation and (iv) not recognize right-of-use assets and lease liabilities for short term leases (i.e., less than twelve months) and leases of low value assets (i.e., less than USD 5,000).

Explanation of Key Income Statement Items

Revenues

Revenues are derived primarily from the sale of our products and is determined by sales volumes of produced and traded nitrogen products and the product selling prices realized during the applicable period.

Cost of sales

Cost of sales includes all raw materials, labor, transportation and general and administrative expenses directly related to the production and distribution of our products. Cost of sales also includes depreciation and amortization.

Gross profit/loss

Gross profit/loss is defined as revenues less cost of sales. Gross margin is gross profit in relation to revenues.

Other income

Other income is primarily comprised of income related to insurance claims and refunds received and other miscellaneous income.

Selling, general and administrative ("SG&A") expenses

Our SG&A expenses are primarily comprised of salaries, employee profit sharing, pension and social security costs and other personnel related expenses that are not directly allocable to cost of sales.

Other expenses

Other expenses consist of potential goodwill impairments, expenses related to strategic transactions and other miscellaneous operating expenses.

Net finance cost

Net finance cost for each financial period under review is the net difference between the finance income and finance costs of that financial period.

Finance income comprises:

- interest income on funds invested (including on financial assets at fair value through other comprehensive income);
- gains on the disposal of financial assets at fair value through other comprehensive income;
- dividend income;
- fair value gains on financial assets at fair value through profit or loss;
- gains on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- interest income is recognized as it accrues in profit or loss, using the effective interest method.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Finance cost comprises:

- interest expense on borrowings;
- unwinding of the discount on provisions and contingent consideration;
- interest expense related to lease obligations;
- losses on disposal of financial assets at fair value through other comprehensive income;
- fair value losses on financial assets at fair value through profit or loss;
- loss on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit or loss and other comprehensive income and expensed as incurred. Foreign currency gains and losses are recognized on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Share of profit/(loss) from equity-accounted investees (net of tax)

Share of profit from equity-accounted investees (net of tax) is comprised of income from equity-accounted companies.

Income tax

Income tax expense consists of both current and deferred tax expenses. In the UAE, Fertil is currently subject to a corporate income tax rate of 25%, Sorfert in Algeria is subject to a corporate income tax rate of 19% on taxable profits realized on its domestic sales, EFC in Egypt is subject to a corporate income tax rate of 22.5%, and EBIC in Egypt is not subject to a corporate income tax under the free zone regime.

Results of Operations

The following table sets forth information from the Company's consolidated statement of comprehensive income for the six months ended 30 June 2020 and 2021 and the years ended 31 December 2018, 2019 and 2020:

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018	2019	2020	2020	2021	2021
			(USD millions)			
Revenues	1,237.5	1,055.5	1,550.8	737.5	1,260.0	2,073.3
Cost of sales	(878.3)	(858.9)	(1,278.5)	(626.8)	(818.0)	(1,469.7)
Gross profit	**359.2**	**196.6**	**272.3**	**110.7**	**442.0**	**603.6**
Other income	52.6	4.6	—	—	—	—
Selling, general and administrative expenses	(37.9)	(57.1)	(89.4)	(41.3)	(45.0)	(93.1)
Other expenses	(0.1)	(1.9)	(1.3)	(2.1)	—	0.8
Operating profit	**373.8**	**142.2**	**181.6**	**67.3**	**397.0**	**511.3**
Net finance (cost)/income	**(126.6)**	**(88.6)**	**(13.5)**	**6.0**	**(16.4)**	**(35.9)**
Share of (loss)/profit from equity accounted investees (net of tax)	—	(0.1)	(0.1)	0.5	—	(0.6)
Profit before income tax	**247.2**	**53.5**	**168.0**	**73.8**	**380.6**	**474.8**
Income tax	(30.3)	(15.1)	(40.9)	(11.6)	(64.0)	(93.3)
Profit for the year/period	**216.9**	**38.4**	**127.1**	**62.2**	**316.6**	**381.5**
Other comprehensive income:						
Items that are or may be reclassified subsequently to profit or loss						
Foreign operations – foreign currency translation differences	(17.3)	(8.6)	(56.9)	(43.5)	(18.3)	(31.7)
Other comprehensive income, net of tax	**(17.3)**	**(8.6)**	**(56.9)**	**(43.5)**	**(18.3)**	(31.7)
Total comprehensive income	**199.6**	**29.8**	**70.2**	**18.7**	**298.3**	**349.8**
Profit attributable to:						
Owners of the Company	82.0	3.9	74.3	23.0	198.5	249.8
Non-controlling interest	134.9	34.5	52.8	39.2	118.1	131.7
Profit for the year/period	**216.9**	**38.4**	**127.1**	**62.2**	**316.6**	**381.5**
Total comprehensive income attributable to:						
Owners of the Company	71.6	(0.3)	45.3	0.8	189.1	233.6
Non-controlling interest	128.0	30.1	24.9	17.9	109.2	116.2
Total comprehensive income	**199.6**	**29.8**	**70.2**	**18.7**	**298.3**	**349.8**

Revenue by segment

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018[(1)]	**2019**	**2020**	**2020**	**2021**	**2021**
	(USD millions)					
Production and marketing of own produced volumes	—	1,026.8	1,385.2	661.3	1,054.8	1,778.7
Third-party trading	—	28.7	165.6	76.2	205.2	294.6
Total External Revenues	**1,237.5**	**1,055.5**	**1,550.8**	**737.5**	**1,260.0**	**2,073.3**

(1) Our consolidated financial statements for the year ended 31 December 2020 had reportable segments (including reporting segments in respect of comparative financial information for the year ended 31 December 2019). However, our consolidated financial statements for the year ended 31 December 2019 had no reportable segments as we were not required to disclose segment reporting under IFRS and accordingly there are no reportable segments available for the year ended 31 December 2018.

Adjusted EBITDA by segment

	For the year ended 31 December			For the six months ended 30 June		For the twelve months ended 30 June
	2018[(1)]	**2019**	**2020**	**2020**	**2021**	**2021**
	(USD millions)					
Production and marketing of own produced volumes	—	369.8	470.6	211.3	531.8	791.1
Third-party trading	—	1.8	(1.9)	(0.2)	7.2	5.5
Other	—	(0.6)	(15.4)	(6.4)	(6.8)	(15.8)
Total Adjusted EBITDA	**506.9**	**371.0**	**453.3**	**204.7**	**532.2**	**780.8**

(1) Our consolidated financial statements for the year ended 31 December 2020 had reportable segments (including reporting segments in respect of comparative financial information for the year ended 31 December 2019). However, our consolidated financial statements for the year ended 31 December 2019 had no reportable segments as we were not required to disclose segment reporting under IFRS and accordingly there are no reportable segments available for the year ended 31 December 2018.

Comparison of the six months ended 30 June 2021 and 30 June 2020

Revenues

Revenues for the six months ended 30 June 2021 were USD 1,260.0 million, an increase of USD 522.5 million, or 70.8%, compared to USD 737.5 million in the six months ended 30 June 2020. This was primarily attributable to average benchmark prices increasing by 50% in 2021, as well as higher sales volumes of 3.46 million metric tons as compared to 3.05 million metric tons in the six months ended 30 June 2020, resulting in 13.7% increase in sales volumes.

Production and marketing of own produced volumes

The production and marketing of own produced volumes segment's revenues for the six months ended 30 June 2021 was USD 1,054.8 million, an increase of USD 393.5 million, or 59.5%, compared to USD 661.3 million in the six months ended 30 June 2020. This was primarily attributable to 7.9% higher own produced sales volumes in combination with increased benchmark prices.

Third-party trading

The third-party trading segment's revenues for the six months ended 30 June 2021 was USD 205.2 million, an increase of USD 129.0 million, or 169.3%, compared to USD 76.2 million in the six months ended 30 June 2020. This was primarily attributable to 62.2% higher third-party traded volumes in combination with increased benchmark prices.

Cost of sales

Cost of sales for the six months ended 30 June 2021 was USD 818.0 million, an increase of USD 191.2 million, or 30.5%, compared to USD 626.8 million in the six months ended 30 June 2020. The increase was primarily attributable to the cost of sales related to the 62.4% increase in third-party trading volumes in 2021 compared to 2020, as the purchase cost of third-party product from the market is recorded as cost of sales. The remaining increase was primarily attributable to higher production volumes.

Gross profit

Gross profit for the six months ended 30 June 2021 was USD 442.0 million, an increase of USD 331.3 million, or 299.3%, compared to USD 110.7 million in the six months ended 30 June 2020. The increase was primarily attributable to higher generated revenues, partly offset by higher cost of sales for the period. Accordingly, gross profit margin increased to 35.1% for the six months ended 30 June 2021 as compared to 15.0% for the six months ended 30 June 2020.

Other income

There was no other income for the six months ended 30 June 2021 or for the six months ended 30 June 2020.

SG&A expenses

SG&A expenses for the six months ended 30 June 2021 were USD 45.0 million, an increase of USD 3.7 million, or 9%, compared to USD 41.3 million in the six months ended 30 June 2020. The increase was primarily attributable to increased personnel expenses.

Other expenses

There were no other expenses for the six months ended 30 June 2021 compared to USD 2.1 million in the six months ended 30 June 2020.

Operating profit

Operating profit for the six months ended 30 June 2021 was USD 397.0 million, an increase of USD 329.7 million, or 489.9%, compared to USD 67.3 million in the six months ended 30 June 2020. The change was primarily attributable to the prices for our cost of sales not rising as quickly as the prices for our products and increased SG&A expenses for the period.

Net finance cost/income

Net finance cost for the six months ended 30 June 2021 was USD 16.4 million, as compared to USD 6.0 million net finance income in the six months ended 30 June 2020. The increase was primarily attributable to a decrease in "finance income" of USD 14.0 million and an increase in "finance costs" of USD 8.4 million as described below.

Our finance income for the six months ended 30 June 2021 was USD 7.5 million, a decrease of USD 14.0 million, or 65.1%, compared to USD 21.5 million in the six months ended 30 June 2020. The decrease was primarily attributable to a decreased exchange rate of the DZD against the USD in the six months ended 30 June 2021 compared to the same period in 2020.

Our finance cost for the six months ended 30 June 2021 was USD 23.9 million, an increase of USD 8.4 million, or 54.2%, compared to USD 15.5 million in the six months ended 30 June 2020. The increase was primarily attributable to the release of accrued interest in an amount equal to USD 23.0 million in the six-month period ended 30 June 2020, partially offset by lower interest expenses in 2021 as a result of the Fertiglobe completing a USD 385 million refinancing in October 2020.

Share of profit/(loss) from equity accounted investees (net of tax)

There was no share of profit/(loss) from equity accounted investees (net of tax) for the six months ended 30 June 2021. The share of profit from equity accounted investees (net of tax) was USD 0.5 million in the six months ended 30 June 2020. The decrease was attributable to the disposal of the equity accounted investee (Fitco OCI Agro S.A.) during 2020.

Profit before income tax

Profit before income tax for the six months ended 30 June 2021 was USD 380.6 million, an increase of USD 306.8 million, or 415.7%, compared to USD 73.8 million in the six months ended 30 June 2020.

The increase was primarily attributable to an increase in the operating profit of USD 329.7 million partially offset by USD 22.4 million of higher net finance cost.

Income tax

We recorded USD 64.0 million in income tax expense for the six months ended 30 June 2021 as compared to an expense of USD 11.6 million in the six months ended 30 June 2020. Our net effective tax rate for the six months ended 30 June 2021 was 16.8% compared to 15.7% in the six months ended 30 June 2020. This was primarily attributable to higher (proportionate) profits in the six-month period ended 30 June 2021 at EFC and Fertil, which are subject to a statutory tax rate.

Profit

Our profit for the six months ended 30 June 2021 was USD 316.6 million, compared to profit of USD 62.2 million in the six months ended 30 June 2020.

Comparison of the years ended 31 December 2020 and 2019

Revenues

Revenues for the year ended 31 December 2020 were USD 1,550.8 million, an increase of USD 495.3 million, or 47%, compared to USD 1,055.5 million in the year ended 31 December 2019. The increase in revenues was primarily attributable to the first full year contribution of Fertil in 2020 (USD 477 million) compared to one quarter in 2019 (USD 131 million) and higher third-party trading (resulting in a 1.96 million metric tons, or 46.9%, increase in total sales volumes to 6.15 million metric tons as compared to 4.19 million metric tons in 2019), which were partially offset by a slight decline in market prices.

Production and marketing of own produced volumes

The production and marketing of own produced volumes segment's revenues for the year ended 31 December 2020 was USD 1,385.2 million, an increase of USD 358.4 million, or 34.9%, compared to USD 1,026.8 million in the year ended 31 December 2019. This was primarily attributable to the first full year contribution of Fertil in 2020 compared to one quarter in 2019.

Third-party trading

The third-party trading segment's revenues for the year ended 31 December 2020 was USD 165.6 million, an increase of USD 136.9 million, or 477%, compared to USD 28.7 million in the year ended 31 December 2019. This was primarily attributable to an enhanced focus of Fertiglobe post the Fertil acquisition to create an export platform which is supplied from a range of supply sources.

Cost of sales

Cost of sales for the year ended 31 December 2020 was USD 1,278.5 million, an increase of USD 419.6 million, or 49%, compared to USD 858.9 million in the year ended 31 December 2019. The increase was primarily attributable to the first full year contribution of Fertil in 2020 (cost of sales amounting to USD 424.4 million compared to USD 119.8 million for the year ended 31 December 2019). The remaining increase was primarily attributable to higher production volumes and the 593.2% increase in third-party trading volumes in 2020 compared to 2019, as the purchase cost of third-party product from the market is recorded as cost of sales.

Gross profit

Gross profit for the year ended 31 December 2020 was USD 272.3 million, an increase of USD 75.7 million, or 39%, compared to USD 196.6 million in the year ended 31 December 2019. The increase was primarily attributable to the first full year contribution of Fertil in 2020. Gross profit margin decreased to 17.6% for the year ended 31 December 2020 as compared to 18.6% for the year ended 31 December 2019.

SG&A expenses

SG&A expenses for the year ended 31 December 2020 was USD 89.4 million, an increase of USD 32.3 million, or 57%, compared to USD 57.1 million in the year ended 31 December 2019. The increase was primarily attributable to the consolidation of Fertil (resulting in SG&A expenses of USD 38.7 million for the year ended 31 December 2020 compared to USD 13.6 million for the year ended 31 December 2019).

Operating profit

Operating profit for the year ended 31 December 2020 was USD 181.6 million, an increase of USD 39.4 million, or 28%, compared to USD 142.2 million in the year ended 31 December 2019. The increase in operating profit was primarily attributable to the consolidation of Fertil.

Net finance cost

Net finance cost for the year ended 31 December 2020 was USD 13.5 million, a decrease of USD 75.1 million, or 85%, compared to USD 88.6 million in the year ended 31 December 2019. The decrease was primarily attributable to an increase in "finance income" and decrease in "finance costs".

Our finance income for the year ended 31 December 2020 was USD 33.5 million, an increase of USD 18.1 million, or 118%, compared to USD 15.4 million in the year ended 31 December 2019. The increase was primarily attributable to a USD 20.1 million increase in foreign exchange gains mainly as a result of the depreciation of the DZD against the USD.

Our finance cost for the year ended 31 December 2020 was USD 47.0 million, a decrease of USD 57.0 million, or 55%, compared to USD 104.0 million in the year ended 31 December 2019. The decrease was primarily attributable to a decrease in interest expenses of USD 43.3 million mainly as a result of a redemption of a related party loan in kind in 2019 and the release of accrued interest for an amount of USD 23.0 million and a USD 10.5 million decrease in foreign exchange losses, mainly as a result of the depreciation of the EGP against the USD.

Profit before income tax

Profit before income tax for the year ended 31 December 2020 was USD 168.0 million, an increase of USD 114.5 million, or 214%, compared to USD 53.5 million in the year ended 31 December 2019. The increase in profit was primarily attributable to the increase of USD 39.4 million in operating profit and the decrease in net finance costs of USD 75.1 million.

Income tax

The income tax expense for the year ended 31 December 2020 amounted to USD 40.9 million as compared to an expense of USD 15.1 million in the year ended 31 December 2019. Our net effective tax rate for the year ended 31 December 2020 was 24.4% compared to 28.2% in the year ended 31 December 2019. The decrease in effective tax rate is mainly attributable to higher (proportionate) profits of (tax exempt) export activities at entities operating in jurisdictions which are mainly tax exempted, partly offset by a higher profit contributor for Fertil compared to 2019.

Profit

Our profit for the year ended 31 December 2020 was USD 127.1 million, compared to profit of USD 38.4 million in the year ended 31 December 2019.

Comparison of the years ended 31 December 2019 and 2018

Revenues

Revenues for the year ended 31 December 2019 were USD 1,055.5 million, a decrease of USD 182.0 million, or 15%, compared to USD 1,237.5 million in the year ended 31 December 2018. This decrease in revenues was primarily driven by a 3.8% decrease in volumes sold to 4.19 million metric tons for the year ended 31 December 2019 as compared to 4.35 million metric tons for the year ended 31 December 2018. This was primarily due to lower production volumes at Sorfert due to the plant undertaking its first major planned turnaround in the first quarter of 2019 and a planned turnaround at EFC in the summer of 2019, coupled with a 74% decrease in third-party trading volumes during the period. This was partially offset by the first-time contribution of Fertil in the fourth quarter of 2019 (resulting in volumes of 0.54 million metric tons in combination with revenues of USD 131.2 million for the year ended 31 December 2019). Benchmark granular urea prices during 2019 decreased by 5%, while ammonia prices decreased by 15%.

Cost of sales

Cost of sales for the year ended 31 December 2019 was USD 858.9 million, a decrease of USD 19.4 million, or 2%, compared to USD 878.3 million in the year ended 31 December 2018. The decrease was primarily attributable to 3.8% decrease in volumes sold offset by higher depreciation and amortization as a result of the consolidation of Fertil in the fourth quarter of 2019 (which added USD 119.8 million to the cost of sales over 2019).

Gross profit

Gross profit for the year ended 31 December 2019 was USD 196.6 million, a decrease of USD 162.6 million, or 45%, compared to USD 359.2 million in the year ended 31 December 2018. The decrease was primarily attributable to lower revenues. Gross profit margin decreased to 18.6% for the year ended 31 December 2019 as compared to 29.0% for the year ended 31 December 2018. The decrease was also primarily attributable to lower revenues.

Other income

The relatively large other income for the year ended 31 December 2018 of USD 52.6 million was primarily attributable to the receipt of insurance proceeds in 2018 related to Sorfert's 2017 business interruption claim discussed above.

SG&A expenses

SG&A expenses for the year ended 31 December 2019 was USD 57.1 million, an increase of USD 19.2 million, or 51%, compared to USD 37.9 million in the year ended 31 December 2018. The increase was primarily attributable to the consolidation of Fertil in the fourth quarter (resulting in USD 13.6 million for the year ended 31 December 2019).

Operating profit

Operating profit for the year ended 31 December 2019 was USD 142.2 million, a decrease of USD 231.6 million, or 62%, compared to USD 373.8 million in the year ended 31 December 2018. The decrease was primarily attributable to the lower gross profit, the decrease in other income and the increase in SG&A expenses discussed above.

Net finance cost

Net finance cost for the year ended 31 December 2019 was USD 88.6 million, a decrease of USD 38.0 million, or 30%, compared to USD 126.6 million in the year ended 31 December 2018. The decrease was primarily due to the increase in "finance income" and the decrease in "finance costs" as described below.

Our finance income for the year ended 31 December 2019 was USD 15.4 million, an increase of USD 6.7 million, or 77%, compared to USD 8.7 million in the year ended 31 December 2018. The increase was primarily attributable to a USD 5.6 million increase in foreign exchange gains.

Our finance cost for the year ended 31 December 2019 was USD 104.0 million, a decrease of USD 31.3 million, or 23%, compared to USD 135.3 million in the year ended 31 December 2018. The decrease was primarily attributable to a USD 55.7 decrease in interest expense as a result of a changed funding structure in 2019, partially offset by higher foreign exchange losses of USD 17.5 million.

Profit before income tax

Profit before income tax for the year ended 31 December 2019 was USD 53.5 million, a decrease of USD 193.7 million, or 78%, compared to USD 247.2 million in the year ended 31 December 2018. The profit decrease was primarily attributable to a decrease in operating profit of USD 231.6 million, partially offset by the USD 38.0 million decrease in net financing costs.

Income tax

The income tax expense for the year ended 31 December 2019 amounted to USD 15.1 million as compared to an expense of USD 30.3 million in the year ended 31 December 2018. Our net effective tax rate for the year ended 31 December 2019 was 28.2% compared to 12.2% in the year ended 31 December 2018. The increase in effective tax rate in 2019 compared to 2018 is mainly attributable to lower (proportionate) profits of Sorfert in 2019 compared to 2018, which is partly impacted by recognition of the insurance proceeds in 2018. In addition, EBIC, which is located in a tax-free zone, generated a profit in 2018 compared to a loss in 2019.

Profit

Our profit for the year ended 31 December 2019 was USD 38.4 million, compared to profit of USD 216.9 million in the year ended 31 December 2018.

Financial Information for Fertil

The comparability of our results of operations for the periods presented in this "*Management's Discussion and Analysis of Financial* Condition *and Results of Operations*" is affected by the inclusion of the results of operations of Fertil only starting 30 September 2019. Therefore, to supplement the discussion of our historical results of operations for the years ended 31 December 2019 and 2018, we have included Fertil's financial statements as at and for the period ended 29 September 2019 (inclusive of the year ended 31 December 2018) in the F-pages in this Offering Memorandum.

Fertil had no title to or interest in the feedstock gas or the nitrogen fertilizers that it produced prior to 30 September 2019. Fertil's nitrogen fertilizer sales were made on behalf of Fertil's shareholder(s) with the proceeds of the sales then being distributed to Fertil's shareholder(s). In return, Fertil provided services only to its shareholder(s), and Fertil's shareholder(s) were charged a processing and marketing fee by Fertil equal to the related incurred operating costs, including depreciation as a recovery fee against services provided. Commencing 30 September 2019 and subsequent to revised contractual agreements and an agreement with the tax authorities, Fertil now operates as a profit-generating entity, with title to and interest in all of its assets and liabilities, including the feedstock gas and its finished products. As a result, sales of finished products made by Fertil during the period from 30 September 2019 to 31 December 2019 have been recorded in our audited financial statements for the year ended 31 December 2019.

The historical financial information for Fertil at and for the year ended 31 December 2018 and as at and for the period ended 29 September 2019 set forth below has been derived from Fertil's financial statements for the period ended 29 September 2019 included in the F-pages in this Offering Memorandum.

	For the year ended 31 December 2018	For the period ended 29 September 2019
	(USD millions)	
Expenses		
Manpower charges	(119.3)	(77.5)
Depreciation including amortization allowance	(88.7)	(69.7)
Gas Charges	(45.2)	(32.8)
Utilities	(38.1)	(28.0)
Materials, spares and other consumables	(20.4)	(18.2)
Services	(25.5)	(15.2)
Marketing Costs	(4.2)	(2.2)
(Provision) / reversal for obsolete and slow-moving inventory	(2.1)	3.0
Finance cost	—	(2.7)
Other income / (expenses)	1.1	(4.6)
Total Expenses	**(342.6)**	**(247.9)**
Recoverable from shareholders:		
Abu Dhabi National Oil Company (ADNOC)	(262.3)	(247.9)
TOTAL S.A.	(80.2)	—
	(342.6)	**(247.9)**
Profit for the year / period	—	—
Other comprehensive income for the year / period	—	—
Total comprehensive income for the year / period	—	—

Supplemental financial information for Fertil

In order to assist prospective investors in comparing our financial results across 2018, 2019 and 2020, the supplemental adjusted financial information for Fertil presented below adjusts Fertil's results of operations as if Fertil had title and interest to its feedstock gas and finished products for the year ended 31 December 2018 and the period ended 29 September 2019 and reconciles Fertil's Adjusted EBITDA to its profits for the period. This supplemental adjusted financial information presented below does not include any adjustments for additional material line items. It is not intended to represent, or to be indicative of, the statement of profit or loss that Fertil would have reported had Fertil been combined into Fertiglobe as at 1 January 2018 and been included in our results of operations for the periods presented. This supplemental adjusted financial information should not be taken as indicative of Fertil's future performance.

Material line items for which no adjustments are made in the supplemental adjusted financial information for Fertil presented below include (a) any synergies resulting from the combination of Fertil into Fertiglobe or Fertiglobe holding company expenses allocated to Fertil and (b) the additional cost of sales resulting from Fertil's gas supply contract dated 30 September 2019, which would have resulted in an increase in Fertil's cost of sales of USD 98.4 million and USD 75.3 million for the year ended 31 December 2018 and for the period ended 29 September 2019, respectively. In addition, Fertil became subject to corporate income tax from 30 September 2019 at an applicable tax rate of 25%.

	For the year ended 31 December 2018[(1)]	**For the nine months ended 29 September 2019**[(2)]
	(USD millions)	
Profit for the year/period	—	—
Sales on behalf of shareholder(s) (revenues)[(3)]	596.5	378.8
Deduct: Total Expenses[(3)]	(342.6)	(247.9)
Add: Depreciation	88.7	69.7
Add: Finance costs	—	2.7
Fertil's Adjusted EBITDA	**342.6**	**203.3**

(1) Financial information derived from Fertil's financial statements as at and for the year ended 31 December 2018.

(2) Financial information derived from Fertil's financial statements as at and for the period ended 29 September 2019.

(3) Reflects the sales of urea and ammonia in Fertil's financial statements that have been recognized as sales on behalf of shareholder(s) and reflect the costs that were historically charged to ADNOC as part of the cost center accounting of Fertil.

The movement between the period ended 29 September 2019 and the year ended 31 December 2018 is primarily attributable due to the financial period in 2019 running from 1 January 2019 to 29 September 2019 compared to a twelve month financial year in 2018. Volumes sold in the period ended 29 September 2019 were 34.1% lower compared to the year ended 31 December 2018 in combination with an average 2% lower granular urea benchmark prices. Furthermore, in the period ended 29 September 2019, Fertil recognized depreciation of its right-of-use assets and finance costs in accordance with the application of IFRS 16 (leases) as at 1 January 2019 (hence these costs are not included in Fertil's Adjusted EBITDA for the period ended 29 September 2019). For the year ended 31 December 2018, the lease expenses were classified in expenses under manpower charges following the requirements of the former lease standard (IAS 17) and therefore impact Fertil's Adjusted EBITDA for the year ended 31 December 2018. No other new standards were adopted and no significant accounting policy changes occurred in relation to Fertil that had an impact on the comparison between the period ended 29 September 2019 and the year ended 31 December 2018.

Liquidity and Capital Resources

For the years ended 31 December 2018, 2019 and 2020, and the six months ended 30 June 2021, our principal liquidity requirements historically have arisen from the need to fund our working capital, operating expenses and capital expenditures, as well as making funds available for the payment of dividends to our shareholders.

For the years ended 31 December 2018, 2019 and 2020, and the six months ended 30 June 2021, our principal source of liquidity was income from the operating activities of our subsidiaries and associates received in the form of dividends and cash pooling. We believe we will have available resources to meet our liquidity requirements, including debt services, for at least the next twelve months. As of 30 June 2021, our cash and cash equivalents comprised USD 852.2 million. See also "*Capitalization*" for a discussion of movement in our cash and cash equivalents since 30 June 2021.

For future periods, we expect to fund our liquidity needs primarily from internally generated operating cash flows and borrowings under the revolving credit facility made available to us pursuant to the RCF Agreement (to the extent required) see "*Business—Material Agreements—Financing arrangements—Fertiglobe Multicurrency Revolving Credit Facility ("RCF Agreement")*". Since 30 June 2021, we have made certain dividend distributions to the Selling Shareholders, see "*Capitalization*". Further, for future periods, we intend to make dividend distributions to our Shareholders in line with our dividend policy, see "*Dividend Policy*".

Committed investments

Our capital expenditures for the years ended 31 December 2018, 2019 and 2020, and the six months ended 30 June 2021 were, USD 17.2 million, USD 50.8 million, USD 67.1 million and USD 13.6 million, respectively. Our capital expenditures during these periods were mainly related to maintenance expenditures at our plants, predominantly deployed during plant turnarounds and maintenance stops to implement repairs, efficiency and reliability improvements, and upgrades. Some turnarounds planned in 2020 were deferred to 2021 and 2022 due to the availability of contractors during COVID-19 resulting in a concentration of capital expenditures in the coming period. Accordingly, cash capital expenditures are expected to reach approximately USD 100 to 110 million in 2021, and 2022 is preliminarily expected to reach USD 120 to 140 million. We expect capital expenditures to fall in line with averages through the maintenance cycle thereafter.

Consolidated Cash Flow Data

The following table sets forth our consolidated cash flow data for the years ended 31 December 2018, 2019 and 2020, and the six months ended 30 June 2020 and 2021:

	For the year ended 31 December			For the six months ended 30 June	
	2018[(1)]	**2019**	**2020**	**2020**	**2021**
			(USD millions)		
Cash flows from operating activities	424.1	255.1	520.8	313.2	482.0
Cash used in investing activities	(17.2)	(5.0)	(66.6)	(25.4)	(13.6)
Cash used in financing activities	(201.6)	(148.5)	(312.4)	(118.0)	(141.1)
Net cash flows	**205.3**	**101.6**	**141.8**	**169.8**	**327.3**
Cash and cash equivalents at beginning of the year / period	121.8	323.1	424.6	424.6	534.9
Effect of exchange rate fluctuations on cash held	(4.0)	(0.1)	(31.5)	(27.1)	(10.0)
Cash and cash equivalents at the end of the year/ period	**323.1**	**424.6**	**534.9**	**567.3**	**852.2**

(1) Restricted cash of USD 16.9 million for the year ended 31 December 2018 has been included under cash and cash equivalents to present this information on a consistent basis with the summary consolidated statement of cash flows data for the year ended 31 December 2020.

Comparison of the six months ended 30 June 2021 and 30 June 2020

Cash flows from operating activities for the six months ended 30 June 2021 was USD 482.0 million, an increase of USD 168.8 million, or 54%, compared to USD 313.2 million in the six months ended 30 June 2020. The increase was primarily attributable to higher profit for the six-month period ended 30 June 2021 of USD 254.4 million and USD 20.2 million lower interest paid, partly offset by USD 31.4 million higher income taxes paid compared to the six-month period ended 30 June 2020 and a net working capital outflow of USD 8.6 million for the period ended 30 June 2021 compared to an inflow of USD 140.3 million for the six-month period ended 30 June 2020.

Cash used in investing activities for the six months ended 30 June 2021 was USD 13.6 million, a decrease of USD 11.8 million, or 46%, compared to USD 25.4 million in the six months ended 30 June 2020. The decrease was primarily attributable to a decrease in investments in property, plant and equipment which totaled USD 12.4 million for the period ended 30 June 2021. For the period ended 30 June 2020 investments in property, plant and equipment amounted to USD 26.0 million.

Cash used in financing activities for the six months ended 30 June 2021 was USD 141.1 million, an increase of USD 23.1 million, or 20%, compared to USD 118.0 million in the six months ended 30 June 2020. The increase was primarily attributable the distribution of the Q1 2021 dividend to shareholders of USD 55.0 million in the six-month period ended 30 June 2021, compared to nil for the period ended 30 June 2020 and lower proceeds from loans and borrowings of USD 34.6 million, partly offset by lower repayments of loans and borrowings of USD 63.5 million compared to the six-month period ended 30 June 2020.

Comparison of the years ended 31 December 2020 and 2019

Cash flows from operating activities for the year ended 31 December 2020 was USD 520.8 million, an increase of USD 265.7 million, or 104%, compared to USD 255.1 million in the year ended 31 December 2019. The increase was primarily attributable to higher profit for the year ended 31 December 2020 of USD 88.7 million, USD 31.2 million lower income taxes paid in 2020 compared to 2019 and a net working capital inflow of USD 135.3 million for the year ended 31 December 2020 compared to an outflow of USD 11.3 million for the year ended 31 December 2019.

Cash used in investing activities for the year ended 31 December 2020 was USD 66.6 million, an increase of USD 61.6 million compared to USD 5.0 million in the year ended 31 December 2019. For the years ended 31 December 2020 and 2019 investments in property, plant and equipment amounted to USD 67.1 million and USD 50.8 million, respectively. The investment activities in 2019 were substantially offset by the business combination, net of cash acquired in 2019 of Fertil of USD 45.8 million acquired as part of the acquisition.

Cash used in financing activities for the year ended 31 December 2020 was USD 312.4 million, an increase of USD 163.9 million or 110%, compared to USD 148.5 million in the year ended 31 December 2019. The increase was primarily attributable to dividends paid to shareholders in the year ended 31 December 2020 of USD 129.7 million compared to nil in the year ended 31 December 2019.

Comparison of the years ended 31 December 2019 and 2018

Cash flows from operating activities for the year ended 31 December 2019 was USD 255.1 million, a decrease of USD 169.0 million, or 40%, compared to USD 424.2 million in the year ended 31 December 2018. The decrease was primarily attributable to (i) a lower profit of USD 38.4 million for the year ended 31 December 2019, compared to a profit of USD 216.9 million for the year ended 31 December 2018; and (ii) a net working capital outflow of USD 11.3 million in 2019 compared to a net working capital outflow of USD 68.6 million in 2018; and (iii) income taxes paid of USD 51.8 million for the year ended 31 December 2019 compared to USD 0.1 million for the year ended 31 December 2018, which was partially offset by a decrease of USD 22.7 million in interest paid in 2019 compared to 2018.

Cash used in investing activities for the year ended 31 December 2019 was USD 5.0 million, a decrease of USD 12.2 million, or 71%, compared to USD 17.2 million in the year ended 31 December 2018. The decrease was primarily attributable to the business combination, net of cash acquired in 2019 of Fertil of USD 45.8 million as part of the acquisition, offset by investments in property, plant and equipment of USD 50.8 million. Investments in property, plant and equipment in the year ended 31 December 2018 amounted to USD 17.2 million.

Cash used in financing activities for the year ended 31 December 2019 was USD 148.5 million, a decrease of USD 53.1 million, or 26%, compared to USD 201.6 million in the year ended 31 December 2018. The decrease was primarily attributable to the proceeds from loans and borrowings of USD 70.0 million for the year ended 31 December 2019, offset by repayment of existing loans and borrowings of USD 211.7 million compared to proceeds from loans and borrowings of USD 449.0 million for the year ended 31 December 2018, offset by repayment of existing loans and borrowings of USD 598.3 million.

Financial Liabilities and Contractual Obligations

We incur contractual obligations and financial commitments in the normal course of our operations and financing activities. Contractual obligations include future cash payments required under existing contracts, such as the BTL Facility Agreement and the RCF Agreement see "*Business—Material Agreements—Financing arrangements*". Financial commitments represent contingent obligations, such as financial guarantees, that become payable only if specified events occur. Details on these obligations are set forth below.

The following table summarizes our contractual obligations and commitments as of 31 December 2020 (contractual cash flow):

	< 1 Year	1-5 Years	> 5 Years	Total
		(*USD millions*)		
Leases	17.0	40.3	275.9	333.2
Financial liabilities	584.2	606.8	312.9	1,503.9

Employee benefit, pension plans and end of service remuneration plans

Certain Group subsidiaries provide pension plans, end of service remuneration plans and long-term service benefits. For the year ended 31 December 2020, employee benefits totaled USD 12.4 million. For the six-month period ended 30 June 2021, employee benefits totaled USD 13.4 million.

Non-recognized contingent liabilities and other obligations

The main trading entities of the Group have performance bonds and letters of guarantee provided by HSBC and Mashreq Bank amounting to USD 18.8 million for its strategic customers, and they have performance bonds with governments issued by local banks for an amount of USD 0.4 million as at 31 December 2020.

Off-balance sheet arrangements

As of each of 31 December 2020 and 30 June 2021, we had no off-balance sheet arrangements.

Financial Risk Management

We are exposed to financial risks arising from the ordinary course of business, such as credit risks, interest rate risks, currency risks and liquidity risks.

Credit risk

Credit risk is the risk of financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from our receivables from customers and investments in debt securities. We mitigate the exposure to credit risk on outstanding cash balances by placing funds at multiple financial institutions with a sufficient credit rating. Our exposure to customer credit risk is monitored and mitigated by performing credit checks before selling any goods. No collateral is received. We establish an allowance, if needed, for impairment that represents our estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

During the years ended 31 December 2018, 2019 and 2020, no allowance related to credit risk has been recognized, as management's assessment did not result in any significant credit risk. As at 30 June 2021, management assessed the credit risk based on internal and external factors related to the financial instruments and recognized no allowance related to credit risk.

With respect to transactions with financial institutions, we set a minimum credit rating for our counterparties. The maximum exposure to credit risk is the carrying amount of financial instruments, for an overview reference is made to the tables financial instruments by category. There is no significant concentration of credit risk in trade and other receivables, financial assets at fair value through other comprehensive income or cash and cash equivalents. Our trade contracts with strategic customers are all collateralized by letter of guarantees or performance bonds.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial assets.

The interest on floating rate loans and borrowings is based on forward interest rates at period-end. This interest rate may change as the market interest rate changes. Callable loan amounts are classified as 'Less than one year'. The future obligations are managed by the future incoming cash from operations, currently available and unused amounts on credit facility agreements.

Our approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. This is also safeguarded by using multiple financial institutions in order to mitigate any concentration of liquidity risk.

We monitor liquidity risk internally and on an ongoing basis we prepare liquidity forecasts to verify whether we are able to meet our future debt obligations. We also carefully evaluate the funding of our business plan for at least the next twelve months from the date of issuance of the financial statements, taking into account the measures mentioned below and apply sensitivities to the forecast level of liquidity headroom available. Key assumptions include product pricing, natural gas pricing and utilization rates. We apply these assumptions to the forecasts, which leave sufficient liquidity headroom.

Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices that will affect our income or the value of our holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing our return.

Currency risk

Our international presence exposes us to foreign exchange fluctuations as these affect the translation of our business entities' assets and liabilities, which are presented in foreign currencies that are different from the USD, our Group's functional currency. The currencies concerned are mainly the EUR and the DZD. We consider foreign exchange translation exposure a risk inherent in conducting business internationally and do not hedge this risk. We seek to mitigate translation risk to our credit metrics by broadly matching the currency of debt with cashflows.

We predominately execute our activities in their respective functional currencies. However, we are also exposed to foreign exchange transaction risk to the extent that there is a mismatch between the currencies in which sales, purchases, investments and borrowings are denominated and the respective functional currencies of our Group entities. We monitor our exposure to foreign currency risk arising from our operating activities and selectively enter into foreign exchange contracts to hedge our foreign currency exposure. The functional currencies of the Group entities are primarily the USD, the DZD and the EUR. EFC and EBIC have exposure to fluctuations in the USD/EGP exchange rates.

The following tables demonstrate the sensitivity to a reasonably possible change in USD foreign exchange rate against EUR, EGP and DZD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

31 December 2020	**Change in FX rate**	**Effect on profit before tax**	**Effect on equity**
		($ millions)	
EUR/USD	8%	0.5	—
	(8)%	(0.5)	—
EGP/USD	3%	(0.4)	—
	(3)%	0.4	—
DZD/USD	3%	7.2	—
	(3)%	(7.2)	—

Interest rate risk

Our cash flow interest rate risks arise from our exposure to the variability in future cash flows of floating rate financial instruments and refinancing fixed-rate borrowings. We review our exposure in light of the global interest rate environment and have not entered into any interest rate derivative contracts to hedge this risk.

We analyze our interest rate exposure on a dynamic basis. We calculate the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings plus refinancing of fixed-rate borrowings, as follows:

	In basis points	2020	2019
		($ millions)	
Effect on profit before tax for the coming year	+100	(2.7)	(5.4)
	−100	2.7	5.4

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Our consolidated financial statements have been prepared in accordance with IFRS. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions. It also requires our management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our results of operations are summarized below.

The preparation of our financial statements in compliance with IFRS requires our management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the revision period and future periods, if the changed estimates affect both current and future periods. The most critical accounting policies involving a higher degree of judgment and complexity in applying principles of valuation and for which changes in the assumptions and estimates could result in significantly different results than those recorded in the financial statements are the following:

Goodwill and other intangible assets

Intangible assets with finite useful lives are carried at cost less cumulative amortization and any impairment. Amortization is calculated using the "straight-line" method based on the estimated useful lives. Our management makes estimates regarding the useful lives and residual values and assumes that amortization takes place on a "straight-line" basis. The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. For intangible assets with finite useful lives, we assess annually or more frequently whether indicators exist that suggest the intangible asset might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of intangible assets, we make estimates and assumptions about future cash flows based on the value in use. In doing so, we also make assumptions and estimates regarding the discount rates in order to calculate the net present value of the future cash flows.

We test at least annually whether goodwill is impaired by comparing the recoverable amounts of cash-generating units with their carrying amounts. The recoverable amount is the higher of the fair value less cost of disposal and the value in use. In determining the recoverable amount, we make estimates and assumptions concerning future revenues, future costs, future working capital, future investments, Weighted Average Cost of Capital ("**WACC**") and future inflation rates.

Property, plant and equipment

Depreciation is calculated using the "straight-line" method based on the estimated useful lives, taking into account any residual values. Our management makes estimates regarding the useful lives and residual values and assumes that depreciation takes place on a "straight-line" basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. We assess annually, or more frequently, whether indicators exist that suggest that an item of property, plant and equipment might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of property, plant and equipment, we make estimates and assumptions about future cash flows based on the value in use. The discount rate to be used in order to calculate the net present value of the future cash flows in the impairment analysis is based on the WACC.

Asset retirement obligations

We recognize a provision if we have an obligation to restore a leased asset in its original condition at the end of its lease term and in case of legal requirements with respect to cleanup of contamination of land, and the estimate can be made reliable. Based on the land lease of their production facilities, some entities have the obligation to restore their site upon decommissioning. We have not recorded a liability for this conditional asset retirement obligation, as we do not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability. Considering that maintenance, turnarounds and any other upgrades will be conducted on a regular basis as was done in the past, this can extend the physical life of the production facility (also taken into account the possible changes in technology and availability of raw materials).

Inventories

In determining the net realizable value of inventories, we estimate the selling prices in the ordinary course of business, cost of completion and cost to sell. In doing so, we make estimates and assumptions based on current market prices, historical usage of various product categories versus current inventory levels and specific identified obsolescence risks (e.g., end of life of specific goods and spare parts and the impact of new environmental legislation). In determining the net realizable value of inventories, the Group estimates the selling prices in the ordinary course of business, cost of completion and cost to sell.

Provisions

Recognition of provisions include significant estimates, assumptions and judgments. IFRS requires only those provisions to be recognized if there is an expected outflow of resources in the near future and if the cost of these outflows can be estimated reliably. Accordingly, management exercises considerable judgment in determining whether it is more likely than not that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. These judgments are subject to change as new information becomes available. The required amount of a provision may change in the future due to new developments in the matter. Revisions to estimates may significantly impact future profit or loss. Upon resolution, the Group may incur charges in excess of the recorded provisions for such matters.

Provisions for asset retirement obligations, represent estimated costs of decommissioning. Due to the long time period over which future cash outflows are expected to occur, including the respective interest accretion, assumptions are required to be made. Amongst others, the estimated cash outflows could alter significantly if, and when, political developments affect future laws and regulation with respect to asset retirements. The Group has not recognized any asset retirement obligations because a reliable estimate of the amount of the obligations cannot be made.

With respect to legal cases, the Group has to estimate the outcome. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. The Company periodically reviews the status of these proceedings with both the internal and external legal counsels.

Income taxes

We are subject to income taxes in several jurisdictions. Estimates are required in determining the group-wide provision for income taxes. There are some transactions and calculations for which the ultimate tax position is uncertain during the ordinary course of business. We recognize provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. We recognize deferred tax assets to the extent that it is probable that future taxable profits will be available for the deferred tax asset to be recovered. This is based on estimates of taxable future income by jurisdiction in which we operate and the period over which deferred tax assets are expected to be recoverable. In the event that actual results or new estimates differ from previous estimates and depending on the possible tax strategies that may be implemented, changes to the recognition of deferred tax assets could be required, which could impact the financial position and profit or loss.

Leases

The assessment of whether a contract is or contains a lease requires judgment with respect to whether the lessor has substantive substitution rights, who obtains economic benefits from use of the asset and who takes the 'how and for what purpose' decisions during the period of use.

Judgement is also applied in order to assess whether the entity will exercise any extension or cancelation options of a lease. The Group applies judgments in order to determine the incremental borrowing rate in order to calculate the lease liabilities.

Liquidity risk

As part of the preparation of the financial statements, we have assessed our liquidity risk and going concern. Liquidity risk is the risk that we may encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. We have made a number of assumptions in assessing our ability to meet our covenant requirements and satisfy obligations as they become due. Determining these assumptions requires significant judgment about future results and cash flows. Key assumptions include product pricing, gas pricing, utilization rates and the ability to arrange financing and obtain waivers for potential covenant breaches.

Generally, the market information presented in this section is taken directly or derived from the cited sources. Market data is inherently forward-looking and subject to uncertainty, and does not necessarily reflect actual market conditions. It is based on market research, which itself is based on sampling and subjective judgments by both the researchers and respondents, including judgments about what types of products and competitors should be included in the relevant market. In addition, certain statements below are based on our own information, insights, subjective opinions or internal estimates, and not on any third-party or independent source; these statements contain words such as "we estimate," "we expect," "we believe" or "in our view," and as such do not purport to cite to or summarize any third-party or independent source and should not be so read.

Overview

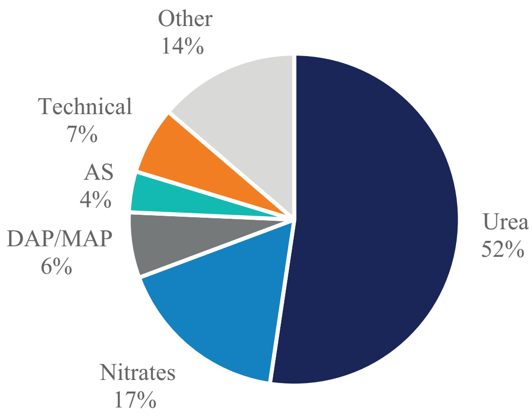
Our portfolio of products comprises:

- ammonia with the following uses:
  - directly as a fertilizer;
  - as a building block for other fertilizer products and industrial chemicals;
  - in the future as a potential fuel; and
- urea for agricultural and industrial customers; and
- DEF for industrial customers.

Nitrogen Fertilizers

Fertilizers are solid, liquid or gaseous substances containing one or more of the three primary nutrients: nitrogen (N), phosphorus (P) and potassium (K). Fertilizers are applied directly to the soil and contribute to crop development and nutrition. Among the primary nutrients, nitrogen is usually the most important determinant of plant growth and crop yield. Nitrogen based fertilizers account for approximately 60% of global fertilizer consumption. The secondary nutrients, which are required for optimum crop growth, are Sulphur (S), Calcium (Ca) and Magnesium (Mg). Ammonia is the key building block for other forms of nitrogen-based fertilizers. It is produced by reacting nitrogen from the air with hydrogen from natural gas. Nitrogen based fertilizers can be classified into three broad categories: basic (ammonia, urea, ammonium nitrate, calcium ammonium nitrate, nitrogen solutions, and ammonium sulphate), multi nutrient (NPK, MAP, DAP) and specialty (calcium nitrate, potassium nitrate). The chart below shows the 2021 breakdown of nitrogen based fertilizers by volume.

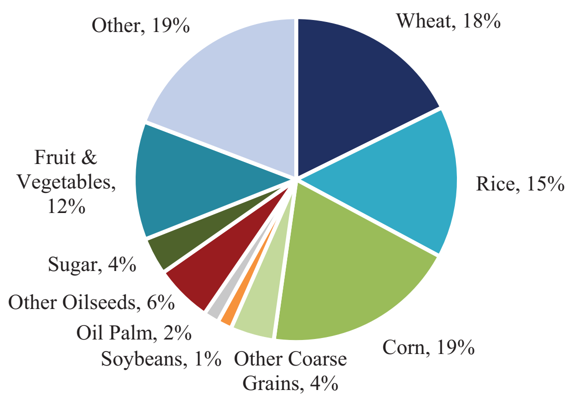
2021 breakdown of nitrogen-based fertilizers



Source: Republished under license from CRU International Ltd—2021

As shown in the chart below, wheat, rice and corn together account for approximately 52% of global nitrogen-based fertilizer crop applications in 2020.

2020 global nitrogen-based fertilizers use by crop



Source: Republished under license from CRU International Ltd—2020

Global nitrogen fertilizer demand is primarily driven by population growth, declining arable land, dietary changes, and increased biofuel consumption. As shown in the chart below, global population is forecast to reach 9.8 billion by 2050, which will require current food production levels to grow by approximately 50%. Meanwhile, arable land per capita has nearly halved between 1961 and 2016. Food production, therefore, is primarily driven by higher yields, which in turn is fueling demand for increased use of fertilizers.

Global population (billion)

Source: FAOSTAT—2019

Additionally, rising incomes are expected to drive higher protein intake. Growing economies generally have rising levels of meat consumption. Meat production requires large amount of animal feed and grain to be produced on limited arable land. In particular, growing consumption of pork and poultry require an increasing amount of cereals as feed, and consequently an increasing amount of fertilizers to grow the cereals.

Meat consumption per capita (kg/year)

	2019	2023	2028	% change 2019/2028
Developed countries	69.2	70.0	71.0	2.6%
Developing countries	26.5	27.1	27.5	3.8%

Source: OECD-FAO—2019

Industrial and fuel applications

Industrial and fuel applications also impact global nitrogen consumption significantly, driven by both growth in the use in ammonia as a chemical feedstock in applications such as resins, paints or plastics, and by environmental regulation.

In particular, solutions lowering diesel exhaust emissions such as DEF benefit from tightening environmental regulation of diesel given its implication on pollution levels. Production of biofuels accounts for approximately 3% of global nitrogen consumption.

The transition to a hydrogen economy and the use of ammonia as a marine fuel are also expected to boost future demand growth substantially.

Ammonia

Ammonia is produced under high temperature and pressure, from the combination of nitrogen (82%) and hydrogen (present in natural gas). It is currently used as a standalone fertilizer, applied on the soil as a gas, which requires a specific investment from farmers in the form of pressurized storage tanks and injection machinery.

It is also a building block for other nitrogen-based fertilizers as well as industrial chemicals. Ammonia is viewed as one of the best products to enable the hydrogen economy, and new applications such as ammonia as a marine fuel or use as a battery to store hydrogen are expected to boost future demand.

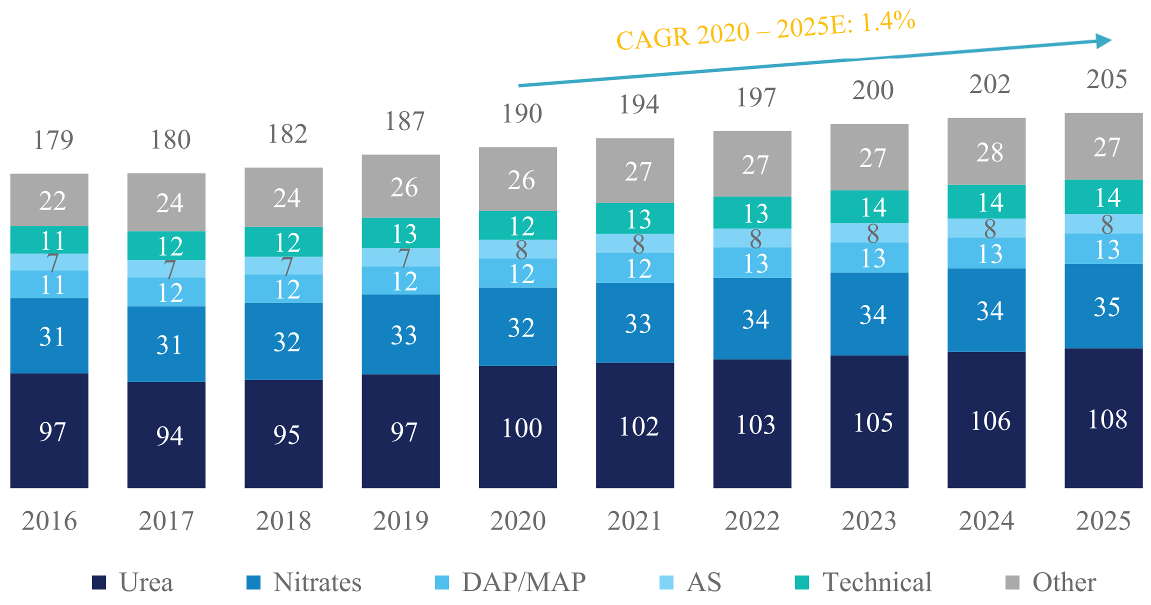
Demand

Ammonia is predominantly upgraded to other nitrogen products (urea/nitrates/DAP/MAP) and only 10% of the ammonia produced globally in 2020 was traded. Traded (merchant) ammonia market fundamentals are the primary driver for global ammonia prices.

Urea represents by far the largest downstream use of ammonia. However, as most urea plants have integrated upstream onsite ammonia production as a raw material, it is not a key driver of the merchant ammonia market. On the other hand, the ammoniated phosphates (DAP and MAP) and industrial sectors often do not have integrated ammonia facilities and instead source it externally on the merchant market.

As shown in the chart below, global ammonia consumption is estimated at 190.8 million metric tons in 2020, when demand for industrial ammonia was weak due to COVID-19, and is expected to grow by 1.4% annually from 2020 to 2025, reaching 204.9 million metric tons by 2025.

Ammonia demand by end use (million metric tons)



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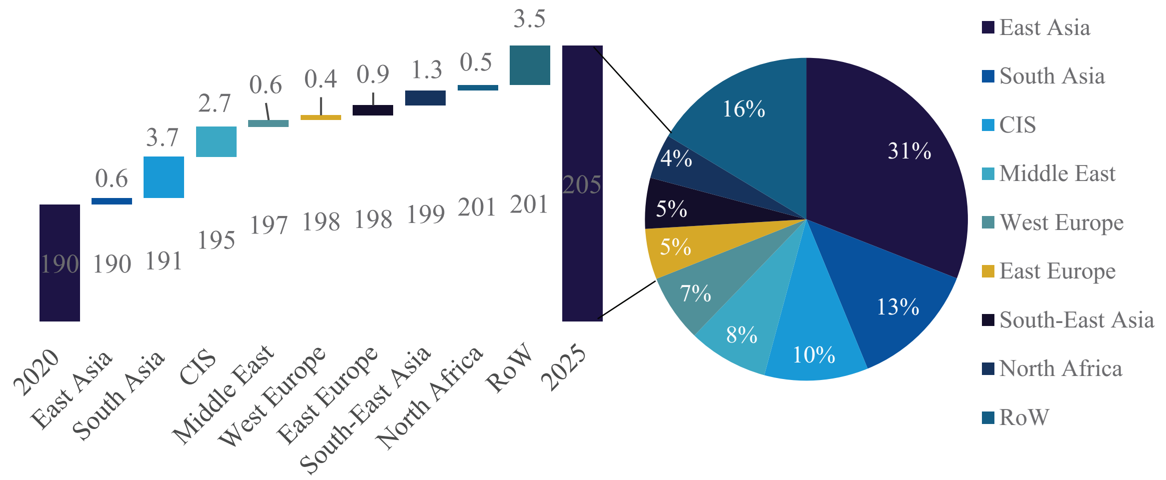
Note: Technical use means non-fertilizer use e.g. use in industrial production or as a fuel additive

Fertiglobe primarily caters to the global merchant ammonia market. Global ammonia import demand reached its lowest levels since 2017 at 19.2 million metric tons in 2020 as offtake for downstream industrial chemicals was adversely impacted by the COVID-19 pandemic. Volumes across key importing countries declined year-on-year, with lower feedstock costs also incentivizing high-cost European ammonia producers to run at higher operating rates and lower imports.

As shown in the chart above, ammonia import demand is forecast to strongly recover in 2021 with a rebound in industrial demand and is forecast to reach 21 million metric tons in 2025 (1.8% CAGR). This is driven by downstream phosphates demand in Morocco, while increasing industrial chemical capacity in coastal areas in China and recovering industrial production rates in South Korea and Taiwan are expected to provide upside for imports of ammonia to Asia.

According to CRU, over the medium-term China's ammonia imports are forecast to increase 8.7% CAGR from 1.2 million metric tons in 2020 to 1.75 million metric tons in 2025. Higher imports are expected due to a variety of reasons including the addition of new tank capacity, which has been the primary bottleneck since 2018 for import growth. The arbitrage opportunity for ammonia imports into China has incentivized year-on-year growth in imports despite COVID-19 and is set to remain in place throughout the medium-term. Further as highlighted by CRU industry consultants, imports may rise above these in forecast levels if new tanks commission in southern China at Zhanjiang port, making China the world's fourth largest importer, just behind India, the United States and Morocco.

Ammonia demand growth by region and 2025 regional demand shares (million metric tons)



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Blue and green ammonia

As part of the accelerated global shift to clean energy, hydrogen is expected to play a vital role in achieving the world's decarbonization ambitions and thus to grow significantly over the next decade. This is evidenced, for example, by Japan's commitment to de-carbonize by 2050 and build a 'hydrogen society' by around 2030. However, the transportation of pure hydrogen is complex and expensive, given its very low boiling point and hence high energy consumption to convert it from gas to liquid.

A conversion of hydrogen to ammonia can solve these problems, as ammonia has a higher boiling point, making it more economical to store and transport. As a result, ammonia has emerged as one of the most promising products to drive the hydrogen economy and enable this energy transition as it currently represents more than 40% of global hydrogen use today.

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

The use of ammonia as a marine fuel is particularly promising and is expected to boost future ammonia demand growth substantially. Ammonia is one of the only practical alternatives for long-distance shipping. Compared to hydrogen and LNG, ammonia is widely used and easier to store with extensive global distribution and storage infrastructure in place.

Ammonia is a carbon-free molecule and therefore burning it in an internal combustion engine leads to zero CO_2 emission. Additionally, ammonia becomes a low / no-carbon fuel when it is produced from renewable energy sources like electricity from wind and solar energy (known as "green ammonia") or from fossil sources associated with carbon-capture and storage technologies (known as "blue ammonia").

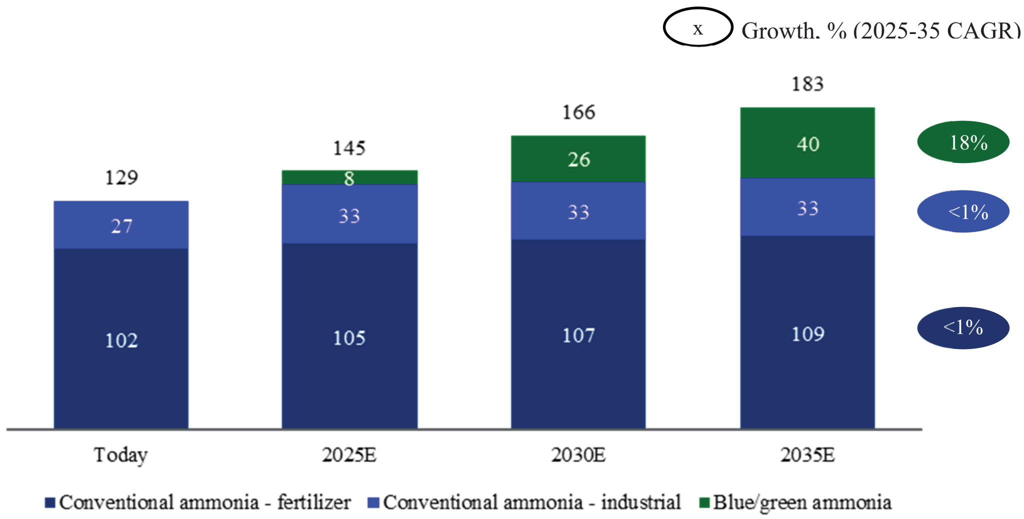
Ammonia is also sulfur-free, therefore it does not require any SOx removal system on the exhaust to comply with environmental limitations on sulfur emissions for shipping and any NOx generated during ammonia combustion can be removed from exhaust gases with SCR technology.

It can also have a strategic role in the transition phase. With global infrastructure already in place, ammonia can bridge the transition from "grey" (i.e. produced using fossil fuels) to "green / blue" until the industry has fully scaled up to products based solely on renewable energy sources, progressively lowering the CO_2 footprint of the shipping industry.

Converting all long-distance shipping fuel to ammonia would require approximately 750-900 million tons of ammonia annually by 2050, which is four to five times the current total global ammonia production.

As shown in the chart below, these drivers are estimated to increase demand for blue and green ammonia from zero now to approximately 26 million tons in 2030 to approximately 40 million tons in 2035. Blue and green ammonia projects announced so far cover a cumulative production capacity of 4 million tons in 2025 and 10 million tons in 2030, i.e. approximately 7-25% of total expected demand, leaving significant opportunities for early entrants in this market.

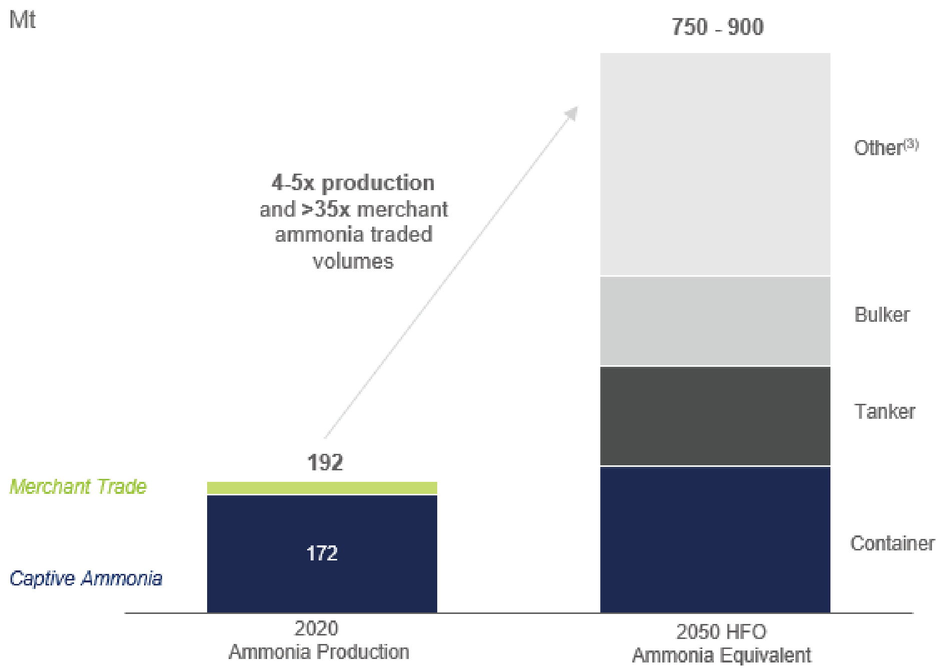
Global ammonia demand (excl. China) by type (in million tons of NH_3)



Sources: Industry sources, McKinsey

The use of ammonia as a marine fuel is particularly promising and is expected to boost future ammonia demand growth substantially. Ammonia is one of the only practical alternatives for long-distance shipping. Compared to hydrogen and LNG, ammonia is widely used and easier to store with extensive global distribution and storage infrastructure in place.

Global potential incremental ammonia demand from new applications (in million tons)



Source: Hydrogen Council Report 2021, MMSA, Fertilizer Week, IEA, Argus, management estimates
Note: HFO abbreviates heavy fuel oil

Supply

Total global ammonia capacity is forecast to increase at a CAGR of 1.3% from 229.8 million metric tons in 2020 to 245.3 million metric tons in 2025. However, merchant ammonia capacity additions are limited over the forecast period and will be partially offset as new downstream standalone urea and phosphate facilities are starting up, absorbing available merchant ammonia. In addition, exports from Trinidad are expected to decline, and China continues capacity closures on the back of stricter environmental regulations.

Salalah Methanol is expected to commission its 0.3 million metric tons ammonia train in Oman in Q4 2021, and Ma'aden is expected to commission its 1.1 million metric tons train in Saudi Arabia in late 2022. This new capacity is likely to be subject to delays due to COVID-19 and the Ma'aden ammonia capacity will mostly be consumed downstream in ammoniated phosphates production once its phosphate capacity commissions. In 2025, at the end of the forecast period, Gulf Coast Ammonia is expected to commission its 1.2 million metric tons train in the U.S.

This new capacity is expected to be substantially offset by the start-up of new standalone urea plants. In 2022, two urea trains are forecasted to commission at TogliattiAzot and KuibyshevAzot in Russia, and Koch Industries is adding a small brownfield capacity in the U.S., which will reduce merchant ammonia availability by a total of approximately 1.0 million metric tons.

Marginal permanent ammonia capacity closures have also been recorded in Trinidad at Yara's facility in 2020 lowering total merchant ammonia availability by 0.3 million metric tons from 2021 onwards. Ammonia exports from Trinidad declined 15% year-on-year to 3.91 million metric tons in 2020, the first-time annual exports fell below 4 million metric tons for seventeen years. This was a result of the plant closures but also lower output from the remaining operating plants on the back of gas shortages in Trinidad. Despite the ammonia price increases in 2021, exports for Trinidad are forecast to remain below 4 million metric tons in 2021 and to remain relatively flat until at least 2025.

Ammonia and urea capacity rationalizations on the back of environmental regulations are expected to continue in China. Chinese ammonia imports are disconnected from domestic supply-demand dynamics, due to an arbitrage opportunity for coastal ammonia buyers to import ammonia from the merchant market over domestic suppliers. Chinese ammonia imports increased from around 500,000 metric tons in 2016 to 1.15 million metric tons in 2020, driven by investment in import tank capacity. China is expected to import

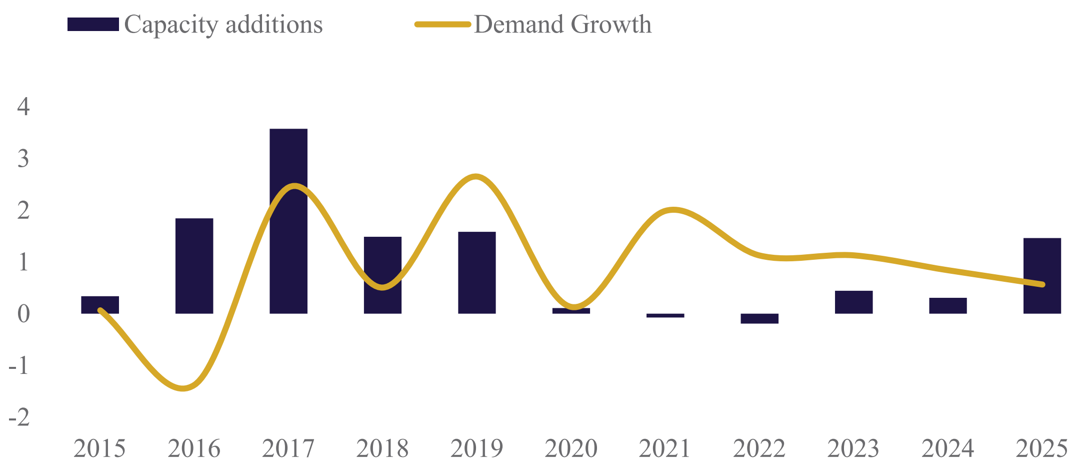
1.35 million metric tons ammonia in 2021, with the higher imports driven by port infrastructure commissioning at Lianyungang port and Sailboat commissioning new ACN capacity.

Merchant market balance

As shown in the chart below, merchant ammonia markets are expected to tighten substantially over the 2021-2025 period, with a net global reduction in merchant ammonia availability outside of China and increased import requirements into China. In particular the period 2021 until the end of 2024 is expected to see negligible merchant ammonia additions (a net increase of only 0.5 million metric tons), whereas merchant demand is expected to grow by 5.1 million metric tons over that same period.

Positive supply and demand fundamentals are expected to underpin higher prices, with average annual prices forecast to remain above the 90^{th} percentile of the cost curve throughout the medium-term (2021-2025).

Ammonia incremental capacity additions and demand excl. China excl. urea (million metric tons)



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Urea

Urea is produced at high pressure and temperature from the reaction of ammonia and carbon dioxide. Urea is used in solid form and is highly soluble in water. Urea is used mainly as a fertilizer and the nitrogen in urea is in a form that requires it to be converted to ammonium, which is achieved by catalysis through the urease enzyme present in many soil bacteria. Urea is also used as raw material in industrial applications such as the production of resins, as well as melamine, DEF and animal feedstock. Its high nitrogen content (approximately 46%) and straightforward handling and transportation make urea the most traded nitrogen fertilizer in the world by volume.

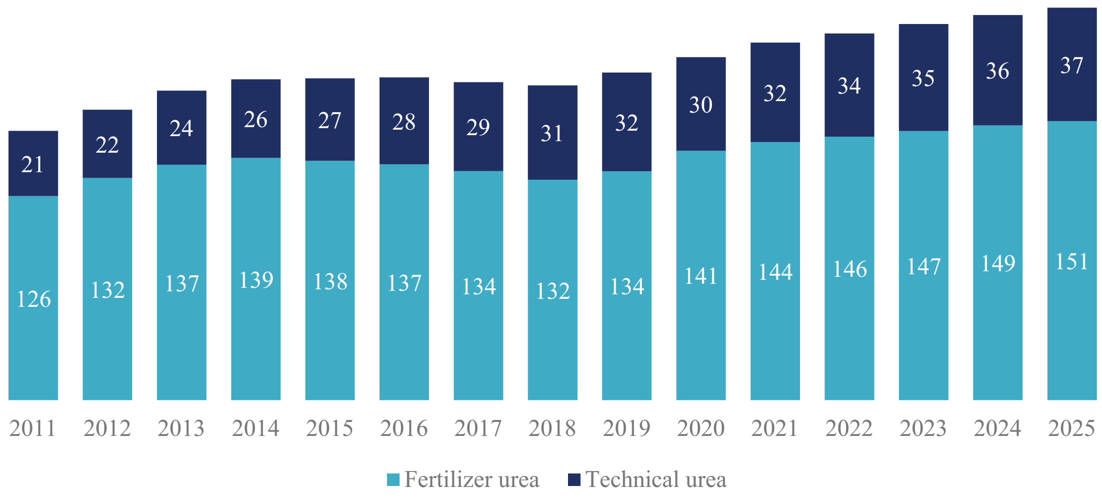
Demand

Fertilizer demand has been insulated from the adverse effects of COVID-19 in 2020, and demand has grown year-on-year as governments placed emphasis on ensuring food security amid the pandemic. Global urea demand reached 171.9 million metric tons in 2020 (+3.3%), with record demand from Brazil and India, two of the largest importing countries. Demand for technical urea (i.e. non-fertilizer use), however, decreased 4.4% year-on-year as COVID-19 hampered industrial production.

Global urea demand is forecast to exceed 174 million metric tons in 2021, driven by continued growth in fertilizer demand with highly favorable agricultural market fundamentals and supportive farmer affordability levels underscored by high crop prices and extremely low grains stocks-to-use ratios that will take at least two years to replenish, amplifying the need for nitrogen fertilizers application to ease food security concerns. Lower than expected crop yields in Brazil, US and China given droughts and floods during 2021 has also contributed to expectations of higher grains prices in 2022 and 2023 and increases in grain planted areas in grain exporting regions. Beyond 2023, urea demand is expected to grow at trend growth levels, which is approximately 3.2 mtpa. Industrial urea demand is also rebounding sharply in 2021 (+8.2%) and strong growth is expected over the medium-term driven by higher industrial production and increasing demand for resins, DEF and denitrification for thermal coal power generation in Asia.

As shown in the table below, medium-term demand growth is forecast to be robust. Total urea demand is forecast to grow to 148 million metric tons fertilizer demand and 37 million metric tons technical demand in 2025, growing at a 1.5% CAGR over the 2020-2025 period, with positive prospects in all regions. Key growth markets are expected to be Fertiglobe's freight advantaged South Asia and Latin American markets, followed by Africa, as well as continued growth in industrial uses.

Global urea consumption by application (million metric tons)



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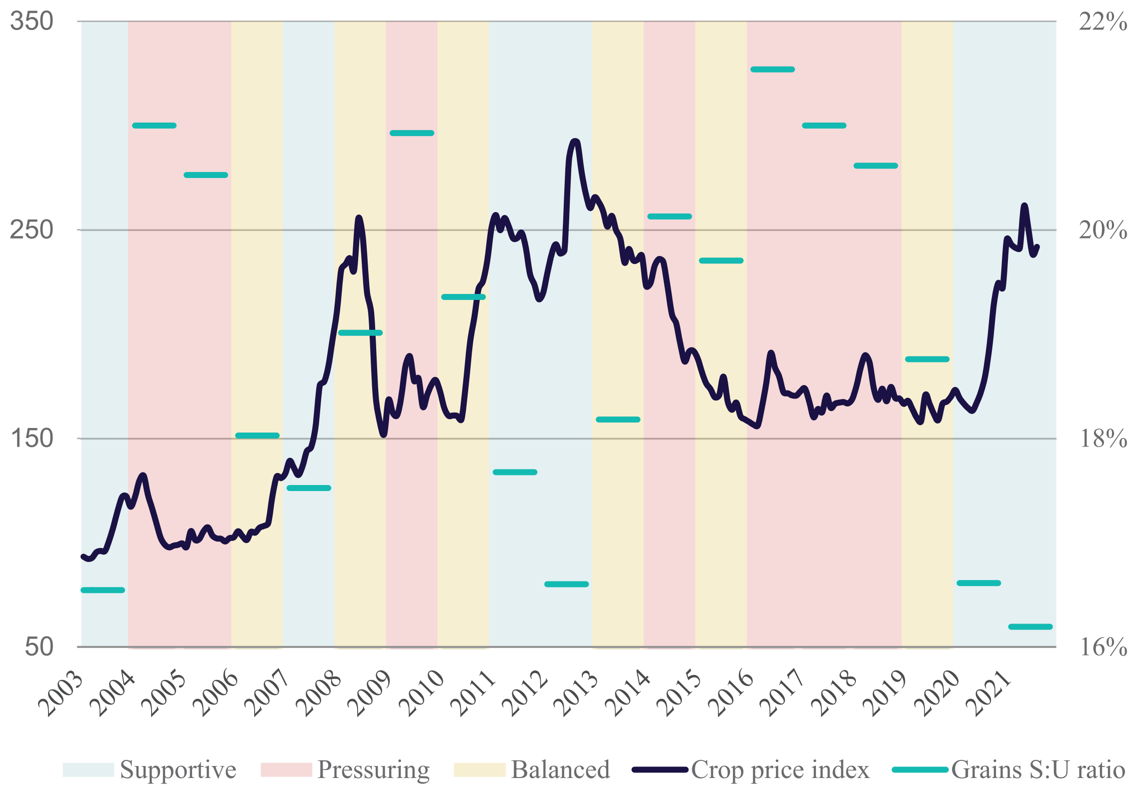
On the ammonia side, in addition to robust growth in fertilizer and industrial demand, 8 million tons of incremental low carbon ammonia demand is expected in the medium-term, adding to a merchant market that is only 20 million tons, marking a structural shift in this industry.

Fertilizer demand

Resilient fertilizer consumption is expected in all major markets in 2021, and will represent a second consecutive year of fertilizer demand growth in China following six years of declines (2014-2019). Global fertilizer affordability is expected to remain at favorable levels over the next few years. As shown in the chart below, while fertilizer prices are now beginning to move higher, it comes from a low base and nitrogen products remain cheap compared to historical levels.

A key driver of improving affordability has been a rally in crop prices, driven by higher Chinese corn imports, tightening global stocks to use ratios and robust global demand for soft commodities. Forward corn futures are around USD 5/bushel for December 2022, supporting increased corn plantings in the next season as well. The soy to corn price ratio also strongly favors corn planting, benefitting U.S. and Latin American nitrogen demand as corn is more nutrient intensive. The recent strength in crop pricing is sustainable, driven by the stocks-to-use ratio falling to seven-year lows, requiring at least two more growing seasons to replenish.

Grain stocks-to-use ratio (Index, January 2006 =100)



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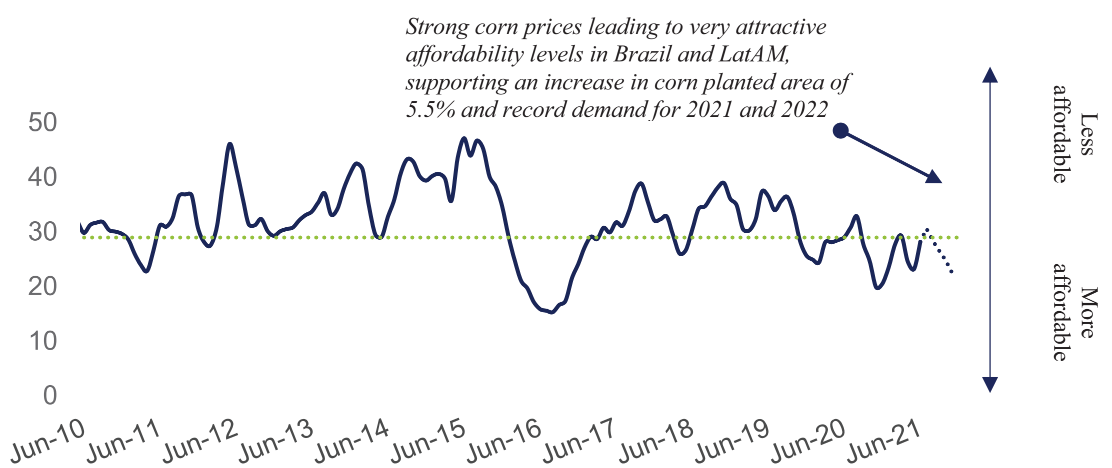
Fertilizer affordability is calculated as a ratio of fertilizer prices to a basket of crop prices. More favorable affordability levels driven by crop prices rising faster than nitrogen values. Farmers around the world have benefitted from COVID-19 economic support programs, which has helped to bolster farm margins even further with prices improving. Farmers in key demand regions like the U.S. and Brazil is expected to continue to invest in urea inputs to increase yields. Brazilian farmers are expected to increase planted Safrinha area by more than 3% in 2021 with urea demand forecast to reach another record year in 2021 and continuing to increase at a CAGR of 1.8% over the medium-term.

Urea barter ratio (corn : urea price in Brazil)



Source: Republished under license from CRU International Ltd—2021

European & CIS urea demand reached 17.2 metric tons in 2020, up 0.9% year-on-year and its highest level since 2017. The rise in consumption was underpinned by robust agricultural fundamentals, principally in the wheat sector. Wheat prices have risen sharply since mid-2020 due to a lower stock to use ratio globally (ex. China and India), weather conditions and the implementation of a Russian export tax. This has resulted in higher European imports.

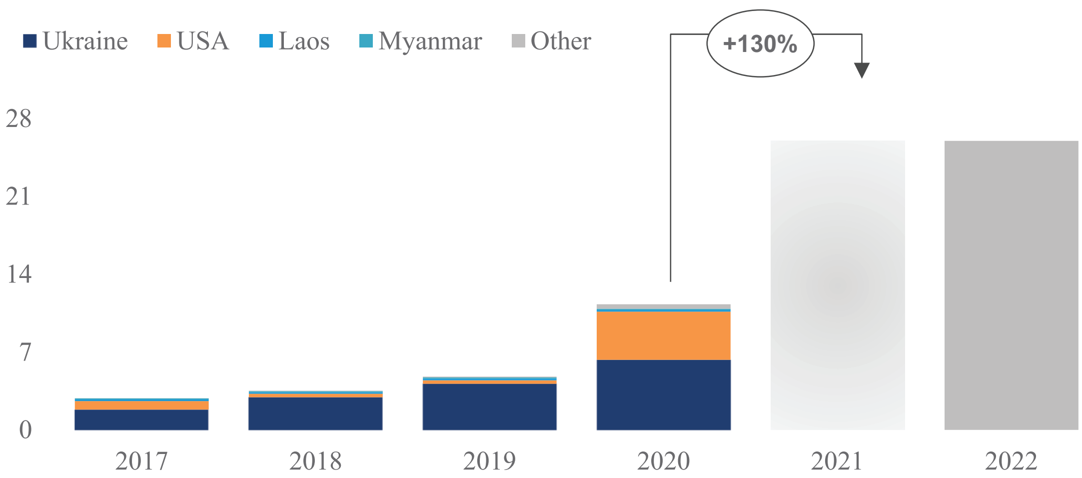
Urea demand in Argentina, Australia and Africa has exceeded previous expectations, with imports very strong in 2021, driven by high crop prices, favorable weather conditions, lower export taxes on grains and increases in planted acreages.

There is also strong potential for expansion in smaller consuming regions as urea producers place an emphasis on developing new markets.

Chinese urea demand is expected to grow to 52.1 metric tons in 2021, 3% higher year-on-year, underpinned by robust agricultural market fundamentals and a strong rebound in industrial end-uses. If this growth is achieved, this will be the highest increase in Chinese urea consumption in eight years. China's agricultural demand growth is driven by government measures to ensure food security after the COVID-19 pandemic, increasing crop prices, and favorable urea affordability. This is likely to increase planted area and application rates in 2021 and 2022.

Chinese corn prices increased by 55% in 2020 due to stock drawdown, localized weather issues and strong domestic demand. The animal feed industry has driven consumption, as China rebuilds its swine herd following the African Swine Fever ("ASF") outbreak in 2019. This industry accounts for about 60% of corn demand. The recovery in pork production and shortfall of domestic supply has caused a surge in corn imports as shown in the chart below. China is still in the early stages of ASF recovery, with swine meat production still far lower than pre-swine flu levels. This suggests swine meat production is likely to continue increasing in 2021 and 2022 offering further upside to grain imports, supporting both global corn markets and domestic planted area.

China doubles corn imports with large purchases from the U.S. (China corn imports by origin, Million metric tons)



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Technical urea demand

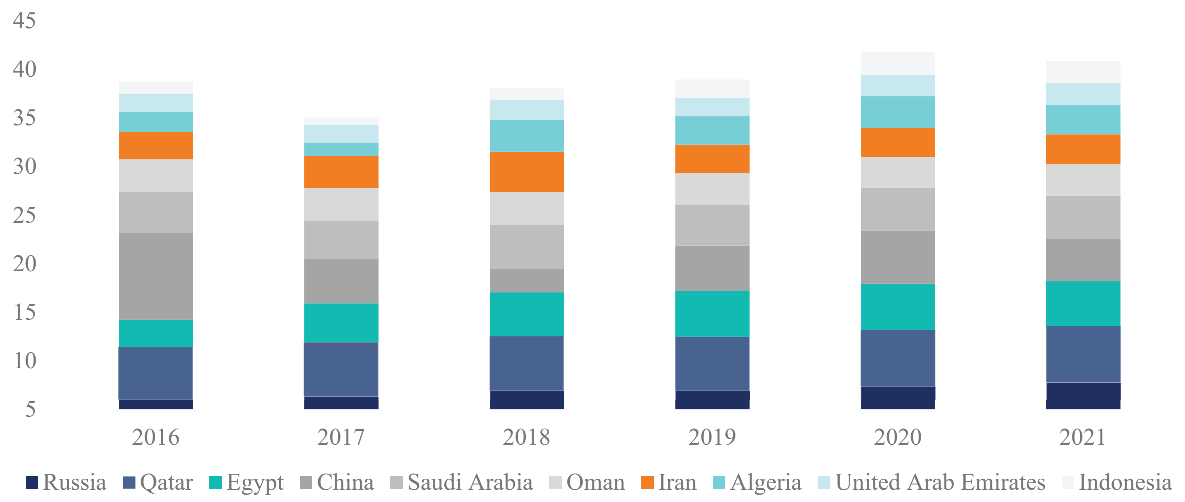
Key drivers for urea demand growth in industrial end uses include DEF and denitrification for thermal coal power generation. Safety regulations in China mandate on thermal power plants are expected to raise demand from this sector by more than 30% in the medium-term. DEF helps reduce harmful emissions, particularly nitrous oxides, associated with diesel engines of heavy-duty trucks, light-duty vehicles and off-road machinery.

Demand from traditional industrial end uses for urea like wood resin and melamine is expected to rebound in line with industrial production growth rates in the aftermath of COVID-19. This strong rebound in industrial demand in most key markets will be supportive of prices when fertilizer demand is seasonally lower.

Supply

Around 15.8 million metric tons of urea capacity additions are scheduled outside of China between 2021 and 2025, predominantly in Nigeria, Brunei, CIS and India. Of these additions, around 4 million metric tons has already commissioned during H1 2021. Delays in commissioning of the remaining projects is likely as the COVID-19 pandemic has delayed construction globally, and gas and port infrastructure is delayed in India and in Nigeria. Utilization rates for these projects are also expected to be slow to ramp up as is common in the industry. The graph below shows the top 10 global exporters of urea, and the amounts exported during the period 2016-2021.

Top 10 global exporters, urea exports (Million metric tons)

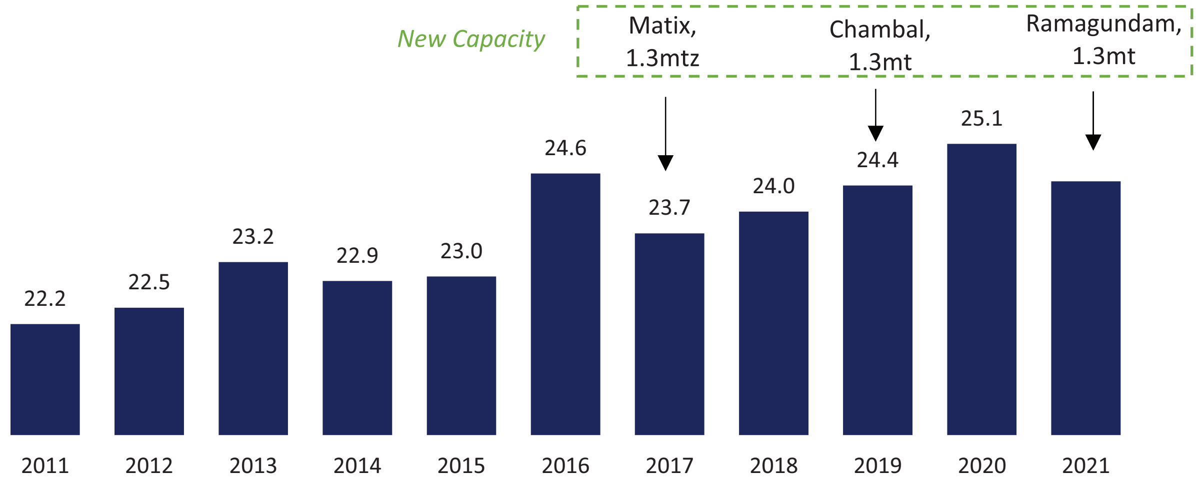


Source: Republished under license from CRU International Ltd—2021

Furthermore, the impact on the traded urea market from some of these new plants is expected to be limited. The new Dangote plant in Nigeria, which commissioned earlier this year, is reported to be unable to load large vessels given draft limitations at its port and will have to focus on the domestic market for the foreseeable future. New capacity in the CIS are minor brownfield additions, lowering merchant ammonia availability and destined primarily for regional growing fertilizer and technical consumption.

Urea capacity additions in India are subject to delays and not expected to commission in line with government timelines, while gas infrastructure has been delayed with both the pipeline and LNG terminals construction pushed back because of COVID-19. Further, older more inefficient urea plants in India are likely to shut down over the medium-term together with privately owned plants which have been producing at intermittent rates because of subsidy issues. As shown in the chart below, production has been relatively flat from 2018 to 2020, despite the commissioning of the Chambal Gadepan plant in 2019. In 2021, production year-to-August is 1.0 million mt lower year-on-year.

Indian domestic urea production (Million metric tons)

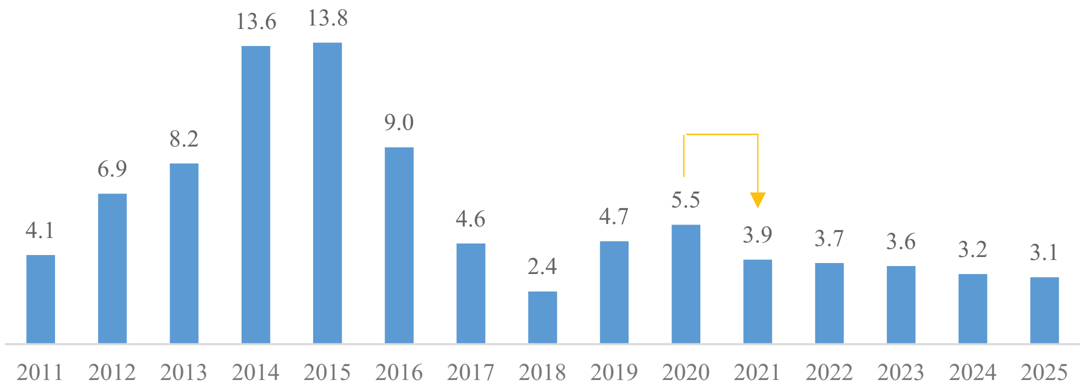


Source: Republished under license from CRU International Ltd—2021

In addition, in China, government enforcement of environmental regulations, limiting feedstock supply for gas-based producers and increasing costs for anthracite coal-based urea producers is expected to lead to plant closures. China is estimated to have shut down 13 urea plants with a combined capacity of 3.7 million metric tons in 2019 and a further 4.6 metric tons of closures were recorded in 2020. Over the next five years, it is expected that China will close more urea plants totalling 7.8 million metric tons.

As shown in the chart below, urea plant closures are expected to result in a drastic decline in Chinese exports compared to the mid-2010s. Net exports of urea from China declined from ~14 million metric tons in 2015 down to ~2.4 million metric tons in 2018. They have since increased to 4.7 million metric tons in 2019 and 5.5 metric tons in 2020 in response to higher Indian demand, but Chinese urea exports are forecast to fall to 3.9 metric tons in 2021 (excluding re-exports) and continue to gradually decline over the next five years, falling to 3.1 million metric tons in 2025.

Chinese urea exports, (Million metric tons)



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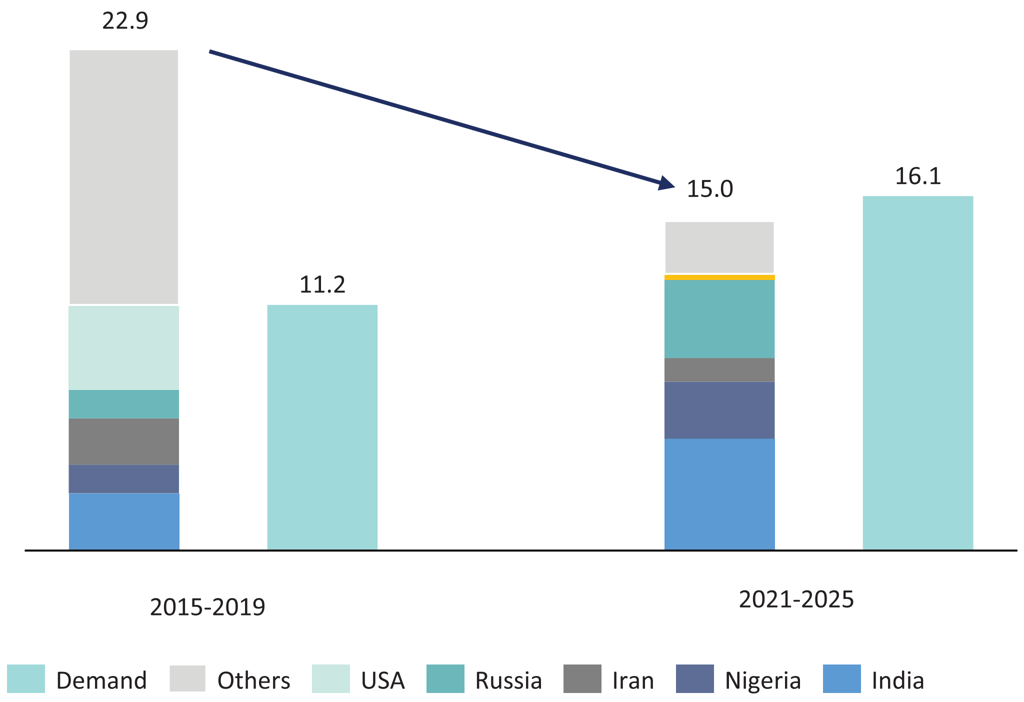
Supply and Demand Balance

The strong demand growth of over 2% per annum (or greater than 3.2 million metric tons incremental demand per annum) coupled with a slowdown in new plants commissioning are forecast to support tightening market fundamentals. The recovery in pricing is further supported by good visibility on construction of new plants as it takes five to six years to build a new plant from concept to commissioning.

Global demand and urea capacity additions excl. China (million metric tons)



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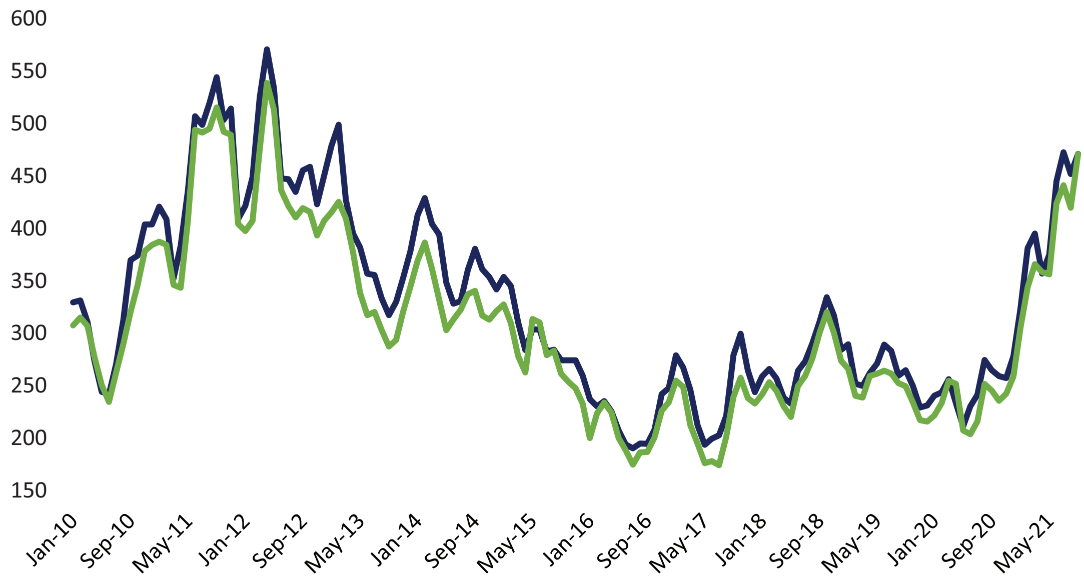
Historical urea prices (USD per metric ton)



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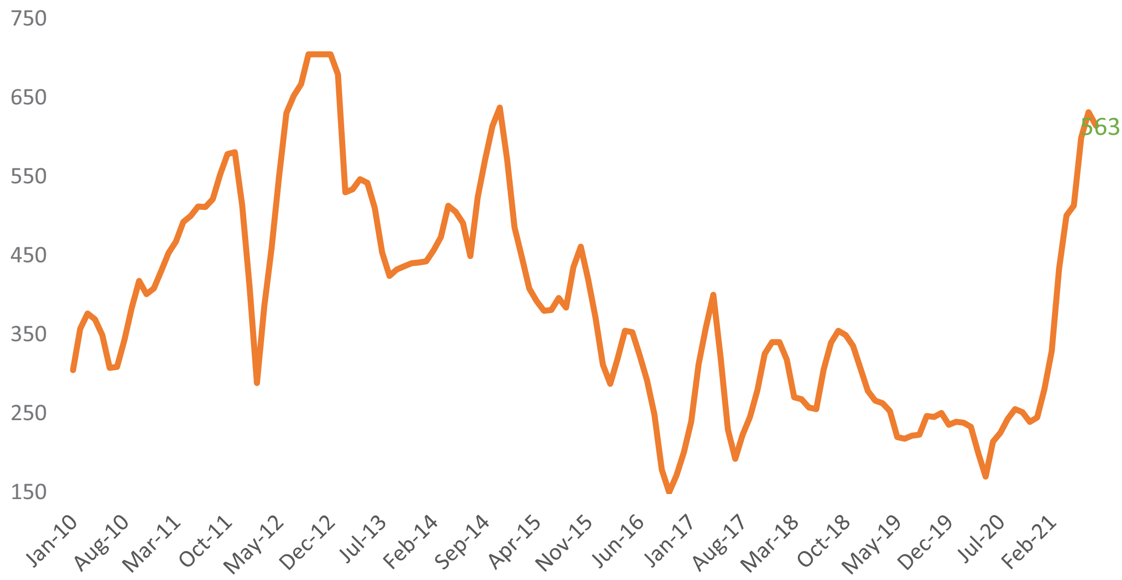
Historical ammonia spot prices (USD per metric ton)



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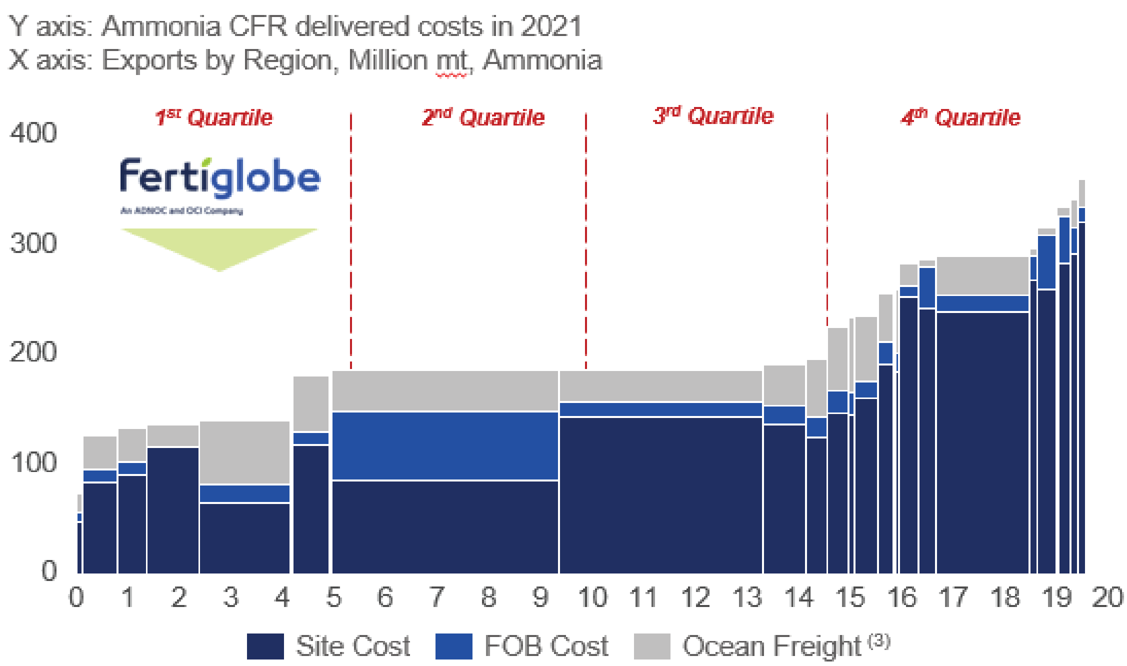
Delivered cash cost curve urea (USD per metric ton)



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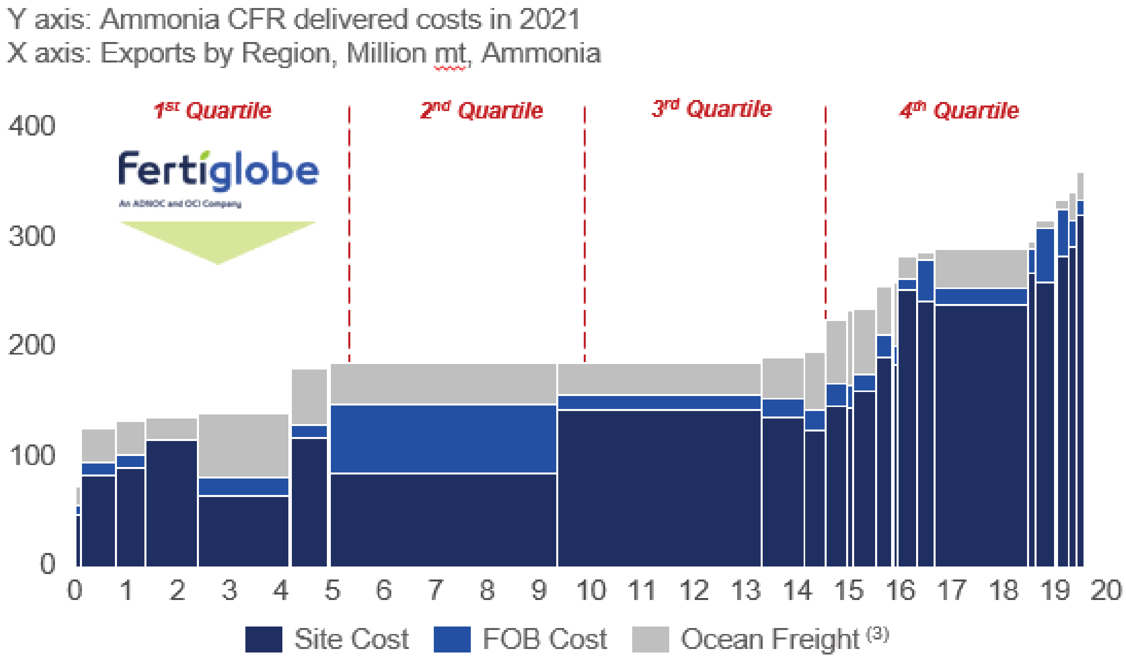
Note: 1) Realized weighted average gas price in H1 2021 based on respective gas price arrangements in Abu Dhabi, Algeria and Egypt. (2) Based on blended CFR cost for Fertiglobe (3) Weighted average freight costs (cost to CFR) of top three global export destinations

Delivered cash cost curve ammonia (USD per metric ton)



Source: Republished under license from CRU International Ltd—2021

DEF

DEF, also known as AUS32 or AdBlue®, is a non-hazardous aqueous urea solution consisting of 67.5% de-ionized water and 32.5% urea. DEF breaks down nitrogen oxides emissions from diesel engines into nitrogen gas and water vapor, thereby eliminating environmentally harmful emissions from cars, trucks, buses, and other heavy-duty vehicles. DEF is not injected into the engine but flows into part of the vehicle's exhaust.

On the back of strict emission standards in Europe, China, North America, Brazil, India and other Asia-Pacific countries, DEF consumption has been increasing over the past decade. In these regions, most diesel vehicles and off-highway machinery has been equipped with SCR technology, which uses DEF.

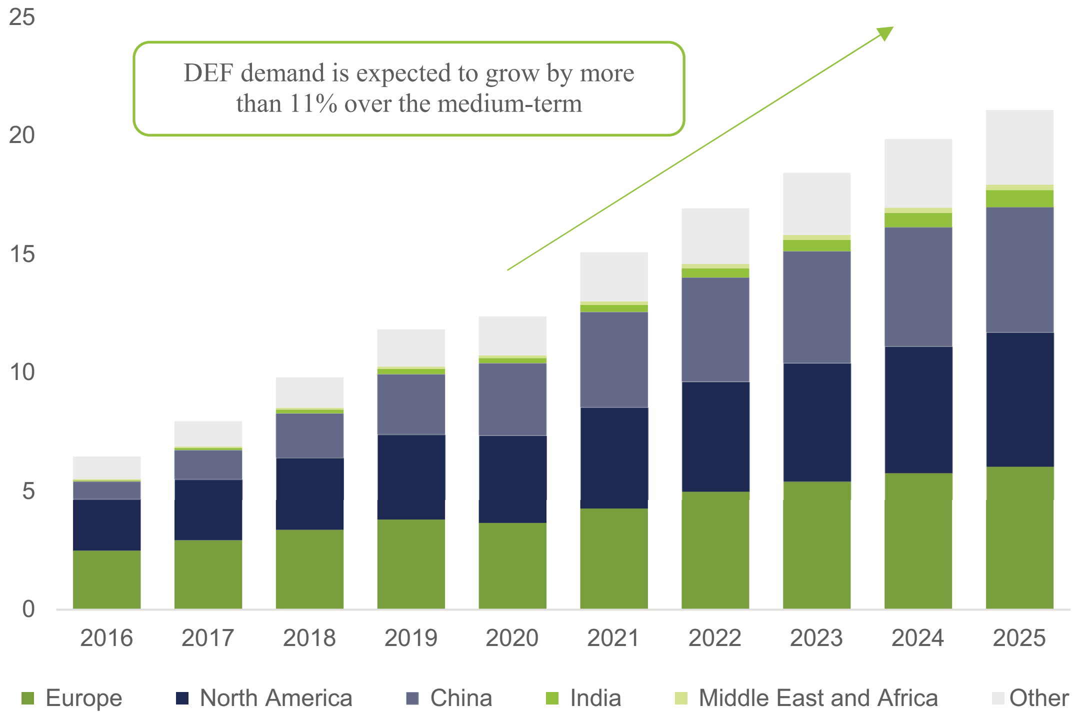
Increasing attention has been brought on diesel technology in Europe and on alternative solutions to traditional diesel. Despite the advent of hybrid and electric options, diesel still represents over 95% of new commercial vehicles and 30% of new passenger cars, and the active vehicle fleet equipped with SCR is set to continue growing over the next decade.

Over the past decade, Japan, Korea and other Asia Pacific have aligned their emission standards with Europe or with the U.S. Other major markets such as China and India are currently transitioning to match Euro VI standards, driven by the need of better air quality in major cities.

The impact of COVID-19 on the global vehicle market has been severe, but its impact on DEF demand has been mitigated by large existing SCR fleets in established markets, while China's recovery from the virus has enabled the country to post significant growth this year. There still exist downside risks for 2021, even as vaccine rollouts have begun in earnest in several regions, but nonetheless, Argus Media forecasts demand of just over 15 million metric tons of DEF this year, up by 21% on the estimated 12.4 million metric tons of demand in 2020.

DEF demand over the next decade is expected to be mainly supported by replacement of older vehicles in the U.S., Europe and China. The European SCR-equipped heavy truck fleet will increase between 2020 and 2025, from 3.0 to 3.6 million vehicles requiring DEF. In North America, the SCR-equipped fleet is expected to increase from 3.0 million trucks in 2020 to 4.2 million trucks in 2025.

Historical and forecast global DEF consumption (metric tons/yr)



Source: Republished under license from Argus—2021

DEF supply is mainly driven by existing capacity from urea producers, which is being diverted from fertilizers, rather than new capacity additions. On the back of capped urea agricultural demand in China due to an effort to control pollution, an increasing share of urea is expected to be used for DEF. Major producers of DEF include Yara, CF Industries, Nutrien, Grupa Azoty and OCI.

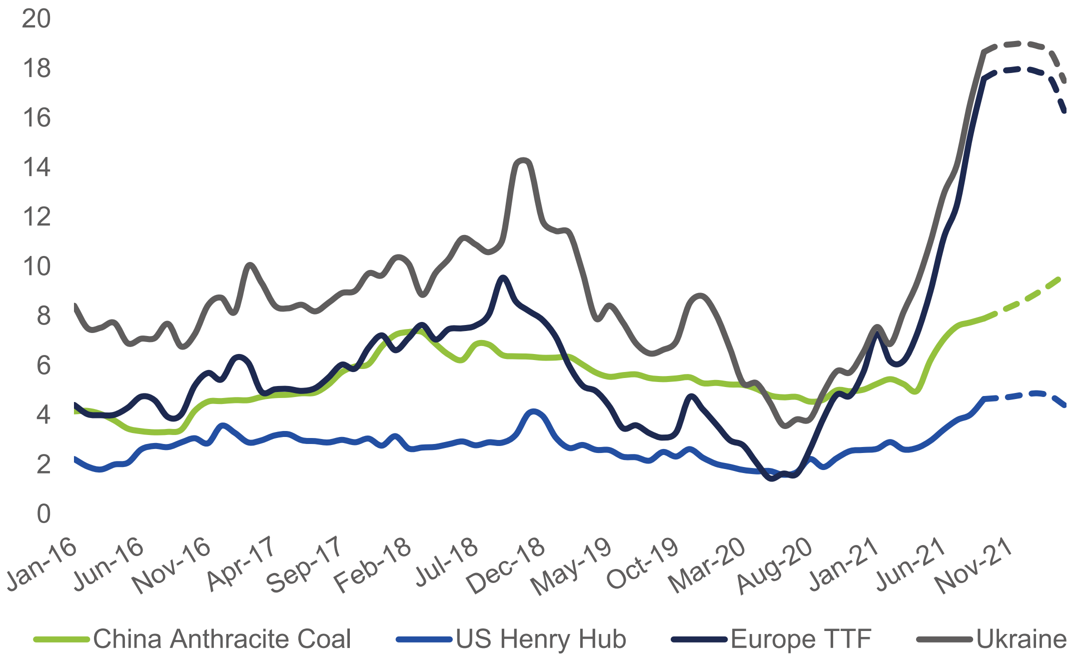
In the U.S., DEF demand is fairly spread across the country, surrounding metropolitan areas or along highways. But production of urea for DEF is concentrated in the Midwest region and on the Gulf Coast, meaning logistics play a high factor in its supply chain. In Europe, demand and supply are concentrated in West Europe, with most urea plants producing DEF based in Germany and/or in the Benelux countries.

Natural Gas

As the main feedstock in nitrogen products, natural gas has a significant impact on the producers' position on the cost curve, forming about 60-70% of total export costs. Having easy access to natural gas supply grants a valuable competitive advantage, driven by security of supply, access to the required volumes, and lower cost volatility.

The global COVID-19 pandemic has generally driven extreme and unprecedented swings in supply and demand for natural gas and oil. Gas prices fell to historically low and unprecedented levels in mid-2020, particularly in Europe where gas fell to under a USD 1/MMBtu, but these levels and differentials relative to the U.S., were unsustainable and gas prices have since strongly rebounded in Europe to above USD 25/MMBtu as of late September 2021. This is on the back of strong power demand and industrial demand recovering and gas prices in Europe are expected to remain elevated as European gas demand is strengthening against a backdrop of supply volume weakness across both pipeline and LNG imports.

Historical and forecast global feedstock prices ($/MMBtu)



Source: Bloomberg, CCTD, CRU—2021, Gas futures as of 3 September 2021.

Europe's two big pipeline gas suppliers are not responding to surging hub prices. European gas demand has been running at five-year highs in 2021, so a lack of pipeline supply response is helping support prices.

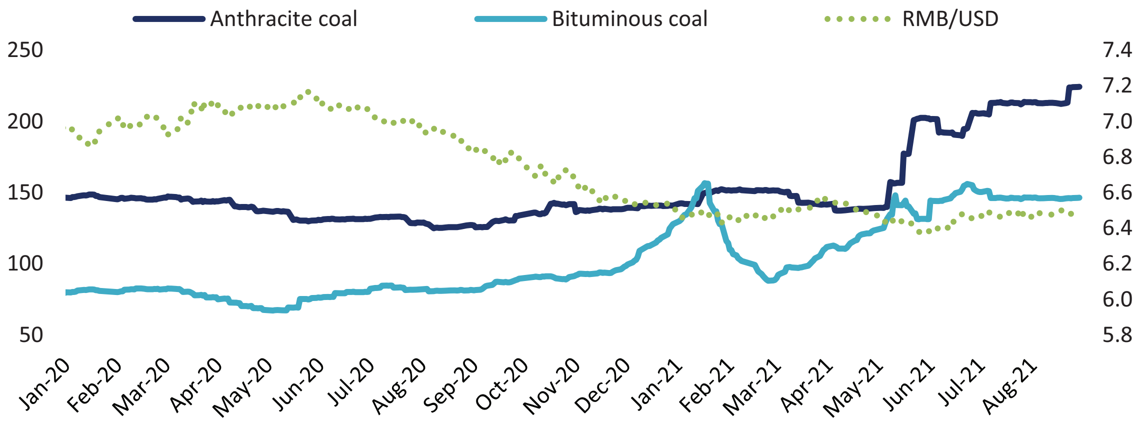
Russian gas flows via the Ukraine route fell sharply into 2020 as the new transit agreement came into force. This drop also came against a backdrop of very low hub prices. Russian gas flows across this route started to rise again in Q4 2020 as TTF prices recovered but have fallen back again in 2021. Norwegian gas production has been relatively low in 2021, with Norway engaging in major maintenance early this year.

Strong Asian LNG demand is important for European gas and power markets, as it results in the diversion of flexible LNG supply. This has been a theme of 2021 as Asian economic growth and gas demand recovers strongly, particularly in China. The JKM forward price premium over TTF is rising, with netbacks for U.S. LNG exports favoring flows to Asia. The LNG time charter market is also tightening again, signaling a stronger pull for LNG from Asia.

European gas storage levels were also low coming into the summer injection season which caused pricing to be well above usual during the summer months, reflecting an immediate demand for gas, prolonging the storage withdrawal season. As of mid-September, gas storage inventories in Europe are also critically low going into the winter season, another factor lifting the TTF curve.

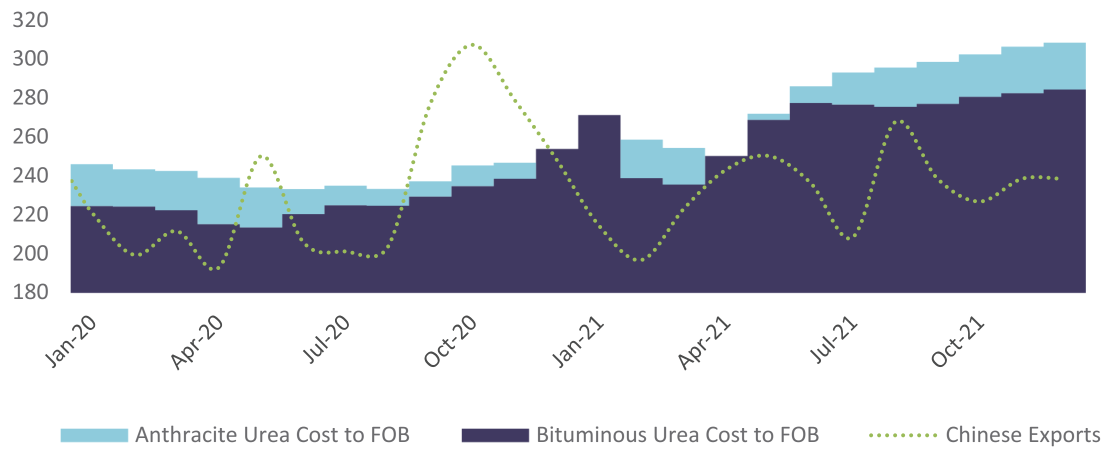
In China, most nitrogen fertilizer producers use coal instead of gas as a feedstock. Given coal's carbon footprint, these producers are impacted by tightening environmental regulations and emission policies. In 2021, coal prices in China have surged due to strong demand, restricted imports following a ban on Australian coal, as well as tight domestic supply given safety and environmental checks.

Historical and forecast Chinese costs of production ($/t)



Source: Republished under license from CRU—2021

Historical and forecast Chinese costs of production ($/t) and Chinese exports, (kt)



Source: Republished under license from CRU—2021
Note: Sept-Dec 2021 figures are forecasts

These increases in feedstock prices have driven up marginal costs of production in Eastern Europe and China and is a key driver of the rise in ammonia and urea prices.

Rising urea and ammonia prices have more than offset the increase in feedstock prices, and producers' margins have increased significantly since the beginning of 2021. In a rising feedstock cost scenario, nitrogen players with fixed and / or below market feedstock costs like Fertiglobe are structurally advantaged to other competitors that source feedstock at market prices. This structural advantage results in an improved positioning on the global cost curve. In addition, Fertiglobe also benefits from increasing margins, i.e. a larger gap between urea prices and gas prices, driven by the respective supply and demand dynamics for the end products and feedstocks, respectively.

Over the medium-term, spot European and Asian gas and coal prices are expected to remain elevated due to structurally tight markets, with demand growth driven by industrial and residential heating demand in China, industrial demand in India, and coal to gas switching and industrial demand in Europe. Supply is expected to remain constrained as new projects face hurdles from decarbonization pressures. Unlike in 2019 and 2020, when gas prices declined driven by increased supply in the USA, the European market is expected to remain tight over the next few years. This is evidenced by relatively low final investment decision approvals, indicating limited further supply additions, as financing conditions are becoming increasingly stringent over ESG requirements.

In Europe, the impact of higher gas prices varies, in countries like Russia, where producers tend to have fixed gas costs, margins are more impacted by currency volatility. In other European countries, producers are typically more dependent on spot markets and hence have faced higher cost volatility.

Recent Market Developments

Recent market developments have provided increased visibility on the outlook for demand and pricing of ammonia and urea in 2022, with the consultant outlook for 2022 upgraded to a higher level than 2021. This upgrade for 2022 has also raised medium-term price forecasts which take into account the following significant developments.

- European gas futures indicate gas prices of USD 26 MMBtu in the first six months of 2022 which would mean ammonia cost support > USD 1000/t based on typical variable cash costs of European producers.
- The Chinese government has taken steps to restrict exports from 1 October 2021 and curb operating rates of nitrogen producers in order to prioritize domestic supply, with increasing coal prices and dual controls on energy consumption and intensity adding upwards price pressure. Further, this upward pricing pressure is expected to be a repeat occurrence in winter as environmental controls on coal tighten in China and capacity closures accelerate due to environmental restrictions. As such, China urea exports are expected to drop by approximately 25% year on year in H2 2021 (with China urea exports falling by a further 0.8 million metric tons in 2022). This trend of falling exports is forecast to continue through to 2025 with exports forecast to be in the 3-4 Mt range.
- Key importing regions (i.e. EU, US, India, LATAM) are all competing for nitrogen products ahead of the spring/Rabi season (Q4 2021/Q1 2022) resulting in upward pricing pressure which, combined with delays in new urea capacity in India, Brunei, Nigeria and Russia, is casting doubts over additional urea availability.
- In particular, robust urea import demand in India is supported by declining production with new projects delayed to late 2022 at least and capacity additions not expected to commission in line with published government timelines. Despite the commissioning of three plants in 2017-2020, Indian production has remained flat as older inefficient plants operate at lower rates. As such, Indian urea imports are expected to be robust with 3.5 million metric tons to 4.5 million metric tons of urea expected to be required by March 2022 given critically low stocks.
- Grain prices are forecast to remain strong throughout 2022 and at least until H1 2023 due to extremely low stocks-to-use ratios (which takes at least two years to replenish and), with yields lowered in industry forecasts since June due to droughts in US and Brazil, and floods in China. The corn stocks-to-use ratio ex-China is 10% today vs 15% in 2009 and 14% in the past five years. Farmer economics globally remain robust, with a strong focus on maximizing yields. CRU crop price index today is 245 vs 173 (2009) and 213 in 2008 given tighter grains markets.
- At current urea prices, implied ammonia pricing should be over USD 1,000/ton on a relative nitrogen basis. The sector is also directly benefiting from emerging new demand for low carbon ammonia as a fuel, in power applications and as a feedstock which is expected to add 8 Mt of incremental demand by 2025, further tightening the conventional ammonia market.

Fertiglobe believes that a combination of these factors will create upward price pressure and increased demand for our products throughout 2022, and that a structural shift to a demand driven environment supports the pricing outlook for 2023 onwards. In addition to the factors mentioned above, environmental pressures and restrictions were not as dominant in prior demand driven pricing periods which is a big difference compared to 2021-2025 and also supports higher prices now due to plant closures and impact of CO_2.

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[1] Gas price futures as of 06 October 2021

REGULATION

Nitrogen fertilizer production and distribution businesses in Algeria, Egypt and UAE are subject to the regulations described below.

Legal Environment

Algeria

Our business is subject to a full-fledged national regime of environmental protection under Law No. 3/10 on Environmental Protection Within the Framework of Sustainable Development in Algeria, as well as other laws including but not limited to Law No.°19-13 on Hydrocarbons, Law No. 05/12 on Water, Law No. 01/19 on Waste Control, and Law No. 01/20 on Sustainable Development. The Ministry of Territory Management and Environment oversees and enforces environmental law in Algeria at the highest level. When establishing a project which is likely to have a direct or indirect environmental impact, in order to obtain the license, the project is subject to an environmental impact assessment. The environmental impact assessment process is conducted at the provincial level through the Wali, that is, the governor or administrative head of the relevant province, who assesses whether the license will be obtained. The project is then closely monitored and subject to an environmental impact study, which is also conducted at the provincial level. The environmental impact study must be approved by the Minister of Environment. Other regulatory bodies such as the Algerian Hydrocarbon Authority (ARH) may be involved in the protection of environment.

Once operating, a business in Algeria must comply with the legally enforceable environmental controls and protections, including but not limited to: industrial pollution and the emission of gases and other substances into the atmosphere; decommission and abandonment; the management, control and treatment of waste; and the use, management and sustainable development of water resources as an asset of the national community. Generally, the Algerian law aims to implement and enforce policy for environmental protections in the context of sustainable development, and to meet this need, it imposes heavy fines and criminal law sanctions against businesses in breach of the environmental regime.

Egypt

In Egypt, our business is subject to several national laws governing environmental issues owing to a heightened level of concern and desire by the Egyptian government and people to protect natural resources. The Egyptian Environmental Law No. 4 of 1994 (as amended) and its executive regulations ("Law No. 4") is the primary legislation governing matters relating to the environment, including protection of the soil, air and water from pollution and treatment and handling of hazardous substances and wastes. Generally, Law No. 4 grants incentives to those who implement environmental protection activities or projects and enforces heavy sanctions against those who violate the provisions. Law No. 4 established the Egyptian Environmental Affairs Agency (the regulatory authority that monitors compliance with Law No. 4, formulates and enforces general environmental policy, implements plans, and approves permits, together with other competent administrative governmental authorities which govern areas such as hazardous waste disposal and pollution).

Under Law No. 4, our business is subject to a number of environmental, health and safety regulations. First, Law No. 4 regulates the protection of land. In order to obtain a license to build, operate or expand a project, an Environmental Impact Assessment (as that term is defined in Law No. 4) must be developed and remain closely monitored. Moreover, Law No. 4 requires businesses to maintain certain registers including environmental and hazardous substances and wastes registers in order to record all information relating to the impact of the relevant activities on the environment and the hazardous wastes and disposal methods of such wastes. Second, Law No. 4 provides for detailed restrictions on the use, transportation, handling and disposal of hazardous substances and waste or the construction of any establishment for treating such substances without the necessary permits. All businesses who produce or handle hazardous substances or waste must obtain a license from the competent administrative authority (depending on the type of activity) and take appropriate precautions to protect the environment under Egyptian law. Third, Law No. 4 strictly controls permissible levels of air pollutants, and the relevant authorities ensure that total pollution emitted by establishments in one area remain within permissible levels. Fourth, Law No. 4 forbids any polluting substances from land based sources into the territorial sea of Egypt. Generally, Law No. 4 contains incentives for projects that operate in an environmentally friendly manner to encourage compliance; however, it imposes substantial fines and, in extreme cases, prison sentences or administrative closure of the business for violation of its provisions.

In addition to Law No. 4, other laws relevant to environmental compliance include Egyptian Law No. 38 of 1967 (as amended) and its executive regulations relating to solid waste, and Egyptian Law No. 93 of 1962 (as amended) relating to the disposal of liquid waste through sewage networks. Further on 13 October 2020, a new law was issued to regulate the activity of waste management (the "Waste Management Law"). The Waste Management Law establish the Waste Management Authority, replacing the existing authority in respect of waste management, however, the executive regulation for the Waste Management Law is yet to be issued. Until the issuance of said regulation, the existing relevant decrees and regulations remain applicable. Once the executive regulation is issued, it will set out further details on the implementation of obligations imposed under the Waste Management Law. The Waste Management Law outlines the general obligations imposed on establishments producing and/or dealing with hazardous wastes. It also regulates the management of both hazardous and non-hazardous wastes. Although hazardous waste handling is primarily addressed by the Environmental Law, the handling of hazardous wastes and substances is now further regulated under chapter (5) of the Waste Management Law. Although the obligations stipulated in chapter (5) of the Waste Management Law do not differ in essence from the obligations outlined in the Environmental Law, the Waste Management Law does impose additional obligations, including an obligation to submit an insurance policy or letter of guarantee to the competent authority, in order to cover any potential damages resulting from their activities while handling hazardous wastes.

Our business must also be wary of Egypt's international obligations including, *inter alia*, those under the Basel Convention on the disposal of hazardous materials, the Environmental Modification Convention, and the African Convention on the Conservation of Nature and Natural Resources.

UAE

In the UAE, our business is subject to federal environmental laws and regulations governing the environmental effect of constructions, protection of the marine environment and pollution caused by land sources, protection of the soil, protection of air from pollution and the handling of hazardous substances and hazardous wastes as well as certain specific laws and regulations governing the production, importation and circulation of fertilizers. These laws and regulations include Federal Law No. 24 of 1999 on the Protection and Development of the Environment, Cabinet Resolution No. 37 of 2001 Concerning the Executive Regulations of Federal Law No. 24 of 1999 Concerning the Protection and Development of the Environment, Federal Law No. 39 of 1992 for Producing, Importing and Handling Fertilizers and Agriculture Treatment Materials, Federal Decree No. 9 of 2007 on the Law of Agricultural Fertilizers and Reformants of the GCC, Ministerial Resolution No. 801 of 2015 on the Executive Regulations of the Law Governing Fertilizers and Agricultural Soil Conditioners for the Arab Countries of the GCC and various other laws and regulations, including Emirate level laws and regulations. These laws and regulations, and the enforcement thereof, impact us by imposing:

- restrictions on operations and/or the requirement to install enhanced or additional controls;
- the requirement to obtain and comply with permits and authorizations;
- liability for the investigation and remediation of contaminated soil and groundwater at current and former facilities and off-site waste disposal locations (if any);
- specifications for the products we market; and
- limitations on the construction and development of certain properties.

Our operations in the UAE require numerous permits and authorizations. Failure to comply with these permits or applicable laws and regulations generally could result in substantial fines or other sanctions (including criminal sanctions) and facility shutdowns. In addition, environmental laws and regulations may impose liability for clean-up costs on parties who have released or disposed of hazardous substances into the environment. We may experience delays in obtaining or be unable to obtain the required permits, which may delay or interrupt our operations and limit our growth and revenue. In addition, the risk of accidental spills or releases could expose us to significant liabilities that could have a material adverse effect on our business, results of operations, financial condition and cash flows.

The ultimate impact on our business of complying with existing laws and regulations is not always clearly known or determinable due in part to the fact that our operations may change over time. These laws and regulations could result in increased capital, operating and compliance costs. In addition, UAE law is not capable of conclusive interpretation, as there is no system of binding precedent in the UAE and a court is not required to follow decisions of another court (although previous judgments can be viewed as persuasive). Case reporting is also not comprehensive and judgments are not always publicly available. In addition, legislation may come into effect in the UAE without being made publicly available and local authorities have wide discretion to apply the law and may, in practice, develop policies or rules that are similarly not made publicly available.

BUSINESS

Investors should read this section of this Offering Memorandum in conjunction with the more detailed information contained in this Offering Memorandum, including the financial and other information appearing in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and included elsewhere in this Offering Memorandum.

Overview

We are the world's largest seaborne exporter of urea and ammonia combined, MENA's largest producer of nitrogen fertilizers by Production Capacity, and an early mover in clean ammonia, as at the date of this Offering Memorandum. As a leading nitrogen fertilizer producer and distributer, we are committed to our purpose of responsibly supporting sustainable agriculture. We provide an effective and environmentally sound source of nitrogen, the essential nutrient for crop growth, to our customers around the world.

Our portfolio of products comprises ammonia (which is used both as a building block for other fertilizer products and sold to industrial and agricultural customers), urea for agricultural and industrial customers, and DEF, which is also known as AdBlue in Europe and marketed as AdGreen by Fertil, for industrial customers. Additional potential future uses of ammonia are currently emerging as part of the nascent clean hydrogen economy, where blue and green ammonia could serve as an efficient energy carrier and as a clean fuel.

We operate a diverse regional footprint of four world-class production facilities in three countries, comprising EBIC and EFC in Egypt, Sorfert in Algeria, and Fertil in the UAE. Fertiglobe's decision making is centralized through a strong leadership team headquartered in Abu Dhabi, which allows us to optimize operational and commercial processes to deliver efficiencies across the board. We are committed to operational and commercial excellence, with a detailed efficiency enhancement strategy focused on safety, plant reliability and integrity, and cash flow optimization.

Our state of the art asset base is favorably positioned in the first quartile of the global cost curve for both ammonia and urea due to industry leading energy efficiencies, access to low cost natural gas, which is the feedstock required in the production of all our products, reduced freight costs due to our favorable locations near key markets and proximity to ports with direct access to key export facilities and own storage infrastructure. In addition, our North African assets benefit from duty free access to Europe and Argentina. Furthermore our asset base is the newest, on average, compared with most of our global peers, with approximately 50% of our combined urea and ammonia Production Capacity and 53% of our gross ammonia Production Capacity being under 10 years old as at June 2021. By comparison, nearly 80% of the world's ammonia plants were at least 20 years old as at 31 December 2020.

Our production and marketing of own-produced volumes, which represented USD 1,385.2 million (89.3%) of revenues and USD 1,054.8 million (83.7%) of revenues in the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, are ammonia and urea. The primary customers of ammonia are industrial chemical producers, fertilizer producers and farmers for direct crop application. Urea is a white crystalline solid that is the most widely used fertilizer. It is also used to produce other nitrogen fertilizers and industrial chemicals. The primary customers of urea are farmers, nitrogen fertilizer producers and industrial chemicals producers.

Our third-party trading, which represented USD 165.6 million (10.7%) of revenues and USD 205.2 million (16.3%) of revenues in the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, are ammonia and urea purchased from external parties and resold by Fertiglobe. Our third-party trading activities complement our own-produced nitrogen fertilizer sales, allowing us to strategically grow our presence in key deficit markets, mitigate the effects of regional demand seasonality and maximize freight advantages across locations and product mix.

As of the date of this Offering Memorandum, our MPC was approximately 4.5 million metric tons of ammonia (of which approximately 2.9 million metric tons are used in our downstream production processes), 5.1 million metric tons of urea, and the optionality to produce 0.5 million metric tons of DEF.

Plant	**Country**	**Ammonia gross**	**Ammonia net**	**Urea**	**DEF**	**Total[(1)]**
EFC	Egypt	876	—	1,714	350	1,714
EBIC.	Egypt	748	748	—	—	748
Sorfert	Algeria	1,629	826	1,259	—	2,086
Fertil	UAE	1,205	—	2,117	100	2,117
Total MPC		**4,458**	**1,575**	**5,090**	**450**	**6,665**

(1) Excluding DEF

We also operate a centrally coordinated global sales and marketing strategy, comprised of FDL, Fertiglobe France, OFT and OFTS, which distributes our products as well as third-party ammonia and urea through a global distribution network with branches, agents and strategic partnerships around the world, allowing us to reach a diverse customer base across approximately 34 countries as of 30 June 2021. Our global supply chain organization allows us to efficiently reach our customers by multiple modes of transportation, including trucks, barges, and ships.

We have developed strong logistical and distribution advantages as a result of the strategic locations of our production plants, which are situated in close proximity to high demand regions. Our unique global distribution network with a physical presence in seven countries, servicing 34 markets across all key regions, provides us with deep market insights which allows us to optimize netback prices (which is the price achieved after deducting any applicable transportation costs incurred), by directing volumes to the most profitable destinations. Our production facilities benefit from direct access to six key ports and distribution hubs on the Mediterranean Sea, Red Sea, and the Arabian Gulf. This strategic positioning allows us to easily access the major end-markets for our products (Europe, South Asia, Australia, East Africa and Latin America), and to improve volumes routing East and West of the Suez Canal, creating significant freight improvements and synergy potential. The platform also has a significant competitive advantage given it can export from North Africa into Europe and Argentina on a duty-free basis. Our commercial activities are supported by robust inland storage and distribution infrastructure, including over 750 thousand metric tons of owned and leased warehousing capacity across our locations, efficient multimodal on-site loading and logistics operations, and two chartered ammonia vessels. Our well placed geographic network contributes to our favorable positioning on the global cost curve for fertilizers, and our complementary production and distribution locations bring geographic diversity and enhanced market access, benefitting both existing and new customers.

For the six months ended 30 June 2021 and the year ended 31 December 2020, we had revenues of USD 1,260.0 million and USD 1,550.8 million, respectively, a consolidated profit for the period of USD 316.6 million and USD 127.1 million, respectively, and Adjusted EBITDA of USD 532.2 million and USD 453.3 million, respectively. In addition, we had total assets of USD 4,996.5 million as of 30 June 2021.

As at the date of this Offering Memorandum, 58% of our total issued share capital is indirectly held by OCI (through the OCI Shareholder) and 42% of our total issued share capital is indirectly held by ADNOC (through the ADNOC Shareholder). In March 2019, OCI contributed its nitrogen fertilizer production assets in Egypt and Algeria, and distribution assets in the UAE to the Company. Fertiglobe in its current form was created on 30 September 2019, when ADNOC completed a transaction whereby it contributed its UAE nitrogen fertilizers business to the Company to form a strategic partnership and nitrogen fertilizer products platform with OCI. Following the contribution of the respective MENA nitrogen fertilizer products businesses of OCI and ADNOC to Fertiglobe, we became the largest seaborne exporter of urea and ammonia combined globally, and the largest producer of nitrogen fertilizers in the MENA region with a production capacity of 6.5 million tons per annum of urea and merchant ammonia. We also have the largest net ammonia export Production Capacity in the MENA region and top three globally.

OCI is a leading global producer and distributor of nitrogen products and methanol and is headquartered in the Netherlands. OCI's shares are listed on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V., under the symbol "OCI".

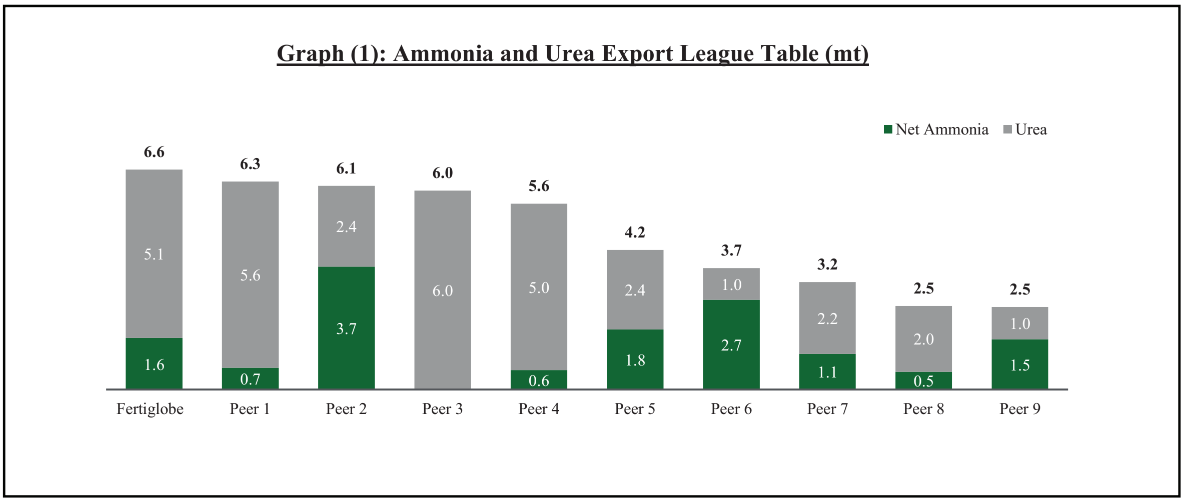
ADNOC, owned by the Emirate of Abu Dhabi, is one of the largest integrated energy companies globally that operates across the hydrocarbon value chain, including exploration, production, storage, refining, petrochemicals, marketing and distribution. ADNOC was formed by the Emirate of Abu Dhabi in 1971 to manage crude oil exploration, production and distribution in Abu Dhabi, developing Abu Dhabi into one of the world's leading oil producers and fueling the growth of Abu Dhabi and the UAE.

OCI demerged its engineering and construction business in March 2015, with the ultimate parent company holding the demerged engineering and construction activities, OC, becoming listed on the Egyptian Exchange and Nasdaq Dubai. See "*Related Party Transactions—OCI S.A.E.—Demerger Conditional Sale Agreement*".

Competitive Strengths

Largest seaborne exporter of urea and ammonia combined globally

We are currently the world's largest seaborne exporter of urea and ammonia combined, the largest nitrogen fertilizer producer in MENA by Production Capacity, and an early mover in clean ammonia, benefitting from geographic diversity and broad market access. We also have the largest net ammonia export Production Capacity in MENA (placing us in the top three globally). As of 30 June 2021, our merchant ammonia and urea capacity represents approximately 10% of combined ammonia and urea global seaborne exports.



Source: Peer annual reports and websites, estimated potential exports for Yara, CF Industries and Nutrien, CRU and Argus capacity tables
Notes: Includes ammonia and urea only (excludes nitrates)

Fertiglobe benefits from significant economies of scale. Our scale and global reach enable us to service large-sized orders, e.g. Government tenders, where smaller players may lack the required volumes to fulfil the demand. For example, Fertiglobe has participated in almost every Indian tender, offering products on FOB basis compared to most other competitors, who participate in the tenders via traders on a CFR basis. It also increases our ability to sell our products at higher netback prices than competitors. Further, larger shipped volumes result in preferential shipping rates and freight costs, contributing to higher netback prices. Our scale, complemented by our strong distribution capabilities and international warehouse network offers us unique market insight into global demand and price trends and therefore the ability to consistently place our volume in the highest demand and most dynamic markets whilst retaining a larger share of profitability in the value chain.

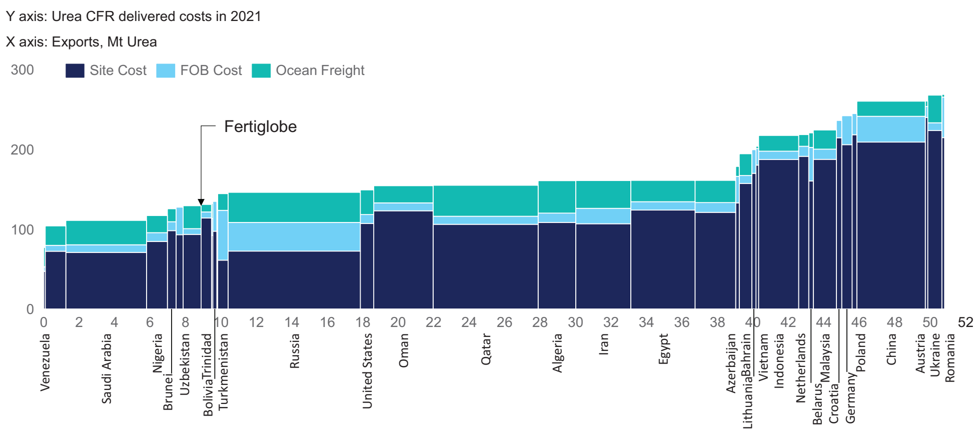
Attractive first quartile cost curve position

Our production footprint in natural gas-rich geographies, underpinned by secure long-term competitive supply contracts, allows us to occupy favorable positions on the global cost curves in both ammonia and urea. Access to abundant and low-cost natural gas is imperative for any nitrogen fertilizer producer to maintain its cost competitiveness globally. As a first mover in our markets, we were able to secure long-term, competitive natural gas supply contracts in Algeria, Egypt, and the UAE. In Egypt, the abundance of natural gas continues to increase on the back of significant discoveries made over recent years and as recently as September 2020 with the announced new gas discovery in the Nile Delta. Fertiglobe's natural gas cost is estimated to be USD 2.8/MMBtu (fixed weighted average price) until 31 December 2021 and approximately USD 3.0/MMBtu for 2022, while the supply contracts are long term with remaining tenors between 7 to 23 years. Please refer to section "*Business—Material Agreements—Natural gas contracts*" for more details on the gas supply contracts.

Our non-feedstock operating costs are also lower in comparison to our global peers as a result of our production efficiencies, proximity to key infrastructure and low cost North African operations whose non-feedstock costs are denominated in local currencies.

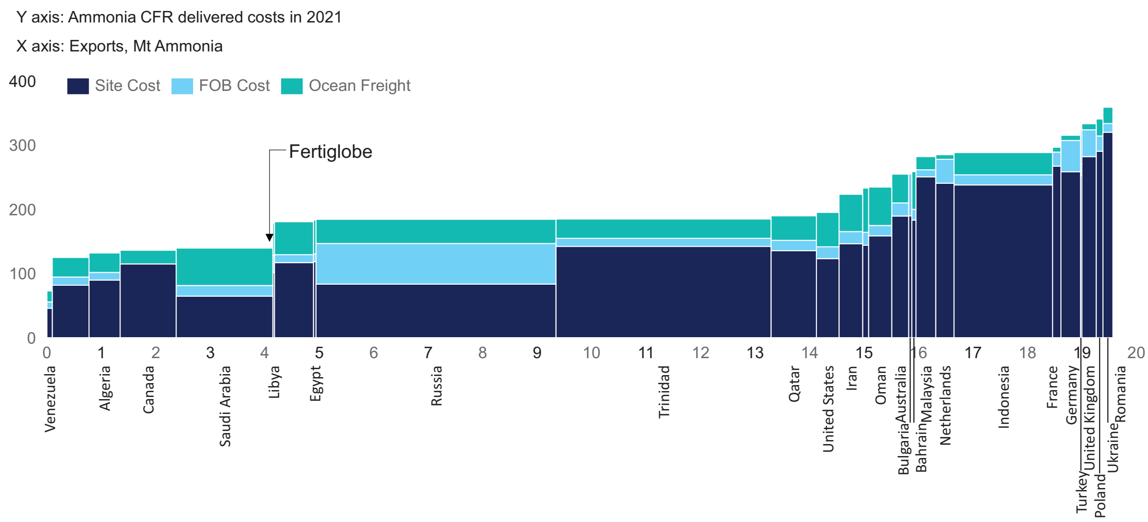
As a result of our favorable gas price contracts, lower conversion costs and strategic freight locations, Fertiglobe is situated in the first quartile of the exporter cost curve for both ammonia and urea with some of the lowest cash costs and delivered costs to key export destinations in the industry.

Graph (2): Delivered Cash Cost Curve Urea (USD per metric ton)



Source: Republished under license from CRU International Ltd. 2021

Graph (3): Delivered Cash Cost Curve Ammonia (USD per metric ton)



Source: Republished under license from CRU International Ltd. 2021

State of the art, young asset base

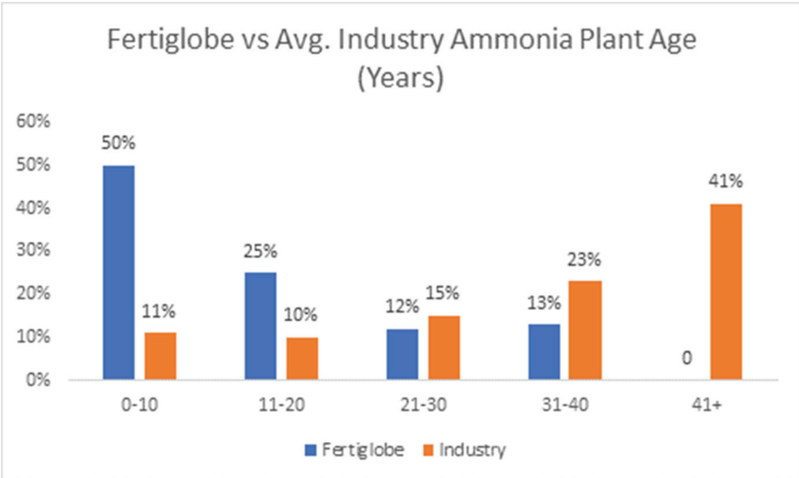
We have a state of the art asset base. Our facilities use the best available global technology and we have continuously invested in constructing, improving and maintaining our facilities at state of the art levels. Approximately 50% of our combined urea and ammonia Production Capacity is under 10 years old. By comparison, nearly 80% of the world's ammonia plants are at least 20 years old. The age of an asset correlates to its ability to maintain high utilization rates with low maintenance capital expenditure. As an asset ages, it requires increasing maintenance capital expenditure to continue to operate, while high utilization rates become more difficult to maintain. As such we believe we are well positioned versus our competitors, and that our facilities allow for a much better environmental footprint when compared against coal and older gas producing plants.

Fertiglobe has a defined turnaround schedule for all plants, which have been completed as per schedule historically. We have a large dedicated in-house maintenance team with world class experience, bringing together expertise across all sites to share knowledge and best practices, and our plants use overlapping technologies, allowing cost-efficient and synergistic maintenance.

Our asset base is young and well-maintained, resulting in low maintenance costs and high reliability, while allowing for a better environmental footprint versus coal and older gas producing plants of our competitors.

The following chart illustrates the age range of our combined urea and ammonia Production Capacity.

Graph (4): Fertiglobe vs Average Industry Ammonia Plant Age (Years)



Source: Based on the information available to Phillip Townsend Associates, Inc. for a sample size of 142 worldwide operational plants as of 31 December 2020. Fertiglobe data is based on production capacity weighted by age. The industry data is based on a simple average and not weighted by capacity.

The markets in which we operate have clear benefits for incumbent operators, which are difficult to achieve for smaller, newer operators and therefore represent significant barriers to entry. These markets are characterized by regulatory and structural features which make competing difficult and costly for potential entrants. For instance, plant construction has historically frequently involved long lead times of four to six years at a significant cost of construction. Securing the necessary financing can be challenging, a dynamic that favors existing operators with established financing sources. Increased focus on the environment is also a barrier to enter this industry, limiting "grey" capacity additions based on fossil fuels in the US, EU, China and elsewhere.

Combination of strategically located asset base and global storage and distribution capabilities with extensive reach to all global markets from advantageous freight locations

Our export-focused production facilities benefit from direct access to six key ports and distribution hubs by the Mediterranean Sea, Red Sea, and the Arabian Gulf. This strategic positioning allows us to easily access the major end-markets for our products (Europe, South Asia, Australia, East Africa, Latin America and the Far East), and to optimize volumes routing East and West of the Suez Canal, creating significant freight optimization and synergies.

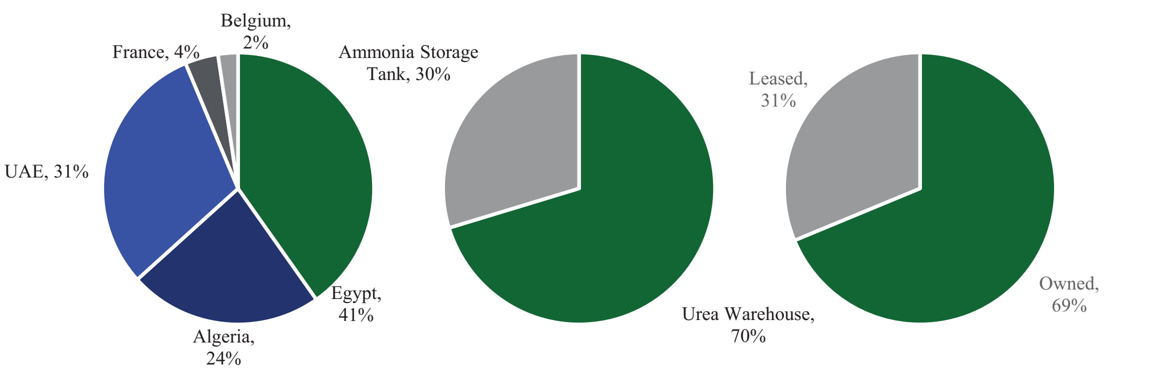
Our own in-house distribution capabilities give us more control over the placement of our products. Regional competitors without their own distribution capabilities typically seek off-take contracts with traders or importers, committing to certain volumes in advance, priced at local benchmark minus freight, thereby sacrificing potential netback price optimizations in favor of product placement certainty. Fertiglobe's distribution model enables us to focus on netback price optimization, as we have the ability to place products in the spot market given our marketing reach and local knowledge, combined with our global storage network providing the required flexibility to tap markets at the most opportune windows, and to capitalize on higher pricing in markets during peak demand periods.

We believe that our platform also has a significant competitive advantage compared to other exporters, such as those based in Russia given it can export from North Africa into Europe on a duty-free basis. In addition, our North African assets benefit from significant freight cost advantages to Europe and reduced transportation times allowing for flexibility in logistics and higher netback prices. Fertil is located directly on the Arabian Gulf and its robust logistics infrastructure allows it to export globally with favorable access to Asia, complementing our North African assets and allowing our platform to benefit from greater geographic diversity and market access.

We have a centrally coordinated global sales and marketing strategy that leverages our logistical advantages, global distribution network and long-term customer relationships to deliver strong netback prices. Our internal team is complemented by strategic partnerships which allow us to further optimize distribution channels opportunistically and access our partners' respective distribution or storage infrastructure.

Our commercial activities are supported by robust inland storage and distribution infrastructure, including over 750 thousand metric tons of owned and leased warehousing capacity across our locations, efficient multi-modal on-site loading and logistics operations, and two chartered ammonia vessels.

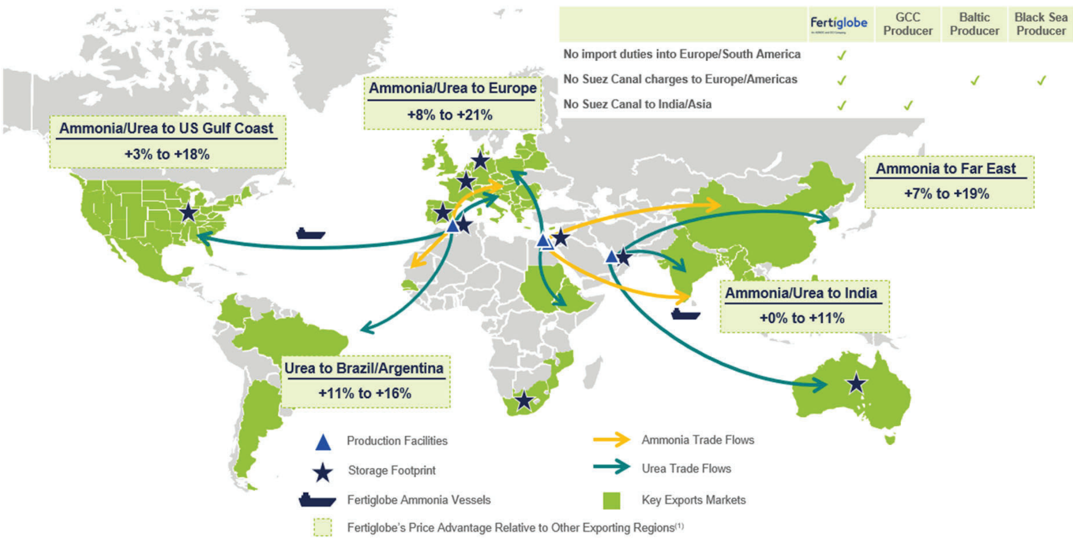
Graph (5): Fertiglobe Storage Capacity Split per Country, Facility Type and Ownership (%)



Source: Company information
Note: Total storage capacity of 758 (in thousand metric tons), as of 31 December 2020

Our well-placed geographic network contributes to our favorable positioning on the global cost curve for fertilizers, and our complementary production and distribution locations bring geographic diversity and enhanced market access, benefitting both existing and new customers.

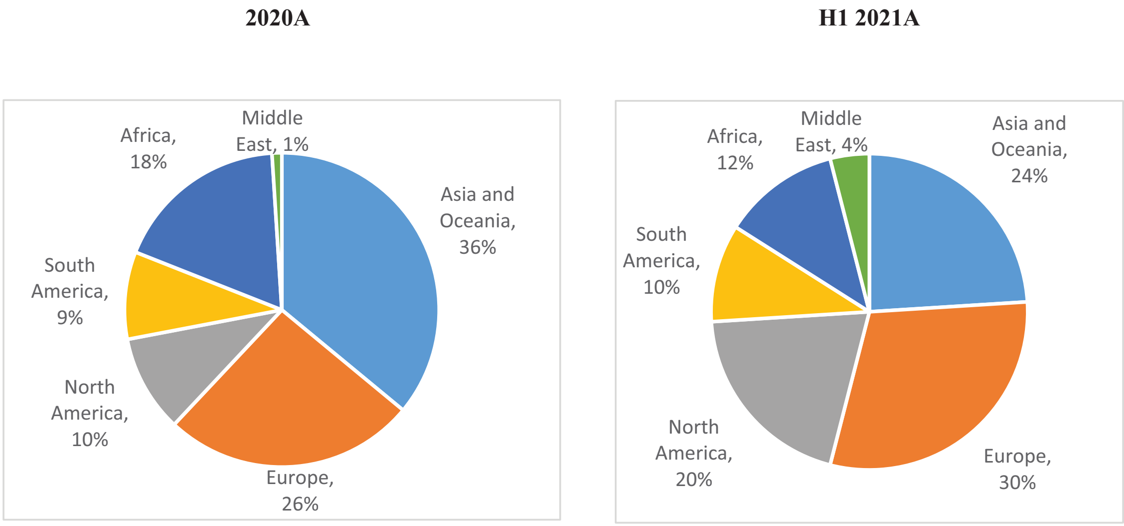
Graph (6): Fertiglobe Trade Flow Map



Source: Company information

In the year ended 31 December 2020, we sold our products to customers located in approximately 34 different countries. For the year ended 31 December 2020, 26% of our revenues were from customers in India, 9% from Australia, 9% from Spain, 8% from Ethiopia, and 7% from the USA, representing the five countries with the largest individual share, contributing 59% of total revenues. In the six months ended 30 June 2021, 16% of our revenues were from customers in the USA, 12% from Australia, 9% from Spain, 10% from India, and 6% from Ethiopia, representing the five countries with the largest individual share, contributing 53% of total revenues. In 2020, circa 95% of our sales were in EUR or USD, thereby limiting our exposure to currency fluctuations in the DZD and the EGP.

Graph (7): Revenue Split per Region (%)



Source: Company information

Our strategic location of assets and global distribution capabilities combined with duty-free access to key importing markets and direct-to-customer strategy drive structural netback advantages compared to typical exporters from the Arabian Gulf, Russia, and China.

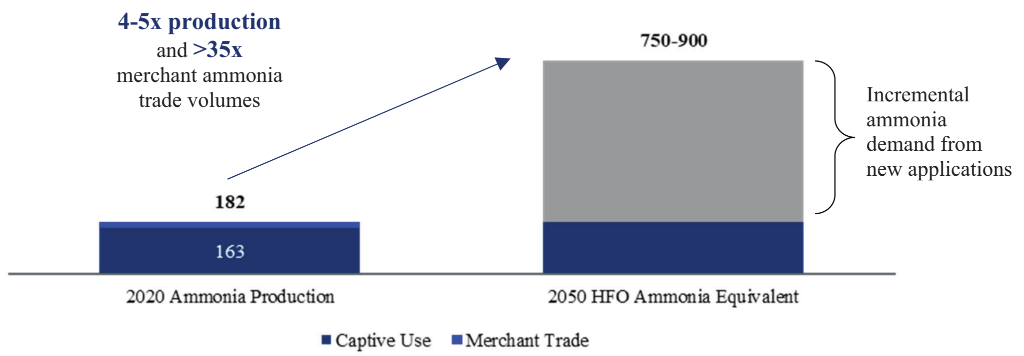
We can leverage our geographic reach and flexible production assets to respond to market demand and price evolution to tap the highest netback price markets, at competitive freight charges, while benefiting from a low fixed cost base.

Early mover advantage in blue and green ammonia

Driven by the global trend towards a higher focus on environmentally friendly production and consumption, and consequently a decrease of carbon dioxide emissions, clean / low or no carbon hydrogen has recently emerged as an area of focus across various industries and regions, for example in the shipping sector, and Japan's commitment to de-carbonize by 2050 and build a 'hydrogen society' by around 2030. Ammonia has emerged as one of the most promising products to drive the hydrogen economy and enable this energy transition as it currently represents more than 40% of global hydrogen use today.

However, the transportation of pure hydrogen is complex and expensive, given its very low boiling point of -253 degrees Celsius and high energy consumption to convert it from gas to liquid. Conversion of hydrogen to ammonia can solve these problems, as ammonia has a 70% higher energy density and a boiling point of only -33 degrees Celsius, making it more economical to store and transport. As a result, ammonia can serve as a hydrogen / energy carrier, for example to supply hydrogen for power generation plants in co-firing applications, as a battery to store hydrogen, as a feedstock for industrial applications and direct use as a marine fuel in a ship's combustion engine, with the leading ship engine manufacturers focusing on developing the technology already. Converting all long-distance shipping fuel to ammonia would require approximately 750-900 million metric tons of ammonia annually by 2050, which is four to five times the current total global ammonia production, and more than 35 times the current merchant ammonia traded volumes. To put this in context: A typical panamax type ship (i.e. a vessel within the limits to pass through the Panama Canal) would consume 100,000 metric tons of ammonia per year, the equivalent of c.13% of EBIC's annual ammonia capacity, resulting in savings of carbon dioxide emissions amounting to c.140,000 metric tons per year.

Graph (8): Global Potential Incremental Ammonia Demand from New Applications (in million tons)



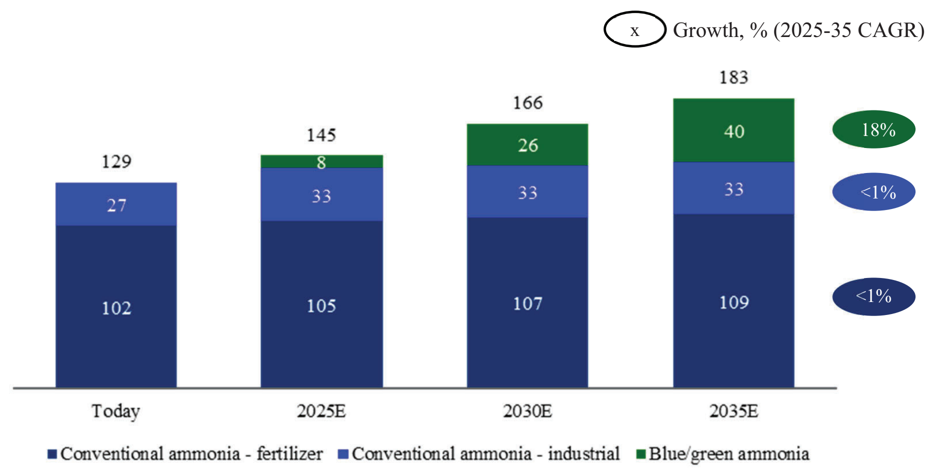
Sources: Hydrogen Council Report 2021, MMSA, Fertilizer Week, IEA, Argus, management estimates
Note: HFO abbreviates heavy fuel oil

Ammonia, alongside methanol, will likely be the only alternative fuel that can be utilized for maritime applications, given low abatement costs, wide availability, ease of handling, and low emissions per energy unit, differentiating it from other solutions like hydrogen, biodiesel, or batteries. It can also have a strategic role in the transition phase. With global infrastructure in place, it can bridge the transition from “grey” to “green” until the industry has fully scaled up to products based solely on renewable energy sources, progressively lowering the CO_2 footprint of the shipping industry.

Further, blue or green ammonia could help in the de-carbonization of fertilizers and hence reduce the carbon emissions of agriculture, one of the largest sources of carbon dioxide emissions globally. By applying fertilizer products based on blue or green ammonia, farmers could significantly reduce their carbon dioxide emission footprint and thereby respond to the increasing demand from environmentally-sustainable food and nutrition. Farmers may also potentially benefit from associated carbon credits, provided through a publicly or privately organized system that ascribes value to carbon capture and / or reduction. As such, clean ammonia is expected to provide a broad range of decarbonization opportunities, including reductions in emissions from the waste, transport, power, agriculture and industry sectors, which currently account for approximately 80% of global greenhouse gas emissions.

Combined, these drivers are estimated to grow demand for blue and green ammonia from zero now to approximately 8 million metric tons in 2025 and 27% increase per year thereafter, reaching 26 million metric tons by 2030. Blue and green ammonia projects announced so far cover a cumulative production capacity of 4 million metric tons in 2025 and 10 million metric tons in 2030, covering only a fraction of total expected demand and hence leaving significant opportunities for early entrants in this market with a clear advantage for Fertiglobe as an established player.

Graph (9): Global Ammonia Demand (excl. China) by Type (in million tons of NH_3)



Sources: Industry sources, McKinsey

Management believes that Fertiglobe is well positioned to benefit from this potential paradigm shift in the industry and play a role in the clean hydrogen value chain.As a global leader in merchant ammonia and early mover in clean ammonia projects, we are also uniquely positioned to capitalize on new demand for low-carbon ammonia as an efficient energy carrier and clean fuel as part of the energy transition. We are the largest seaborne exporter of urea and ammonia combined globally and benefit from comprehensive access to critical ammonia trading infrastructure, with a network of 19 warehouses and storage tanks, direct access to ports and jetties from our production facilities, and two chartered ammonia vessels. Our plants and storage tanks are also located in close proximity to the busiest global shipping routes from the Far East to Europe and near three of the top four global bunkering hubs. EBIC and EFC are next to the Suez Canal which represents approximately 12% of global trade, Sorfert is approximately one day sailing from Gibraltar, a major bunkering hub, and Fertil is near Fujeirah in the UAE.

We have a location-driven advantage to produce blue and green ammonia given all our production facilities are located in regions with approximately 19.3GW of existing and planned renewable energy priced at among the cheapest solar power tariffs globally and are located nearby major ammonia trade routes. In addition, our plant in the UAE sits in close proximity to ADNOC's existing, commercial scale, carbon capture storage and utilization (CCS/CCU) facilities, which offers us unique opportunities to develop our blue ammonia production capabilities and further enhance our ESG footprint.

We are currently evaluating various strategic options for the production of blue and green ammonia. These include a 70 thousand metric ton pilot blue ammonia debottlenecking project with no impact on our urea production at our Fertil production facility ("Fertil Pilot"), a small-scale pilot green ammonia production plant at our EBIC production facility, and the recently announced TA'ZIZ project, a 1 million metric ton per year greenfield blue ammonia project in partnership with ADNOC and ADQ. The development stage of these projects, which are not easily replicable for any competitor as they leverage the advantages of our unique operational set-up, gives us an early adopter advantage in the nascent and rapidly developing a clean hydrogen economy. The potential future financial benefits of these projects are yet to be quantified, in line with Fertiglobe's strong capital discipline in pursuit of value accretive projects.

The Fertil Pilot sold three shipments of blue ammonia to Japanese customers in Q3 2021, and leverages existing ADNOC CCSU infrastructure (linked to Al Reyadah facility, which is the world's first fully commercial CO_2 facility for the iron and steel industry, and the first commercial-scale CCUS facility in the Middle East) sitting in proximity to our ammonia production plant in Fertil. The Fertil Pilot has an expected capital expenditure of USD 30 million over 2022 and 2023, and is expected to fully scale up by 2024.

In addition to the Fertil Pilot, we recently announced our participation in a world-scale blue ammonia project at the TA'ZIZ Industrial Chemicals Zone, adjacent to the Ruwais Industrial Complex (Project Harvest). The project, which is currently in the initial front end engineering (pre-FEED) phase, is a low carbon 1 million metric ton per year ammonia project in Abu Dhabi in partnership with ADNOC and ADQ, which would receive low carbon hydrogen and nitrogen feedstocks as a byproduct offtake from ADNOC and use it to produce ammonia with a focus on exporting to Asia and Europe. The low carbon hydrogen would be produced at ADNOC's industrial operations in Ruwais. The project could enable Fertiglobe's entrance to the low carbon ammonia market in a relatively short time frame with relatively limited upfront capital investment. ADNOC is undertaking a feasibility study to supply blue hydrogen to the project from its operations in Ruwais. To the extent ADNOC's feasibility study concludes positively, the project would be positioned as the first world-scale blue ammonia project in the MENA region, demonstrating the unique positioning of Fertiglobe in some of the most advantaged geographies globally capable of playing a role in the emerging hydrogen economy. A final investment decision is expected in 2022, and start-up is targeted for 2025.

Separate to our blue ammonia initiatives, which are near term, Fertiglobe is exploring a green ammonia study at its EBIC production plant in a tax free zone. EBIC, which is located in Suez in Egypt, forms an ideal base for exporting green ammonia to European markets. We are currently conducting a feasibility study with the support of technical advisors, assessing green ammonia production scenarios at various scales, and are discussing options for the supply of renewable energy with the local utilities and renewable energy developers.

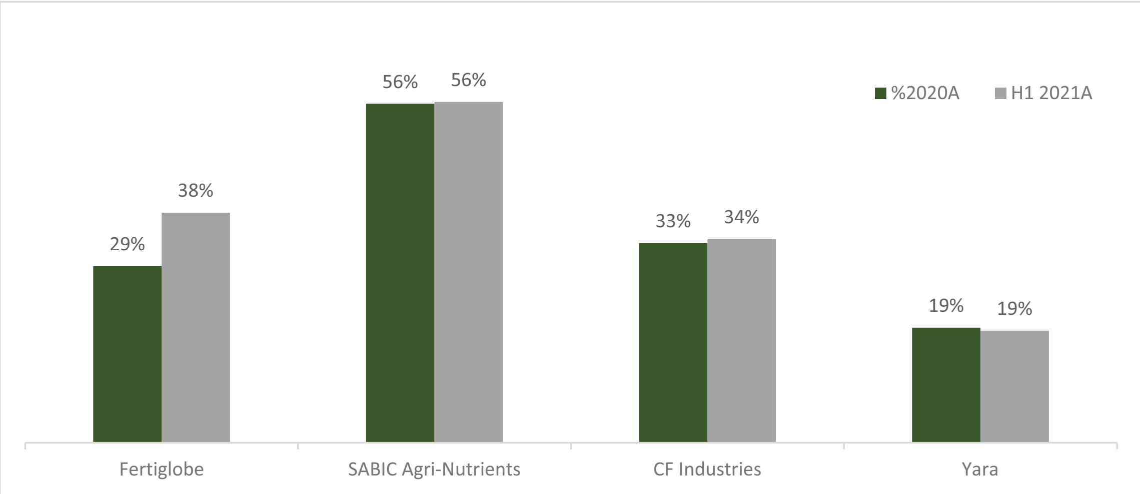
Fertiglobe is well-positioned to work with its shareholders, OCI and ADNOC, on the execution and alignment of their own distinct hydrogen strategies. We believe that the strong position and unique knowledge of our shareholders in their respective domains constitutes a valuable source of support for Fertiglobe, and we will continue to work together with our shareholders to maximize the benefits and opportunities arising from the nascent clean hydrogen / ammonia economy for all parties.

Attractive financial profile with low maintenance capex requirements and strong cash generation

We have an attractive financial profile with cash flows from operating activities of USD 520.8 million and USD 482.0 million, respectively, for the year ended 31 December 2020 and for the six months ended 30 June 2021 and Adjusted EBITDA Margins of 29.2% and 42.2%, respectively, for the year ended 31 December 2020 and for the six months ended 30 June 2021.

Our ability to generate free cash flow is supported by: (i) our low capital expenditure, which for the year ended 31 December 2020 was USD 67.1 million and for the six months ended 30 June 2021 was USD 13.6 million, and for the twelve months ended 30 June 2021 was USD 54.7 million; (ii) our low effective tax rates in countries in which we operate (in the UAE, Fertil is currently subject to a corporate income tax rate of 25%, Sorfert in Algeria is subject to a corporate income tax rate of 19% on taxable profits realized on its domestic sales, EFC in Egypt is subject to a corporate income tax rate of 22.5%, and EBIC in Egypt is not subject to a corporate income tax under the free zone regime); (iii) our organic EBITDA growth; and (iv) our capital discipline (i.e. pursuing value accretive projects targeting high impact initiatives while maintaining strong capital discipline). Our strong operational and commercial position generally allows us to generate cash in most of the pricing environments and points in the cycle.

Graph (10): EBITDA Margin Benchmarking (%, 2020A and H1 2021A)



Source: Company information and public filings

Significant non-GDP growth levers

Fertiglobe benefits from multiple pathways to non-GDP driven growth levers, originating from the commercial set-up and strategy of the Company, and comprising continued realization of internal synergies, third-party volume growth, downstream expansion, operational excellence initiatives, and strategic partnerships, in addition to the opportunities in the clean hydrogen economy described above.

We have been successful in identifying and achieving significant commercial, financial, and operational synergies since the formation of the Company, which exceeded an estimated USD 60 million at the time of formation. We are ahead of plan in generating commercial synergies through our centralized global commercial platform, and recently successfully optimized the Company's capital structure to achieve a further USD 9 million per year in interest savings. We are focusing on an increasing share of CFR vs FOB sales to capture our scale-driven benefits on favorable freight rates. The continued expansion of our distribution capabilities also helping us to achieve higher net-back prices. Further, we have increased our participation in tenders and increased our share of third-party volumes distributed through our sales network.

We are planning to expand our downstream business to enhance netback prices and tap incremental third-party volumes, to increase our share of products placed on the merchant market. We will leverage our existing ammonia distribution business to establish arrangements with new ammonia users (e.g. utilities / power generation industries, marine fuel users etc.). This roadmap also comprises strategic investments in warehousing capabilities and other downstream infrastructure, as well as potential bolt-on acquisitions.

We are optimizing our procurement, to make the best use of economies of scale with regards to e.g. spare parts and catalysts, and sharing best practices and knowledge across plants to further reduce maintenance expenses and turnaround times. We have launched an operational excellence program focused on maximizing asset reliability and energy efficiency, optimizing capital expenditure, and strictly reviewing controllable costs. The program leverages existing expertise across our platform to share best practices, provide in-house technical support, and cooperate on committees to implement preventative and predictive programs including assessment of the end of life for equipment and associated systems. We expect the operational excellence to deliver a production volume uplift and increase our energy efficiency, resulting in short-to-medium-term enhanced global returns of more than USD 50 million EBITDA per year with no or low capital expenditure required.

Following comprehensive planned turnarounds of several of our facilities in recent years and with the execution of our operational excellence program, we expect to further improve our asset utilization, with significant production upside available from the twelve months ended 30 June 2021 towards MPC. This is expected to result in healthy growth in our sales volumes which will further enhance our ability to generate cash flow. We are completing several turnarounds and restocking some equipment to increase capital spares and upgrade equipment for higher efficiency, for which we expect capital expenditures to be

USD 100-110 million in 2021 and USD 120-140 million in 2022. Thereafter, we expect our plants to produce at optimal capacity with low maintenance capital expenditure in line with averages through the maintenance cycle.

Supported by strong shareholders, and multiple strategic partnerships

The Company was formed as a strategic partnership between OCI and ADNOC in 2019 and has benefitted from the support of both shareholders since. We can leverage OCI's existing European platform, as well as logistics access to the North American market through N-7 LLC, a 50/50 marketing joint venture between OCI and Dakota Gasification Company, which markets and distributes more than 3.8 million metric tons of nitrogen products per year, including offtake of Dyno Nobel's products. Furthermore, our strong nexus with our shareholders is expected to enhance our ability to continue to grow the Company's opportunity set, including in the low carbon space as ammonia develops into a key enabler of the hydrogen economy over the medium and long term.

We can also leverage key strengths and global reach from both shareholders complementary to Fertiglobe's business, including ADNOC's export relationships in key high growth Asian markets and carbon capture leadership in the region and OCI's extensive global ammonia storage and distribution capabilities.

In addition, our long-standing leadership position in the region has allowed us to cultivate strong relationships with key governmental bodies, which we believe will be crucial to being an early mover, garnering regulatory support, and accelerating the shift to a hydrogen economy.

Our Strategies

Continue developing our global commercial strategy by capitalizing on our market reach and strategic locations

Our state of the art and geographically advantageous footprint facilitates a global approach for our commercial strategy, which allows us to align our sales and marketing activities to leverage logistical advantages through our global distribution network and cultivate customer relationships to deliver strong netback prices. Our coordinated global sales and marketing organization is supported by strong distribution and logistics capabilities, thereby allowing us to reach customers around the world while seeking to maximize returns. We intend to accelerate our global commercial expansion by increasing our sales and marketing platform's physical presence by establishing new strategically positioned offices and distribution partnerships, increasing our physical presence from seven markets today to 16 by 2025. We are concentrating our expansion on higher growth / emerging countries both east and west of the Suez Canal, a global approach that is enabled by our asset and production footprint in the Middle East and North Africa, and differentiates us from competitors either focused on Asia or the Americas only. We also intend to grow our third-party traded volumes by leveraging our existing distribution businesses to better place merchant ammonia and urea volumes globally and achieve higher netbacks.

We also see significant demand growth potential for non-fertilizer applications for ammonia and urea, such as DEF and the use of ammonia as a shipping fuel in the future. With our strategic locations near major shipping routes, we are well positioned to capture additional demand from these growing application fields for both products.

Furthermore, we are actively exploring opportunities to optimize our distribution and production capabilities. When evaluating opportunities to optimize our presence in our key markets or gain entrance into strategically attractive markets or adjust our capabilities, we consider acquisitions, partnerships, joint ventures, business combination transactions or other major transactions that are in line with our strategic goals and financial return expectations. We have a clear financial policy in place and evaluate any potential transactions against our strict financial policies and return requirements.

Leverage existing ammonia production capabilities and logistics infrastructure to capitalize on the global shift to blue and green ammonia

We intend to leverage our established ammonia platform to capitalize on the potential global shift to blue and green ammonia. As part of the accelerated global shift to clean energy, hydrogen is expected to play a vital role in achieving the world's decarbonization ambitions and thus hydrogen demand is expected to grow significantly over the next decade. Management believes that the Group is well positioned to capitalize on the global transition to a hydrogen economy because ammonia has emerged as one of the most promising products to drive the hydrogen economy and enable the energy transition.

Although most countries are working towards developing a hydrogen economy, it is not feasible to produce sufficient hydrogen to meet expected demand given limitations on renewable energy sources in many regions, including Europe. This means that hydrogen will need to be transported over long distances. This is not straightforward as hydrogen needs to be cooled down to minus 253 degrees Celsius, which results in a large loss of energy. Ammonia is an ideal energy carrier for several reasons: (i) its energy density is 70% higher than hydrogen's and is a liquid already at minus 33 degrees Celsius; (ii) it is a widely used product globally; and (iii) it is easier to store with extensive global distribution and storage infrastructure already in place. As such, clean ammonia and hydrogen will allow a broad range of decarbonization opportunities, including, among others, reductions in the emission from marine fuel, power generation, transportation, construction, and agriculture, sectors that currently account for around 80% of global greenhouse gas emissions.

We are well-situated to develop our blue and green ammonia production capacities through plug-and-play projects. We have strong shareholder support, benefitting from ADNOC's experience in carbon capture and OCI's global downstream ammonia infrastructure, as well as access to attractively priced abundant low cost solar and wind energy in all three countries we operate in and can leverage our existing ammonia infrastructure. This means that unlike greenfield projects, we can access this market with potentially limited upfront capex. These advantages allow for the relatively straightforward conversion of feedstock to green and / or blue hydrogen.

Marine fuel is a particularly promising new market for low or no carbon ammonia and Fertiglobe is well-positioned to benefit from this opportunity. Converting all long-distance shipping fuel to ammonia would require approximately 750-900 million metric tons of ammonia annually by 2050, which is four to five times the current total global ammonia production, and more than 35 times the current merchant ammonia traded volumes. We are particularly well positioned to capitalize on ammonia's direct use as a marine fuel in a ship's combustion engine due to our strategic positioning in close proximity to the busiest global shipping routes and near key bunkering hubs, our access to established ammonia infrastructure, and the renewable energy advantages described above. As an early mover in clean ammonia with the largest ammonia export production capacity in the MENA region and top three globally, Fertiglobe is also uniquely positioned to capitalize on emerging demand for low-carbon ammonia as part of the energy transition towards clean hydrogen. We have tangible and near term projects in our pipeline, including a blue ammonia pilot project in Fertil and Project Harvest in the UAE (which is in the evaluation phase). In addition, and in conjunction with ADNOC, we have also recently sold the UAE's first shipments of blue ammonia to three customers in Japan. The shipments underscore the favorable economics for blue ammonia as a source of low-carbon energy. We are also studying how to utilize the region's abundant solar and wind resources to produce green ammonia in Egypt.

With ammonia's end-markets covering food, fuel, and feedstock, we believe that blue and green ammonia represent an opportunity to decarbonize a significant portion of today's global greenhouse gas emissions across agriculture, industry and transportation.

Capitalize on favorable positioning to grow our product portfolio through strategic market and geographic expansion

Our current production portfolio comprises four assets in Egypt, Algeria, and the UAE with a distribution reach exceeding 34 countries. Our products are nitrogen-based fertilizers, namely ammonia and urea, which are core fertilizers applied to crops and represent 57% of a crop's annual nutrient requirements. We believe that declining arable land, combined with a growing global population and more sophisticated global dietary requirements will result in sustained nitrogen-based fertilizer demand for the foreseeable future. We also believe that there is potential for additional growth in fertilizer demand as farmers in agricultural markets, and in particular developing markets such as sub-Saharan Africa, begin to increase their fertilizer usage to maximize crop yields.

We aim to enter into new markets through an "asset-light" approach with limited capital investment, e.g. via strategic partnerships.

We are also strongly positioned as a leading fertilizer producer and distributor in the regional market to take advantage of such future demand growth. We have cultivated a strong track record in acquiring and developing accretive assets and will also continue to pursue strategic acquisitions that offer attractive synergies and add value propositions.

Maximize cash flow generation by decreasing controllable costs through our operational excellence program

In addition to generating strong free cash flows by maximizing netbacks, we have launched an operational excellence program focused on three key pillars: (i) process safety and asset reliability, (ii) energy efficiency, and (iii) costs optimization. The process safety and asset reliability pillar encompasses site led improvement programs (reflecting site-specific process safety and reliability priorities), the global reliability program (focusing on the identification and elimination of repeat issues) and structured readiness reviews (to improve completion times, competitiveness and predictability). The energy efficiency pillar encompasses energy efficient designs, an immediate focus on operational excellence supported by industry leading monitoring tools, and the identification and pursuit of further efficiencies through select value accretive investments. The costs optimization pillar encompasses capital deployment optimization (i.e. optimizing capital expenditure, and strictly reviewing controllable costs), a central procurement strategy and sharing best practices.

The program leverages existing expertise across our platform to share best practices, provide in-house technical support, and cooperate on committees to implement preventative and predictive programs including assessment of the end of life for equipment and associated systems. The program was launched at the end of 2020 and is targeted to achieve consistently higher utilization rates, reduce energy consumption, and in turn reduce GHG emissions over the medium-term (consistent with our emissions reduction target). The program will also seek to optimize outside resourcing and maintenance costs by interchanging resources and expertise between our assets, challenging capital expenditure plans including turnarounds to improve efficiencies and to maintain low maintenance capital expenditure levels.

Maintain industry-leading HSE performance

We are committed to providing a safe and healthy workplace by fostering a culture of zero injuries at all production sites and implementing the highest international safety standards to avoid any potential risks to people, communities, assets or the environment. We continuously train all employees to implement the best sustainable practices and currently have one of the lowest total recordable injury rates (TRIR) in the industry, with a current rate of 0.32 injuries per 200,000 hours worked versus industry rate of 1.24 (as at 2019 based on IFA average). We believe that the health and safety of our employees is essential to the successful conduct and future growth of our business and is in the best interests of our stakeholders. We aim to maintain a strong HSE record and strive towards achieving no recordable injuries across our plants.

We seek to provide sustainable solutions to our agricultural and industrial customers. We are committed to investing in a greener future to create value for our communities, our customers, our employees and our shareholders. Our commitment to a more sustainable world and a greener future has required us to commit to being an environmental steward and both minimize our environmental footprint through continuous investment in state of the art technologies and maximize our development and production of greener solutions for our customers. As such, we work diligently to reduce our environmental footprint throughout our value chain. Our production facilities utilize best-in-class technology, including best available control technology to minimize GHG emissions, and our operational excellence program and switch to renewable electricity is expected to result in emissions reductions across our asset base. Our lower carbon initiatives are also expected to result in emissions reductions throughout our value chain in the medium-term.

Our History

Overview

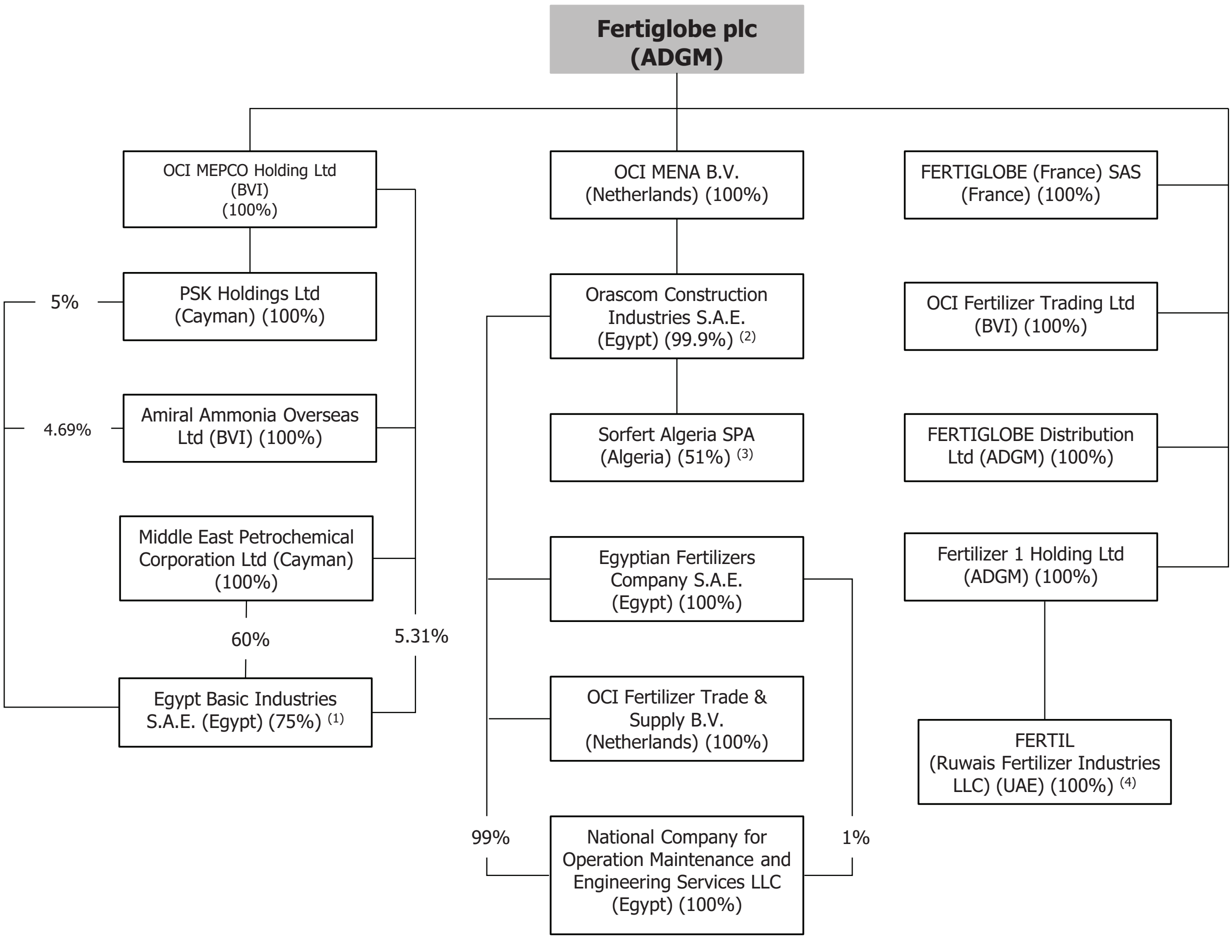
On 23 December 2018, the Company was incorporated and registered in the ADGM as a private restricted scope company limited by shares with the name “OCI Fertilizers Exports Holding RSC Limited” and with company number 000001911. It subsequently re-registered as a private company limited by shares on 3 February 2019 and changed its name to “OCI Fertilizers Exports Holding Limited” and on 14 August 2019 to “Fertiglobe Holding Limited”. On 5 September 2021, the Company was re-registered as a public company limited by shares with the name “Fertiglobe plc”.

The Company was formed as a strategic partnership and nitrogen products platform by OCI and ADNOC. The OCI Shareholder, an indirectly wholly-owned subsidiary of OCI, held the entire issued share capital of the Company on its incorporation in December 2018. In March 2019, OCI contributed its nitrogen fertilizer production and distribution assets in Egypt, Algeria and the UAE to the Company, which comprised: (i) a 100% ownership stake in EFC; (ii) a 60% ownership stake in EBIC; (iii) a 51% ownership stake in Sorfert; (iv) a 100% ownership stake in OFT, a global trading platform based in the UAE; and (v) a 100% ownership stake in OFTS, a global trading platform based in the Netherlands. On 17 June 2019, OCI, the OCI Shareholder, ADNOC and the Company entered into a subscription and contribution agreement to combine ADNOC's fertilizer business into the Company, which comprised a 100% ownership stake in Fertil, in exchange for the issuance of new shares in the Company to ADNOC. On completion of this transaction on 30 September 2019, ADNOC indirectly (through the ADNOC Shareholder) became a minority shareholder in the Company, holding 42% of the total issued share capital of the Company and OCI indirectly (through the OCI Shareholder) retained ownership of 58% of the total issued share capital of the Company. On 22 June 2019, the Company incorporated FDL, a global trading platform based in the ADGM, and on 6 May 2019 the Company incorporated Fertiglobe France, a global trading platform based in France. On 2 August 2021, OCI MEPCO Holding Limited acquired 25% of the total issued share capital in MEPCO from KBRDC Egypt Cayman Limited (and thereby increased its ownership stake in MEPCO from 75% to 100%). As a result of this transaction, the Company now has an aggregate indirect ownership stake of 75% in EBIC.

Following the contribution of OCI's and ADNOC's respective MENA nitrogen fertilizer products businesses to the Company, we became the largest export-focused nitrogen fertilizer platform globally, and the largest producer of nitrogen fertilizers in the MENA region with a production capacity of 6.5 million tons per annum of urea and merchant ammonia.

Corporate Structure

The following chart sets out our organizational structure at Admission:



(1) The remaining shares in EBIC are owned by: (a) Egyptian National Gas Holding Company (15%); and (b) First Arabian Development and Investment Company (10%).

(2) The remaining 0.01% of the shares in OCI S.A.E. are owned by private shareholders that have no significant rights in respect of the operations and control of OCI S.A.E. (OCI S.A.E has employed a local Egyptian bank to track down and acquire the remaining shares and has reserved the USD 865,000 required to acquire all outstanding shares.)

(3) The remaining 49% of the shares in Sorfert are owned by Holding Raffinange Et Chimie.

(4) Fertil is a UAE company, and the laws of the UAE contain local ownership requirements. These laws provide that a UAE company (unless it has been granted an exemption) must be majority owned by UAE nationals. See "*Business—Material Agreements—Fertil trust arrangement*".

Our Business

Our products

We are a producer of nitrogen fertilizers and DEF.

Ammonia is a colorless gas and is a building block for industrial chemicals and nitrogen fertilizers and can be applied as a direct fertilizer. Ammonia is the highest energy density non-hydrocarbon product. The principal raw material used in the production of ammonia is natural gas, which we purchase through long-term supply contracts. For the year ended 31 December 2020 and the six months ended 30 June 2021, we sold 1.03 million metric tons of ammonia and 798.1 thousand metric tons of ammonia, respectively. For the year ended 31 December 2020 and the six months ended 30 June 2021, our sales of ammonia generated USD 233.9 million of revenues (representing 15% of total revenues) and USD 333.4 million of revenues (representing 21% of total revenues), respectively.

Granular urea is a white crystalline solid fertilizer with a nitrogen content of approximately 46% and is produced by reacting ammonia with carbon dioxide. Its high nitrogen content and straightforward handling and transportation make it the most traded nitrogen fertilizer in the world by volume. For the year ended 31 December 2020 and the six months ended 30 June 2021, we sold 5.13 million metric tons of urea and 2.67 million metric tons of urea, respectively. For the year ended 31 December 2020 and the six months ended 30 June 2021, our sales of urea generated USD 1,316.9 million of revenues (representing 85% of total revenues) and USD 903.6 million of revenues (representing 72% of total revenues), respectively.

DEF, which is also known as AdBlue in Europe and marketed as AdGreen by Fertil, is a non-hazardous aqueous urea solution consisting of approximately 67.5% de-ionized water and approximately 32.5% urea. DEF is used in SCR systems to lower harmful vehicle exhaust emissions from diesel engines. DEF breaks down nitrogen oxides emissions into nitrogen gas and water vapor, thereby eliminating environmentally harmful emissions from cars, trucks, buses and other heavy-duty vehicles. Both EFC and Fertil have installed proven DEF production technologies. Fertil produces a small amount of DEF to serve local demand, and both facilities can quickly ramp up production as the DEF market develops.

Our production capacities

Our Production Capacity refers to each production unit's MPC, which is calculated by annualizing the proven production of a production unit's best achieved month. The table below lists our MPCs for each product line at each plant, as of 30 June 2021.

Maximum proven capacities(1) ('000 metric tons) Plant	Country	Ownership(2)	Ammonia gross	Ammonia net(3)	Urea	DEF	Total(5)
EFC	Egypt	100%	876	—	1,714	350	1,714
EBIC.	Egypt	75%	748	748	—	—	748
Sorfert	Algeria	51%	1,629	826	1,259	—	2,086
Fertil	UAE	100%(4)	1,205	—	2,117	100	2,117
Total MPC			**4,458**	**1,575**	**5,090**	**450**	**6,665**

(1) Maximum proven capacities are calculated by annualizing the proven production of a production unit's best achieved month.
(2) Total capacity is not adjusted for Fertiglobe's ownership stakes.
(3) Net ammonia is estimated sellable capacity.
(4) See "*—Corporate Structure*" above and "*—Material Agreements—Fertil trust arrangement*" below.
(5) Excludes DEF.

We have optionality within our production facilities to scale up and scale down the Production Capacity of our products, subject to each production unit's aggregate MPC across our product lines, which provides us with the flexibility to react to the demands of, and trends in, the markets in which we operate.

Our production facilities

Set forth below is a discussion of the plants and manufacturing, production capacity and our raw materials. For information regarding our reporting segments in connection with our historical financial information. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Segmental analysis*".

EFC

EFC consists of two identical production lines capable of producing a combined 876 thousand metric tons per year of captive ammonia and 1.71 million metric tons per year of granular urea. EFC Line I was constructed and commissioned by OCI S.A.E. in 2000 and Line II was constructed and commissioned by OCI S.A.E. in 2006 in collaboration with Uhde, which supplied the state of the art proven process technology. In 2017, EFC also successfully launched a pilot program to produce DEF, which confirmed the facility's ability to develop this product line in the future.

EBIC

EBIC consists of one ammonia line capable of producing 748 thousand metric tons per year. EBIC was constructed and commissioned by OCI S.A.E. and uses KBR's latest and commercially proven KBR advanced ammonia process technology. Both EFC and EBIC enjoy tax exemptions from European and Argentinean import duties.

Sorfert

Sorfert consists of two identical ammonia lines and a granular urea line, capable of producing a total of 1.629 million metric tons of ammonia per year and 1.26 million metric tons of granular urea per year. OCI S.A.E. constructed and commissioned the plant in 2013 in partnership with Uhde, which supplied the state of the art proven process technology. Sorfert's low position on the global cost curve for fertilizer producers is aided by Sorfert's exemption from Algerian corporate tax and its exemption from European and U.S. import duties.

Fertil

Fertil consists of two ammonia and granular urea plants in ADNOC's integrated downstream complex in Ruwais, Abu Dhabi. The plants have a combined annual capacity of 1.2 million tons of gross ammonia and 2.1 million tons of urea. The first plant, Fertil-1, which utilizes Hardor Topsoe ammonia and Casale urea technology, began production of ammonia and urea in 1983, and the second plant, Fertil-2, which utilizes Uhde technology, began production of ammonia and urea in 2013.

Our raw materials

Natural gas is the primary raw material to produce all our products. Each facility sources its natural gas from the national grid through long-term natural gas supply contracts with the respective governments or national oil companies of the UAE, Egypt and Algeria, which contracts provide for the provision of annual volumes in excess of our requirements. See "*—Material Agreements—Natural gas contracts*" below and "*Risk Factors—Risks Related to Our Business—Our operations are dependent upon raw materials provided by third parties, and any delay or interruption in the delivery or increased costs may adversely affect our business*".

Trading and customers

Our customers are located in Europe, South Asia, Australia, East Africa, and South America, and comprise a diverse customer base, which tends to include governments, wholesalers, traders, the local market, retailers and industrial customers. In addition, the Group is committed to supplying its local agricultural markets – namely in Egypt, the UAE and Algeria – with modest quantities of urea representing in aggregate c. 5% of its total sales volumes as of 31 December 2020, with annual quantities and pricing required to be agreed with the respective agricultural and/or energy ministries annually.

Centrally coordinated out of Abu Dhabi, our global sales and trading platform sells both internally produced and third-party ammonia and urea. The team is led by the Commercial Director and consists of 17 sales, distribution, and chartering professionals located both in Abu Dhabi and at our hubs in France, Egypt and Algeria. While the organization is legally structured through FDL, Fertiglobe France, OFT and OFTS, our sales and trading operations are fully integrated and conducted centrally.

Our sales volumes by product for own produced and third-party traded ammonia and urea are set out in the following table.

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	('000 metric tons)				
Production and marketing of own produced volumes					
Ammonia	1,204.6	1,108.0	895.6	494.7	734.0
Urea	2,760.7	2,979.7	4,564.8	2,231.6	2,208.6
Total production and marketing of own produced volumes					
Third-party trading	**3,965.3**	**4,087.7**	**5,460.4**	**2,726.3**	**2,942.6**
Ammonia	214.7	80.0	130.1	51.3	64.1
Urea	166.2	20.6	563.1	270.3	458.1
Total third-party trading	**380.9**	**100.6**	**693.2**	**321.6**	**522.2**
Total	**4,346.2**	**4,188.3**	**6,153.6**	**3,047.9**	**3,464.8**

Fertiglobe's global presence and optimized trade flows through our commercial strategy reduces reliance on any single market and allows us to target higher netback price markets relative to other exporting regions. Key drivers of the netback price advantages include duty-free access to key importing markets such as Europe and the Americas, low-cost freight advantages, absence of Suez Canal charges and having our own distribution platform which allows us to avoid paying commissions and fees to traders. For example, when selling urea to Argentina, our sites in both Egypt and Algeria have a duty advantage which adds approximately USD 25 per metric ton versus other key regions. Additionally, freight costs to Latin America are lower for our North African operations than for other key exporting regions, and our centralized platform allows us to avoid paying margins to traders. Taken together, these advantages result in an approximately 11-16% netback price advantage versus other key regions. When looking at ammonia sales from Algeria to Europe, we have a very similar set of advantages. Duty-free sales, avoidance of Suez charges, advantaged freight and absence of payments to traders adds between USD 31-71 per metric ton to our netback price which is roughly 8-21% higher than other key regions.

We are currently working to scale up our commercial operations through low-cost initiatives and selective hiring. We plan to expand our physical presence from seven to 16 countries by 2025, add seven countries to our downstream distribution model from a current presence in four, grow our agent network in six additional countries from the current six, and increase our on-the-ground office presence. This will allow us to further enhance our market intelligence to maximize netback prices for both our own produced products and third-party trading sales. We also intend to grow our third-party trading volumes as these provide us with further optionality in key markets and we will look to further benefit from the scale advantages that they bring.

Distribution and logistics

Centrally coordinated out of Abu Dhabi, our strategically developed global distribution network includes branches, agents, and strategic partnerships across Europe, Australia, Africa, Asia, and the Americas, which allows us to effectively reach a diverse customer base across 34 countries in 2020 and provides us with deep market insights given our extensive reach. Our distribution partnerships and alliances with nitrogen and other fertilizer producers, and domestic importers have enabled us to capture incremental supply chain margins by deepening our reach further into each market and bringing us closer to the end user.

We have developed a strong logistical and distribution advantage as a result of the strategic locations of all our production facilities, which are situated in the heart of high demand regions and have access to key distribution infrastructure at six key ports and distribution hubs on the Mediterranean Sea, Red Sea, and Arab Gulf. This strategic positioning allows us to easily access the major end-markets for our products (Europe, South Asia, Australia, East Africa and Latin America), and to improve volumes routing East and West of the Suez Canal, creating significant freight improvements and synergy potential. The platform also has a significant competitive advantage given it can export from North Africa into Europe and Argentina on a duty-free basis compared to other competitors such as Russian producers.

Our commercial activities are supported by robust inland storage and distribution infrastructure, including over 485 thousand metric tons of owned or leased warehousing capacity for urea, and 225 thousand metric tons of owned or leased warehousing capacity for ammonia, across our locations, and efficient multi-modal on-site loading and logistics operations. This provides us with significant flexibility to direct products to fulfil customer demand from the most profitable location in our network. The following table sets forth our inland storage capacity as of 30 June 2021:

Location	**Product**	**Facility type**	**Approx. storage capacity**	**Owned or leased**
			(thousand metric tons)	
Egypt	Urea	Warehouse	70	Owned
Egypt	Urea	Warehouse	70	Leased
Egypt	Urea	Warehouse	55	Leased
Egypt	Ammonia	Storage Tank	15	Owned
Egypt	Ammonia	Storage Tank	15	Owned
Egypt	Ammonia	Storage Tank	40	Owned
Egypt	Ammonia	Storage Tank	40	Owned
Algeria	Urea	Warehouse	100	Owned
Algeria	Ammonia	Storage Tank	15	Owned
Algeria	Ammonia	Storage Tank	30	Leased
Algeria	Ammonia	Storage Tank	30	Leased
UAE	Ammonia	Storage Tank	20	Owned
UAE	Ammonia	Storage Tank	20	Owned
UAE	Urea	Warehouse	45	Owned
UAE	Urea	Warehouse	45	Owned
UAE	Urea	Warehouse	100	Owned

Each facility's distribution and logistics infrastructure is as follows:

- EFC is located at the port of Ain Al Sokhna, Egypt's deepest port, approximately 55 kilometers south of the Suez Canal. The facility has direct access to the ports of Adabeya and Damietta, Egypt. We believe this gives EFC a freight cost advantage over other Middle Eastern and Asian urea producers as exports from EFC do not pass through the Suez Canal, which charges a toll for passage. EFC's bulk loading unit has a design capacity of 250 tons per hour. EFC's warehousing capacity includes a 70 thousand metric ton urea warehouse on-site, and exclusive access to 125 thousand tons of urea warehousing capacity at the Adabeya and Damietta ports. EFC is also located across from EBIC at the Suez Industrial Development Company's industrial park in Ain Sokhna. We believe this location allows EFC and EBIC to benefit from significant synergies, including those relating to raw materials and utilities. Both plants also share workshop facilities and spare parts. EFC is well positioned to export to Europe, East Africa, South Asia and Latin America.

- EBIC is located at Sokhna Port, and this geographic location and logistics infrastructure provide a cost advantage, as EBIC is able to ship volumes both east and west of the Suez Canal. In addition to 30 thousand metric tons of refrigerated ammonia storage capacity on-site, EBIC is connected by pipeline to two 40 thousand metric ton refrigerated ammonia storage tanks next to the loading jetty at Sokhna Port (owned by Fertiglobe). EBIC also owns and operates a dedicated 1,600 metric ton per hour loading arm. The plant and port facilities are connected through an eight-kilometer pipeline that continuously transports EBIC's ammonia to both storage tanks located on the jetty, which is able to accommodate vessels with maximum draft of up to 24 meters.

- Sorfert is located in the Arzew industrial complex in northwest Algeria 35 kilometers east of Oran. Sorfert has access to two export jetties at Arzew Port and Bethioua Port with a direct ammonia pipeline to the port, and exclusive access to urea export logistics. Sorfert's access to flexible infrastructure that allows for exports around the world at favorable freight time and cost, coupled with its competitive production costs, maximizes its ability to reach its customers effectively at competitive prices. Sorfert's storage capacity includes a 100 thousand metric ton urea warehouse on-site and a 15 thousand metric ton ammonia tank on-site. Sorfert also has access to two ammonia tanks at Bethioua port of 30 thousand metric tons each. Arzew port operates two ship loaders with a design capacity of 500 tons per hour and two bulk loading units of 200 tons per hour. Bethioua port operated an ammonia loading arm with a design capacity of 1,000 tons per hour. Sorfert primarily exports to Europe.

- Fertil is located in Ruwais, Abu Dhabi, directly on the Arabian Gulf, with access to two dedicated state of the art urea ship loaders located directly on the export jetty, which is operated by Fertil. Fertil is also capable of exporting excess ammonia via LPG vessels through a 400–500 metric ton per hour loading arm. Fertil's storage capacity includes two urea warehouses of 45 thousand metric tons each at Fertil-1, one 100 thousand metric ton urea warehouse at Fertil-2, and two ammonia storage tanks of 20 thousand metric tons at each plant. Fertil's strategic location at the Ruwais industrial complex and robust logistics infrastructure allows it to export globally with favorable access to Asia, Australia and East and South Africa, complementing our North African assets and allowing the MENA platform to benefit from greater geographic diversity and market access.

Our global distribution network also benefits from a dedicated in-house chartering and logistics operations team, who centrally coordinate our 600 thousand metric ton annual freight capacity for liquid ammonia. The team operates our leased vessels with the capacity to add more vessels to meet business needs, in addition to managing freight movements and storage and distribution modality for 4.7 million tons of urea in dry bulk vessels, with structure and capacity to grow.

In addition to our on-site and at-port owned and leased storage capacity, we are able to leverage over 264 thousand metric tons of leased urea warehousing capacity at destination through direct leases or through strategic partnerships across Europe, Australia, Africa, Asia and the Americas. This allows us to quickly adapt our deliveries and volume allocations in response to changes in market dynamics. The following table sets forth our storage capacity at destination (including our strategic partners) as of 30 June 2021:

Location	Strategic Partner or Group	Product	Facility type	Approx. storage capacity	Owned or leased
				(thousand metric tons)	
Ghent, Belgium	Group	Urea	Warehouse	18	Leased
Bordeaux, France	Group	Urea	Warehouse	15	Leased
La Pallice, France	Group	Urea	Warehouse	15	Leased
Spain	Strategic Partner	Urea	Warehouse	113	Leased
United States of America	Strategic Partner	Urea	Warehouse	50	Leased
Australia	Strategic Partner	Urea	Warehouse	40	Leased
South Africa	Strategic Partner	Urea	Warehouse	13	Leased

ESG Initiatives

Overview

We are committed to ESG principles, with environmental, social and governance matters fully integrated into our strategic objectives. As a leading nitrogen fertilizer producer and distributor, we are cognizant of our responsibility to encourage sustainable practices in our policies, operations, supply chains, and communities. We are committed to our purpose of cultivating a sustainable world and believe our products are essential to achieving global food security. We have aligned our strategic priorities to create sustainable value for all our stakeholders—our customers, our employees, our communities, and our shareholders—and develop a greener future for the world.

We continue to make significant progress towards strengthening our ESG policies and practices.

Environmental

Sustainability is a key pillar of our strategy and is the driving element of our purpose to responsibly help achieve sustainable agriculture by providing an effective and environmentally sound source of nitrogen, the essential nutrient for crop growth, to our customers around the world. We are committed to being an environmental steward and have aligned our strategy to the world's goal of combating climate change, as established through the 2015 Paris Climate Agreement.

As a producer of ammonia and urea, our production processes are carbon intensive. However, our products are essential to achieving the crop yields necessary to meet global food demand. Nitrogen fertilizers feed approximately 50% of the world's population, and are essential to meet the world's food production needs as our global population grows. Our nitrogen fertilizer products help achieve sustainable agriculture by providing an effective and environmentally sound source of nitrogen, the key nutrient required for crop growth and development.

We are also an early mover in production of blue ammonia, an emerging cleaner fuel, which is key to supporting the global energy transition. Ammonia, an intermediary in the nitrogen fertilizer production process, is typically made using conventional fossil fuels and generates carbon dioxide emissions. These emissions are captured and stored, in the production of Fertiglobe's blue ammonia products, which have a myriad of uses in the emerging yet rapidly growing hydrogen economy.

Accordingly, we seek to provide sustainable solutions to our agricultural and industrial customers and are committed to investing in a greener future to create value for our communities, our customers, our employees and our shareholders. Through their respective cycles, our end products contribute positively to the fight against climate change by providing lower carbon fertilizers, fuels, and feedstocks to agricultural, transportation, and industrial customers around the world. With production facilities in three countries, our operations are subject to different environmental regulations, but we are unequivocal in our goal to reduce our environmental impact wherever possible. Our commitment to a more sustainable world and a greener future has required us to commit to being an environmental steward and both minimize our environmental footprint through continuous investment in state of the art technologies and maximize our development and production of greener solutions for our customers. As such, we work diligently to reduce our environmental footprint throughout our value chain. Our production facilities utilize best-in-class technology, including best available control technology to minimize GHG emissions, and our operational excellence program and switch to renewable electricity is expected to result in emissions reductions across our asset base. Our lower carbon initiatives are also expected to result in emissions reductions throughout our value chain in the medium-term.

Going forward, we will continue to work diligently to identify, evaluate and develop sustainability initiatives that reduce our environmental impact, grow our green portfolio and innovate more effective ways of reaching the world's carbon neutral goals, whilst also adopting a disciplined investment strategy. We currently conduct or are involved in evaluating a number of projects, including:

- **DEF**: DEF is a urea solution that can be injected into SCR systems to lower harmful vehicle exhaust emissions from diesel engines. DEF demand growth in the U.S. and Europe over the next decade is mainly supported by replacement of older non-SCR-equipped vehicles, and increased dosing rates in newer generation diesel engines. Both EFC and Fertil have installed proven DEF production technologies. Fertil produces a small amount of DEF to serve local demand, and both facilities can quickly ramp up production as the DEF market develops.

- **Lower carbon fertilizers**: We are well positioned to add inhibitors and/or slow release to urea in order to better position our product in Europe given emerging regulatory changes to straight urea application, increase nutrient use efficiency and support farmers with better yields and farming operations, and reduce farmland GHG emissions related to fertilizer application.

- **Blue and green ammonia**: With 4.5 million metric tons of gross ammonia capacity, we are also well-positioned to develop blue and green ammonia capabilities and have developed two pilot projects at Fertil and EBIC to establish proof of concept. At Fertil, we are evaluating options to produce blue ammonia beginning with a small-scale pilot that can be scaled up over the next two to three years. At EBIC, we have launched a feasibility study to assess our green ammonia production optionality and are scaling up our renewable energy purchases in the medium-term. We have also recently announced our participation in the TA'ZIZ project, a 1 million metric ton per year greenfield blue ammonia project in partnership with ADNOC and ADQ.

Our products play a vital role in the agricultural, industrial and clean-fuel processes. Both ammonia and urea are essential building blocks for a wide range of products, provide sustainable clean fuel solutions through the production of DEF and the use of blue and green ammonia as a clean fuel, and both provide farmers with nitrogen, the essential nutrient for crop growth, to maximize crop yields and support global food security. We are committed to working towards global food security – through various programs, we are working with our partners around the world to maximize yields, strengthen crops, and accelerate growth to meet the world's rising food demands.

Social

We are committed to fostering an inclusive culture and have launched a Group wide diversity and inclusion program, which aims to ensure fairness, equality and diversity in recruiting, compensating, motivating, retaining, and promoting employees. We have set internal benchmarks and targets to improve our recruitment processes, conduct de-biasing training, provide sponsorship and mentorship of minority employees, and develop employee networks that help them succeed.

In addition to our focus on diversity and inclusion, we have cultivated local social development programs tailored to the specific needs of each of our communities to maximize the impact of our social outreach. In addition to sponsorships and financial contributions to various causes, our employees personally invest their time in local communities by participating in fundraisers and volunteering at events.

Governance

We are committed to the principles of good corporate governance and adhere to standards of corporate governance that are in line with international best practice. See "*Management—Corporate Governance*".

Ethics and compliance

In terms of ethics and compliance, we strive to conduct all business activities responsibly, efficiently, transparently, and with integrity and respect towards stakeholders. In doing so, we promote a culture of performance, collaboration, and responsibility. These values underpin everything we do and form the compliance framework, which defines the day-to-day attitudes and behaviors of our employees.

The compliance framework comprises of policies and principles that outline in specific terms what we stand for as a company and the conduct required in the workplace, in how we deal with business partners, serve our customers, and the broader responsibilities we have to the communities in which we work and live (such as the Code of Conduct). The Company's HR and compliance teams work closely with each operating company to ensure our compliance framework and core values are communicated to all employees and reflected in any local codes of conduct that may be tailored to reflect local regulations and customs.

Risk management

Regarding our risk management framework, risk management is a company-wide activity with roles and responsibilities allocated across all levels to secure our in-control position. Equipped with updated insights from the market, industry and geopolitics, we follow a bottom-up approach that aims to identify, manage and report all relevant business risks in a timely and comprehensive manner.

The Board has the overall responsibility of maintaining a sound and effective risk management and internal control program. The Audit Committee supports the Board in monitoring our risk exposure, including the design and effectiveness of our internal control program. See "*Management—Corporate Governance—Board committees—Audit Committee*".

The internal audit & risk teams assist the Audit Committee, Company management and local management by facilitating the identification of risks and the promotion of risk awareness and ownership across our organization. The team is integrated across operating companies and is centrally managed at the Group level to ensure our internal control framework is properly institutionalized and applied, that we have effective and up-to-date internal control and internal audit systems in place, and that we are aligned with our external auditors.

Each quarter, Company management monitors and assesses the consolidated Group risk profile comprising of strategic, operational, financial and compliance risks with the involvement of key stakeholders. Our internal control framework aligns with the Enterprise Risk Management Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission and is designed to provide reasonable assurance that the risks we face are properly evaluated and mitigated, and that management is provided with all information necessary to make informed decisions.

Material Agreements

Natural gas contracts

Long-term natural gas contract between Sorfert and Sonatrach

Sorfert is contracted to receive natural gas through a 20 year long-term natural gas supply agreement with Sonatrach that commenced in 2013. The total contractual volume is 1.75 billion cm3 per year and the gas is supplied on a take or pay basis for 92.5% of the annual contractual quantity. The base price is approximately USD 1.25/MMBtu in 2021 and increases annually by 5% (in US dollar terms) until November 2023. Costs are payable in DZD after reflecting any variation in the DZD – US dollar exchange rate from year to year. The amendment to the partnership agreement entered into between OCI S.A.E. and Sonatrach in connection with the establishment of Sorfert entitles Sonatrach to an incremental share in dividends as long as Sorfert benefits from the price mechanism agreed in the long-term natural gas supply agreement. See "*Material strategic partnerships—Sorfert*" below. As such, the Algerian government is incentivized to maintain the current mechanisms for Sonatrach's favorable economics in Sorfert after the price mechanism expires in November 2023.

The long-term natural gas supply agreement states that, following the expiry of the pricing mechanism, the price of natural gas will be determined in accordance with applicable regulation. Algeria enacted Law 19-13 dated 11 December 2019 governing hydrocarbons activities. Law 19-13 provides that the sale price of natural gas to a customer that consumes on the Algerian territory for its own needs annual quantities greater than or equal to a threshold to be defined by government order is freely negotiated with Sonatrach. While this order has not been issued yet, the threshold set out in previous regulations allowing a customer to be eligible to negotiate the gas price with Sonatrach was annual gas consumption on a site of 140 million thermal units. Assuming the government order will set a comparable threshold, and given that Sorfert's annual gas consumption is greater than 140 million thermal units, we expect that Sorfert will remain eligible to negotiate the price at which it purchases natural gas following November 2023. While the matter is not free from doubt, we believe that:

- the sale price mechanism for natural gas currently applicable under the long-term natural gas supply agreement will remain in effect until another negotiated price is agreed with Sonatrach;
- in the unlikely event a sale price for the natural gas cannot be agreed between Sorfert and Sonatrach, the sale price will be determined by an Algerian court; and
- until determination by a court, the sale price for the natural gas currently payable by Sorfert gas price would be expected to remain in effect during the course of any legal proceedings, which are typically lengthy in Algeria.

Long-term natural gas contract between Fertil and ADNOC

Fertil is contracted to receive natural gas through a 25-year long-term natural gas supply agreement with ADNOC which commenced in January 2019. The minimum contractual volume is 52 million MMBtu per year and the gas is supplied on a take-or-pay basis. The base price is USD 2.76/MMBtu until 31 December 2021. The base price increases to USD 3.50/MMBtu in 2022 and increases by 3% per year thereafter. Costs are payable in AED or USD as specified in the applicable invoices.

Long-term natural gas contracts between EFC and GASCO

Each production line at EFC is contracted to receive natural gas through two identical 25-year natural gas supply agreements with GASCO in accordance with an agreement that commenced in August 2005 for EFC line I and an agreement that commenced in December 2006 for EFC line II. The total contractual volume is 33.5 million MMBtu per year. The contracts incorporate a natural gas pricing formula that is contingent upon a definite volume of gas supply to the plant, with a floor between USD 2 per MMBtu and USD 4 per MMBtu based on the volume of gas supply, as well as a revenue sharing mechanism linked to the weighted-average selling price of urea.

Long-term natural gas contract between EBIC and EGPC

EBIC receives natural gas through a 20-year long-term natural gas supply agreement with EGPC which commenced in 2008. The total contractual volume is 24 million MMBtu per year. As with EFC's contract with GASCO, the EBIC contract incorporates a revenue sharing mechanism linked to the weighted-average selling price of ammonia and a natural gas pricing formula with a floor mechanism of between USD 2 per MMBtu and USD 4 per MMBtu based on the quantity of natural gas delivered.

Material strategic partnerships

Sorfert

On 19 March 2007, OCI S.A.E. entered into a partnership agreement with Sonatrach for the establishment of a production company that: (i) shall be a joint stock company registered under Algerian law and was established to construct a urea and ammonia complex in the industrial zone of Arzew, Algeria; and (ii) shall also be in charge of selling the urea and ammonia products internationally. Sorfert was created in June 2007 as the production company. The partnership agreement was amended in 2013, in particular to add provisions relating to the national and international marketing by Sorfert of its products. OCI S.A.E. committed to participate through cash contributions of 51% in share capital of Sorfert. Total investment in the complex for OCI S.A.E. and Sonatrach was USD 1,622 billion. In addition to its 49% share capital in Sorfert, Sonatrach committed to supplying the production company with the gas supply required to produce 4,000 metric tons of ammonia per day and 3,250 metric tons of urea per day for 20 years at a rate lower than the natural gas's export price. Consequently, the annual dividends are split into two sub-dividends relating to the products and Sonatrach will up to 15% incremental sub-dividend depending on the annual average price of the particular product. However, in accordance with the amendment to the partnership agreement in 2013, Sonatrach is entitled to an incremental share in dividends above a minimum payout threshold which is equal to the reduction of OCI S.A.E.'s share in dividends. Sonatrach's entitlement to such incremental share in dividends is subject to the condition that the price of natural gas payable by Sorfert remains stable for a period of 10 years from the date of the commissioning of the Sorfert facility, which would effectively end in November 2023. Concerning voting, each share grant is entitled to one vote. Presently, Sonatrach holds 49% of the votes and OCI S.A.E. holds 51% of the votes in Sorfert. Sorfert is managed by a board of directors whose members are mandated and appointed in proportion to their holding in the share capital and are elected by a general assembly. The board of Sorfert is composed of five members: three members are appointed by OCI S.A.E. and two members are appointed by Sonatrach. The partnership agreement is for 25 years, unless terminated or extended.

EBIC

On 10 December 2005, a shareholders' agreement was entered into between EBIC, PSK Holdings, Amiral Ammonia Overseas Ltd, First Arabian Development & Investment Company, Egyptian General Petroleum Corporation, MEPCO, Basil El-Baz and Onsi Sawiris in respect of EBIC. EBIC is a closed joint stock Egyptian company registered in Egypt and was formed to undertake the development and implementation of an ammonia production project in Suez, Egypt. EBIC's board of directors is established by a vote in a general meeting of the shareholders, and the board must have a minimum of four directors. The relevant shareholding interests in EBIC are currently: Egyptian Natural Gas Holding Company (15%), First Arabian Development and Investment Company (10%), OCI MEPCO Holding Ltd (BVI) (75%) (owned through various wholly-owned Fertiglobe subsidiaries). Each of the current shareholders is entitled to nominate one director for every 10% of EBIC's share capital that it holds. The shareholders must procure that board meetings are convened at least quarterly, and in order for there to be a quorum at a board meeting, at least three of the minimum four directors present must have been appointed by MEPCO. MEPCO also appoints a three person management team (a general manager, technical manager and financial manager) to manage EBIC's business, and such nominations are subject to individual approval by the board. Material company changes, including (but not limited to) payment of any dividend, dissolution or merger, or amendments to the articles of association, require an affirmative vote of at least 75% of the votes at a general meeting of the shareholders. All shares of the same type rank *pari passu* in EBIC's profits and assets if liquidated. Shareholders hold the right of first refusal and the right to sell shares to other shareholders, and shareholders are not permitted to assign any other obligations under this agreement. The agreement contains customary event of default, termination and confidentiality provisions. The agreement is governed by English law.

Fertil trust arrangement

On 30 September 2019, the Company entered into the following agreements in order to establish a trustee arrangement in respect of the entire issued share capital of Fertilizers Exports Holding I Limited (being the indirect shareholder of 51% of the total issued share capital of Fertil) to provide the Company with the full rights and economic interests of, and control over, 100% of Fertil:

- a nominee agreement with OCIFERT ME Holding Ltd (the sole shareholder of Fertilizers Exports Holding I Limited) and Nassef Sawiris (the sole shareholder of OCIFERT ME Holding Ltd and the Executive Vice-Chairperson of the Board) pursuant to which OCIFERT ME Holding Ltd agreed, amongst other things, to hold the entire issued share capital of Fertilizers Exports Holding I Limited as bare nominee on the Company's behalf and for its account, to authorize the Company to exercise all voting, ownership and management rights in respect of Fertilizers Exports Holding I Limited and its shares, and to pass all dividends and distributions that are paid to the Company;

- a share charge agreement with OCIFERT ME Holding Ltd and Fertilizers Exports Holding I Limited pursuant to which OCIFERT ME Holding Ltd granted a charge over the entire issued share capital of Fertilizers Exports Holding I Limited in our favor as security for the performance of its obligations and liabilities under the nominee agreement referred to above;
- a call option agreement between OCIFERT ME Holding Ltd pursuant to which we have been granted an option over the entire issued share capital of Fertilizers Exports Holding I Limited; and
- a deed of indemnity pursuant to which we have indemnified OCIFERT ME Holding Ltd and Nassef Sawiris in respect of all claims, losses, taxes, liabilities, obligations and damages (subject to certain exclusions, including for breaching the trustee arrangements described herein) which they may incur in their capacity as shareholders in the Fertilizers Exports Holding I Limited and OCIFERT ME Holding Ltd, respectively.

On 30 September 2019, irrevocable proxies and powers of attorney were granted in our favor by OCIFERT ME Holding Ltd in respect of Fertilizers Exports Holding I Limited and Nassef Sawiris in respect of OCIFERT ME Holding Ltd to act as a proxy to vote at any shareholder meetings or upon any written resolutions of the shareholders of these entities, and to grant us full power and authority to do anything that they are lawfully able to do in respect of the shares in such entities. These proxies and powers of attorney are required to be maintained under the terms of the nominee agreement referred to above.

See "*Risk Factors—Risks Related to Our Business—The Company's structure includes a trust arrangement and is therefore subject to certain additional risks*".

Financing arrangements

Fertiglobe Bridge Term Loan Facility Agreement ("BTL Facility Agreement")

Overview

On 16 August 2021, Fertiglobe entered into the BTL Facility Agreement (a USD 900 million term loan facility) with HSBC Bank Middle East Limited, Citibank N.A, Abu Dhabi Global Markets (ADGM) Branch, Morgan Stanley Senior Funding, Inc., First Abu Dhabi Bank PJSC, Emirates NBD PJSC, Mashreqbank psc, Arab Bank plc, Standard Chartered Bank UAE Branch and Goldman Sachs Bank USA. The final maturity date is 18 months after the date of the agreement and Fertiglobe has two six-month extension options (provided no event of default under the BTL Facility Agreement is subsisting). Any extension by Fertiglobe is subject to a fee of 0.25% of the bridge facility commitments at the time of each extension.

The interest payable under the facility is the sum of LIBOR and a 1.05% per annum margin for the first twelve months. After the first twelve months, the 1.05% margin is subject to a 0.25% step up every three months thereafter.

The BTL Facility Agreement is governed by English law and, as at the date of this Offering Memorandum, has been drawn down in full and used to refinance the outstanding borrowings under the Company's historical USD 385 million term facility maturing in 2025 and to fund the payment of a special dividend of USD 850 million to the Selling Shareholders (see "*Capitalization*").

Purpose

To refinance Fertiglobe's historical USD 385 million term facility maturing in 2025, and for general corporate purposes (including to fund a distribution to the Selling Shareholders).

Borrowers

The original borrowers under the BTL Facility Agreement are Fertiglobe, Fertil and FDL.

Security

None.

Change of control

Prior to the Global Offering, a change of control will be triggered if: (a) ADNOC and OCI collectively cease to own (directly or indirectly) 75% of the share capital of Fertiglobe; or (b) ADNOC ceases to own (directly or indirectly) 25% of the share capital of Fertiglobe.

After the Global Offering, a change of control will be triggered if: (a) ADNOC and OCI collectively cease to own (directly or indirectly) 60% of the share capital of Fertiglobe; or (b) ADNOC ceases to own (directly or indirectly) 25% of the share capital of Fertiglobe.

Covenants

The borrowers are subject to the following financial covenants, tested semi-annually on a rolling twelve-month basis, by reference to the annual or semi-annual financial statements of the Company (as applicable):

- a maximum leverage ratio of net debt to EBITDA of 3.50:1.00; and
- an interest cover ratio of EBITDA to net finance charges of at least 4.00:1.00.

Events of default

The BTL Facility Agreement contains customary events of default consistent with Loan Market Association investment grade precedent documents, including (but not limited to): (a) non-payment, (b) failure to satisfy a financial covenant, (c) misrepresentation, and (d) insolvency.

Fertiglobe Multicurrency Revolving Credit Facility ("RCF Agreement")

Overview

On 16 August 2021, Fertiglobe entered into the RCF Agreement (a USD 300 million revolving credit facility, which can be drawn in AED or USD) with Citibank N.A., Abu Dhabi Global Markets (ADGM) Branch, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited, Mashreqbank psc, Morgan Stanley Senior Funding, Inc., Arab Bank plc, Goldman Sachs Bank USA and Standard Chartered Bank, UAE Branch. The final maturity date is five years after the date of the agreement.

The interest payable under the facility is the sum of: (a) the interest rate benchmark; and (b) the margin. The interest rate benchmark for loans denominated in USD is LIBOR, and the interest rate benchmark for loans denominated in AED is EIBOR. The margin is contingent on the leverage ratio – a leverage ratio:

- greater than 2.50:1.00, results in a 2.25% per annum margin;
- less than 2.50:1.00, but greater than 1.50:1.00, results in a 2.00% per annum margin; and
- less than 1.50:1.00, results in a 1.75% per annum margin.

The RCF Agreement is governed by English law, and on 7 October 2021, USD 160 million was drawn for general corporate purposes (with such amount expected to be repaid prior to 31 December 2021).

Purpose

General corporate purposes of the Group (including without limitation, working capital purposes and the funding of acquisitions and investments in joint ventures).

Borrowers

The original borrowers under the RCF Agreement are EFC, Fertiglobe, Fertil and FDL.

Security

None.

Change of control

Prior to the Global Offering, a change of control will be triggered if: (a) ADNOC and OCI collectively cease to own (directly or indirectly) 75% of the share capital of Fertiglobe; or (b) ADNOC ceases to own (directly or indirectly) 25% of the share capital of Fertiglobe.

After the Global Offering, a change of control will be triggered if: (a) ADNOC and OCI collectively cease to own (directly or indirectly) 60% of the share capital of Fertiglobe; or (b) ADNOC ceases to own (directly or indirectly) 25% of the share capital of Fertiglobe.

Covenants

The borrowers are subject to the following financial covenants, tested semi-annually on a rolling twelve-month basis, by reference to the annual or semi-annual financial statements of the Company (as applicable):

- a leverage ratio of net debt to EBITDA of at least 3.50:1.00; and
- an interest cover ratio of EBITDA to net finance charges of at least 4.00:1.00.

Events of default

The RCF Agreement contains customary events of default consistent with Loan Market Association investment grade precedent documents, including (but not limited to): (a) non-payment, (b) failure to satisfy a financial covenant, (c) misrepresentation, and (d) insolvency.

<u>*Sorfert Facility Agreement (the "Sorfert Facility Agreement")*</u>

Overview

On 14 April 2008, Sorfert Algérie ("Sorfert") entered into the Sorfert Facility Agreement with a group of lenders. The Sorfert Facility Agreement provides a term facility of DZD of an amount equivalent to €1,064,000,000 and an additional loan of DZD equivalent to €62,000,000. The final maturity date of the loan is the 15th anniversary of the execution date of the Sorfert Facility Agreement. The Sorfert Facility Agreement is governed by Algerian law. As at the date of this Offering Memorandum, USD 335.7 million was outstanding. The Sorfert Facility Agreement was amended by amendment No.1 in 2008 and by amendment No.2 in 2011.

Purpose

All amounts under the term loan are to be used towards project costs (which include, but are not limited to, all payments under engineering, procurement and construction contracts, financial expenses incurred up until six months after completion of the project and advisory fees, including legal fees) in connection with the construction of the plant.

Borrower

The original borrower under the Sorfert Facility Agreement is Sorfert.

Security

The facilities are secured by the following:

- a real estate mortgage relating to the real estate assets implemented pursuant to the project engineering, procurement and construction contract;
- an Algerian law pledge over a business undertaking in favor of the security agent;
- an Algerian law assignment of a receivables agreement relating to the receivables of the borrower under certain guarantees to be issued pursuant to the engineering, procurement and construction contract relating to the construction of the plant, in favor of the security agent;
- an Algerian law charge over, *inter alia*, the CSRD account, the debt service reserve account, the revenue account, and the insurance proceeds account in favor of the security agent;
- an Algerian law delegation of payments relating to the amounts to be paid by the contractor and the builder pursuant to the engineering, procurement and construction contract, in favor of the security agent;
- an Algerian law share pledge granted over 51% of the shares of the borrower in favor of the group of lenders;
- an Algerian law delegation of payments relating to the amounts to be paid by the insurers in relation to the construction and the operation of the complex built in the context of the project, in favor of the security agent; and
- any delegation of payments / assignment of receivables relating to the amounts to be paid by the reinsurers in relation to the construction and the operation of the complex built in the context of the project, in favor of the security agent.

Amount and repayment of borrowings

The remaining outstanding principal under the facility is repayable in equal quarterly instalments. Interest is calculated on a quarterly basis (coinciding with the repayment periods).

Mandatory prepayment

Unless used for replacement or repair, insurance proceeds exceeding EUR 10,000,000 are to be used in prepayment of the loans.

If (i) during the construction period the OCI S.A.E. and Sonatrach fail to hold together directly or indirectly 100% of the share capital and voting rights of the borrower (excepting shares held by directors) or Sonatrach and its affiliates do not hold more than 49% of the share capital and voting rights of the borrower or (ii) during the exploitation period OCI S.A.E. and Sonatrach cease to hold together, directly or indirectly, 51% of the share capital and voting rights of the borrower (other than as a result of a transfer to which the lenders consented), all outstanding amounts are to be prepaid.

Interest rates

Interest on the loans is: (i) 5.95% per annum during the construction period, and (ii) 1.95% per annum above the Bank of Algeria's reference rate after the construction period.

Covenants

Sorfert is subject to: (i) a debt/equity ratio of $^{70}/_{30}$, (ii) a debt service cover ratio of at least 1.25:1.00, and (iii) an average debt service cover ratio of at least 1.40:1.00.

Subject in each case to certain exceptions, the Sorfert Facility Agreement also contains negative covenants and restrictions including (amongst other things) restrictions on the granting of security, restrictions on the provision of loans and guarantees, restrictions on the disposal of assets and restrictions on a change of business. The Sorfert Facility Agreement also contains positive covenants such as mandatory periodic reporting of financial and other information and for notification upon the occurrence of any default and certain other events.

Change of Control

If (i) during the construction period the OCI S.A.E. and Sonatrach fail to hold directly or indirectly 100% of the share capital and voting rights of the borrower (excepting shares held by directors) or Sonatrach and its affiliates do not hold more than 49% of the share capital and voting rights of the borrower or (ii) during the exploitation period OCI S.A.E. ceases to hold, directly or indirectly, 51% of the share capital and voting rights of the borrower (other than as a result of a transfer to which the lenders consented), all amounts outstanding are to be prepaid.

Distributions

Sorfert's current capital structure allows it to make dividend distributions without any jurisdictional restrictions, subject to compliance with a debt coverage ratio of 1.25x.

Events of default

The Sorfert Facility Agreement contains provisions governing certain events of default which include an event or series of events of any nature likely to affect significantly (whether immediately or eventually): (i) the borrower's property or economic, financial or legal situation (including in case of IPO); (ii) the implementation of the project; (iii) the borrower's ability to discharge its obligations under the finance documents; or (iv) the validity, enforceability or binding nature of the finance documents. There is also a cross-default event of default subject to a certain threshold.

HSBC Facility Agreement

On 26 July 2015, OFT entered into the HSBC Facility Agreement with HSBC Bank Middle East Limited as amended on 5 July 2020.

Borrowings

The HSBC Facilities Agreement provides for facilities in an aggregate amount of USD 75,000,000 (the "HSBC Facilities").

Borrowings under the HSBC Facility Agreement may be used, *inter alia*, to facilitate urea, ammonia, ammonium sulphate and UAN import requirements for the third-party and inter-group purchases, including for the beneficial use of OFTS and FDL.

Interest and fees

The HSBC Facilities bear interest at the Emirates Inter Bank Offered Rate ("EIBOR")/London Inter Bank Offered Rate ("LIBOR") + a margin of between 0.66% to 1.75% per annum (depending on the product and tenor), with the interest period applicable to EIBOR/LIBOR equivalent to the tenor of the respective import product.

Securities and guarantees

The HSBC Facilities are secured by, *inter alia*, (i) an assignment of the marine cargo insurance policy along with an acknowledgement from the insurance company and a copy of the marine cargo policy from OFT (Dubai Branch) for USD 30,000,000, (ii) a corporate guarantee from OFT to OFTS covering the facilities, (iii) a corporate guarantee from OFTS to OFT (Dubai Branch), (iv) an assignment of the marine cargo insurance policy along with an acknowledgement from the insurance company and a copy of the underlying marine cargo policy from OFTS for USD 30,000,000 and (v) an omnibus trust receipt form.

Covenants

The conditions that apply to the facilities include, *inter alia*, that OFT must procure that the direct and indirect shareholding of OCI in OFT's share capital does not fall below 50% plus one share without HSBC Bank Middle East Limited's consent and must notify HSBC Bank Middle East Limited in the event of any other shareholding changes and provide HSBC Bank Middle East Limited the right to refuse such changes if they conflict with sanctions law or agreements or HSBC Bank Middle East Limited's interest.

<u>Securitization Facility and FDL Receivables Purchase Agreement</u>

Overview

On 20 September 2018, OFT and other OCI group companies (each a "Seller" and collectively, the "Sellers") entered into a series of agreements to establish a committed securitization facility ("Securitization Facility") backed by amounts owing in respect of certain existing and future trade receivables (the "Receivables"). On 20 February 2020, FDL acceded to the Securitization Facility as a Seller, and OFT withdrew from the Securitization Facility.

The Securitization Facility (if fully drawn) has a maximum amount available of EUR 180 million, and the revolving period in which new Receivables may be sold to the Purchaser expires in October 2021 (the "Revolving Period"). The final maturity date of the Securitization Facility is in October 2023. The Securitization Facility is documented by a master framework agreement (the "Master Framework Agreement") between OCI, the Sellers, Credit Agricole Corporate & Investment Bank (as programme manager and arranger), Credit Agricole Leasing & Factoring (as programme agent), and Ester Finance Technologies (an entity established to purchase and finance trade receivables) ("Purchaser"). Pursuant to certain local receivables purchase agreements between, among others, the relevant Seller and the Purchaser (each a "Receivables Purchase Agreement"), each Seller sells and assigns to the Purchaser on an ongoing basis, Receivables originated by such Seller along with all related rights and security in such Receivables to the Purchaser. The Receivables sold by the Sellers are subject to customary eligibility criteria outlined in the Master Framework Agreement as well as the jurisdiction-specific criteria in the relevant Receivables Purchase Agreement ("Eligible Receivables"). FDL is a party to a Receivables Purchase Agreement dated 20 February 2020 ("FDL Receivables Purchase Agreement").

FDL Security

As security for the payment of all monetary obligations due, owing or incurred by FDL pursuant to the Master Framework Agreement or any other Securitization Facility documents, or from time to time that become due, owing or payable by FDL to the Purchaser under the Master Framework Agreement ("Secured Obligations"), FDL has granted security over certain bank accounts pursuant to two account pledge agreements (each an "FDL Security Agreement"). Upon the occurrence of an enforcement event due to any breach of the Secured Obligations, the Purchaser is entitled to enforce and exercise its rights under any FDL Security Agreement, including the ability to:

- collect payment of and terminate any relevant Receivables;
- sell or cause to be sold any relevant Receivables; and
- demand performance of, or enforce all rights in respect to the relevant Receivables.

Sale of FDL receivables

The sale and assignment of Receivables by FDL to the Purchaser is governed by the terms and conditions of the FDL Receivables Purchase Agreement and the Master Framework Agreement. During the Revolving Period, subject to certain conditions and requirements, FDL offers, and the Purchaser accepts on a committed basis to purchase, all of the rights, title and interest in and to each Receivable arising pursuant to a contract and existing on such purchase date, including future rights, title and interest in certain new and future Receivables meeting the applicable criteria outlined in the Master Framework Agreement and jurisdiction-specific criteria contained in the FDL Receivables Purchase Agreement. FDL has sole responsibility for determining that each Receivable that it offers for sale to the Purchaser satisfies each of the Eligible Receivables criteria as of the purchase date or applicable test date.

OCI Guarantee

OCI irrevocably and unconditionally guarantees the performance of all payment obligations, and all non-monetary obligations of each Seller (including FDL) under the Securitization Facility. See "*Related Party Transactions—OFT and FDL—Master Framework Agreement*".

Governing laws

- The Master Framework Agreement is governed by English law.
- The FDL Receivables Purchase Agreement is governed by ADGM law.
- One FDL Security Agreement is governed by the laws of the Netherlands, and the other is governed by the laws of the UAE.

Other material contracts

<u>Transammonia Offtake Agreement</u>

EBIC sells anhydrous ammonia produced at EBIC plant erected in the Suez Industrial Zone in Suez, Egypt to Transammonia through an ammonia sales contract which commenced in 2001. The total contract quantity to be sold and delivered by EBIC is 100% of the product produced by the plant and available for export outside of Egypt or for sale within Egypt, estimated to be 700,000 metric tons per year (pursuant to amendment 5 entered into on 16 February 2005), at the prices and subject to the terms and conditions set out in the contract. Payment is made in USD by telegraphic transfer in accordance with the provisions of the contract. Pursuant to an assignment dated 8 December 2005, EBIC assigned all of its rights to provide shipping and storage for the product under the contract to Liquid Cargo at the prices and subject to the terms and conditions set out in the contract.

Properties

Our offices

The following table sets forth our offices as of 30 June 2021:

Location	Company	Function	Owned or leased
Unit 1, 20th Floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates	Fertiglobe	Registered Office	Leased
Sheikh Zayed Road Exit 41 – Umm Al Sheif – Al Thanya Street – The Commercial Building same building of Tasheel next to Metropolitan Hotel Dubai – First floor – Office 102 P.O. Box 120269	OCI Fertilizer Trading Limited	Administrative Office	Leased
Sheikh Khalifa Energy Complex. 1 – Tower 1 – Floors (13,14,15) – Corniche Street, Abu Dhabi	Fertil	Head Office	Leased
Administrative Building, Ground floor and First Floor, Plot 243, Ruwais, Abu Dhabi	Fertil	Administrative Office	Leased
Unit 0301, Nile City Towers, Corniche El Nil, Ramlet Boulak, Cairo Egypt	EBIC	Administrative Office	Owned
Administrative Unit, 17th Floor, Nile City Towers, 2005 C, Corniche El Nil, Ramlet Boulak, Cairo, Egypt	EFC	Administrative Office	Leased
Cité Point du Jour, Route de Wilaya N° 32, Section 387, Ilot N° 83-Oran, Algeria	Sorfert	Administrative Office	Leased

See also "*Related Party Transactions*".

Competition

We operate in highly competitive industries. Our products are global commodities and we compete with a number of global producers of nitrogen fertilizers. Our markets are based primarily on delivered price, availability, delivery time, and, to a lesser extent, on customer service and product quality.

We believe our closest competitors for the nitrogen-based fertilizers seaborne export market are QAFCO, Yara, CF Industries, NPC (Iran) and SABIC Agri-Nutrients.

Health, Safety and Environment

Health and safety

Our production processes involve highly complex and costly equipment handling highly flammable and toxic material and operating at high temperatures, pressures and speeds. These critical operating parameters provide an increased potential for loss—both in terms of injury to personnel and economic loss because of equipment damage and loss of production.

Our goal is to achieve leadership in safety and occupational health standards across our operations by fostering a culture of zero injuries at all our production facilities, and continuously improving health and safety monitoring, prevention and reporting across our plants. We have integrated this goal into our corporate values, and into the programs and policies of each of our production facilities. Safety is considered an integral part of plant development, plant operation, quality control, cost reduction and efficiency, and we are committed to providing resources to enable this.

Our facilities are designed to the most stringent codes and standards that govern plant construction and quality control procedures we strive to ensure that they are strictly adhered to. During the construction phase, environmental impact assessment and risk assessment studies are performed in accordance with the approval processes. Throughout the design phase and once construction is complete, safety reviews and hazard & operability studies covering all areas of the plant are carried out to identify and rectify potential hazards in order to improve safety and operability. High priority is also given to ensuring that construction and plant equipment are in accordance with the design specifications. Employees are also actively involved in preparing safety, operating, maintenance and emergency procedures prior to starting production in any new facility.

We are committed to ensuring the occupational health and safety of all individuals at our production sites, as well as each facility's surrounding neighborhood. To prevent accidents, we manage safety in a systematic and standardized way with clear rules and procedures based on industry standards and global best practices that are codified in the Fertiglobe HSE policy. Each facility further implements tailored initiatives to enhance its HSE standards depending on their specific needs and technologies.

Our assets hold global certifications recognizing the quality of our products and management processes, including ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems, ISO 45001 Occupational Health and Safety Systems, OHSAS 18001 Occupational Health and Safety Management Systems, ISO 50001 Energy Management Systems, and RC 14001 Responsible Care Management Systems. Further, all of our assets (other than Fertil) are also REACH certified.

Each company's overall performance targets include safety metrics, which are set on lost time injury rates and total recordable incidents rates. In addition, HSE audits at each site periodically assess the implementation of our HSE policy, and each site's programs and performance metrics are regularly reviewed and monitored. The Board supervises our overall HSE performance.

Occupational health is part of our overall HSE management, and we implement wellness programs at our production facilities to ensure that everyone working with us remains healthy. A fitness for duty process is set up to ensure that each employee can safely perform essential physical and mental requirements of the job without creating risk to themselves, others, or the environment. A health risk assessment process is in place to estimate the nature and probability of adverse health effects to people by identifying the adverse health effects that can be caused by any exposure to any hazardous agent or the work environment.

We achieved excellent safety results across our sites as at 30 June 2021, both compared to our internal targets and compared to the International Fertilizer Association's most recent industry averages, and currently have one of the lowest total recordable injury rates (TRIR) in the industry, with a current rate of 0.32 injuries per 200,000 hours worked versus industry rate of 1.24 (as at 2019 based on IFA average).

Our safety records for the years ended 31 December 2018, 2019 and 2020, and for the six months ended 30 June 2020 and 2021 are as follows:

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
Safety (cases per 200,000 hours worked)					
Lost Time Injury Rate—Total	**0.00**	**0.10**	**0.03**	**0.00**	**0.11**
Lost Time Injury Rate—Employees	0.00	0.08	0.00	0.00	0.08
Lost Time Injury Rate—Contractors	0.00	0.12	0.07	0.00	0.16
Total Recordable Injury Rate—Total	**0.10**	**0.19**	**0.03**	**0.00**	**0.21**
Total Recordable Injury Rate—Employees	0.00	0.16	0.00	0.00	0.25
Total Recordable Injury Rate—Contractors	0.11	0.24	0.07	0.00	0.16

COVID-19

In March 2020, we implemented our emergency response protocol and established a dedicated COVID-19 taskforce, which co-ordinates closely with OCI and ADNOC, to ensure the safety of our employees and business continuity. The taskforce is dedicated to closely monitoring developments and coordinating efforts across the Group to align plans and policies to appropriate response measures, ensure contingency plans are in place, conduct ongoing risk assessment and planning, provide corporate support, and keep employees updated with facts and company actions.

Since the onset of the pandemic, our business operations have continued without interruption, as our industries and our products have been designated as critical infrastructure by the respective governments of each of our markets to ensure the uninterrupted supply of goods and other essential products. We have applied strict protective measures, including sanitization, personal protection equipment, social distancing and thermal testing prior to accessing any group locations. As our plants are heavily automated, essential on-site operating and logistics personnel can be limited and administrative and operational support personnel have worked remotely in order to maintain social distancing following governmental guidelines.

Although the long-term effects of COVID-19 are still unclear, our current outlook is that our financial and operating performance remains solid. We have operated our business in a remote working environment and could continue to do so for an extended period of time, if necessary.

Developments in each jurisdiction are being closely monitored and protocols are flexible to allow for rapid adjustments as needed. The impressive resilience of our staff throughout the period gives all local management teams confidence to revert to a work-from-home policy again if needed, without interruptions to our operations and supply chain.

Environmental matters

We are subject to numerous environmental, health and safety laws and regulations in the countries in which we operate our production facilities, including laws and regulations relating to the generation and handling of hazardous substances and wastes; the clean-up of hazardous substance releases; the discharge of regulated substances to air or water; and the demolition of existing plant sites upon permanent closure. Violations of environmental, health and safety laws can result in substantial penalties, court orders to install pollution-control equipment, civil and criminal sanctions, permit revocations and facility shutdowns. In addition, environmental, health and safety laws and regulations may impose joint and several liability, without regard to fault, for clean-up costs on potentially responsible parties who have released or disposed of hazardous substances into the environment.

Further, Fertil entered into a land lease agreement with ADNOC on 30 September 2019 for the lease of the land on which it operates its plant in Ruwais, Abu Dhabi. The agreement is for an initial term of four years, and automatically renews for successive periods of four years until the decommissioning date (unless terminated earlier). The agreement also includes an asset dismantling obligation and the obligation to clean up environmental pollution.

Sorfert has a contractual asset retirement obligation in connection with the lease of its plant site. This obligation encompasses asset dismantling and the obligation to rectify any environment pollution in respect of the plant operated by Sorfert in Algeria.

Information Technology

Information technology is a key component to our ability to operate efficiently. We invest in and maintain information technology systems at our headquarters, branch offices, production facilities, plants, and related subsidiaries in order to support our performance and growth strategy.

Our information technology systems include both third-party applications and in-house developments tailored to improve cost and plant operating efficiency.

Employees

As of 30 June 2021, we had employed approximately 2,625 employees.

Intellectual Property

Our intellectual property portfolio is comprised of approximately 47 trademarks, which are registered globally and are held by various subsidiaries, and primarily relate to Fertiglobe. We regularly pursue new filings as part of our ordinary course of business and seek to manage and protect our intellectual property. We also have licenses to use the technologies described in "—*Our production facilities*" above.

Legal Proceedings

Save as set out below, there are no outstanding material governmental, legal or arbitration proceedings pending against us, and we are not aware of any such proceedings which are threatened. We are party to various legal proceedings involving routine claims that are incidental to our business.

EFC private free zone status case

In October 2012, EFC filed a claim in the Egyptian Supreme Constitutional Court seeking a ruling that Article 11(1-2) of Law No. 114/2008 be deemed unconstitutional. Article 11(1-2) of Law No. 114/2008 cancelled the free zone status for certain industries, and resulted in EFC no longer being considered a free zone company. On 4 July 2013 a hearing was held, and a commissioner's report on the case was subsequently issued. However, no further hearing date has been set, and EFC is awaiting a subsequent hearing date to determine the constitutionality of Article 11(1-2) of Law No. 114/2008. As at 30 June 2021, deferred tax liabilities in respect of the case were recorded as USD 129.2 million.

Sorfert public procurement and freight invoices case

There is an ongoing case since June 2011 against Sorfert and its management team in Algeria relating to: (a) the overbilling by engineering company, Uhde, of freight costs for seven invoices for imported equipment during the construction of the Sorfert plant; (b) change orders under the engineering, procurement and construction contract for Sorfert's plant being made in breach of the Algerian public procurement code; and (c) a cost overrun of 20% of the overall contractual amount under the engineering, procurement and construction contract for Sorfert's plant. In relation to issue (a) above, the Algerian Customs Authority informed the court that the invoices were no longer contentious, and that it would not be joining the case as a civil party. However, the case still proceeded to a hearing, and during a hearing on 4 October 2017, Sorfert argued that the engineering, procurement and construction contract did not fall within the ambit of the Algerian public procurement code (rather, the Algerian commercial code was applicable), and that there was no cost overrun under the engineering, procurement and construction contract (and more than USD two million budget remaining under the financing arrangements. On 18 October 2017, the lower court in Oran, Algeria, ruled against Sorfert, and imposed: (i) a DZD 336 million (USD 2.5 million) fine on Sorfert; (ii) two years imprisonment on the former CFO; and (iii) five years imprisonment on the former CEO. This judgment was appealed, and on 14 March 2018, the court confirmed the judgment on all grounds. On 13 May 2018, Sorfert filed a further appeal in the Supreme Court of Algiers. The appeal to the Supreme Court of Algiers suspends the implementation of the earlier rulings. The Supreme Court has yet to set a date to hand down its judgment in the appeal. We do not expect to receive the Supreme Court's response to our appeal until the end of 2021. As at 30 June 2021, we have recorded a provision of DZD 336 million (USD 2.5 million) in our financial statements for this case.

Sorfert international payments case

There is an ongoing case since January 2016 against Sorfert and its management team in Algeria brought by a former employee relating to certain international payments under a service agreement between Sorfert and OCI S.A.E. On 5 March 2018, the lower court in Oran, Algeria, ruled against Sorfert, and imposed: (a) a DZD 2,771 million (USD 20.5 million) fine, and five years' imprisonment on the ex président-directeur général of Sorfert; (b) a DZD 2,771 million (USD 20.5 million fine, and two years' imprisonment on the ex-legal director of Sorfert; and (c) a 5,542 million (USD 41.0 million) fine on Sorfert. This judgment was appealed, and on 28 November 2018, the court confirmed the judgment on all grounds. A further appeal has been filed in the Supreme Court of Algiers, and has yet to set a hearing date. We do not expect to receive the Supreme Court's response to the appeal until the end of 2021. We have not recorded any provision in our financial statements for this case because management is of the view that it is more likely than not that this case will not result in a cash outflow.

Sorfert tax exemption and reinvestment case

On 8 June 2020, the relevant division of the Algerian Tax Authorities ("ATA") issued to Sorfert a letter in which its initial claim of DZD 7,296 million (USD 54.9 million) was maintained relating to the alleged non-compliance of the reinvestment obligations under a tax exemption as granted in 2014 by the Agency Nationale de Developpement de l'Investissement. As a result, the ATA required Sorfert to repay the full assumed tax benefit of DZD 7,296 million (USD 54.9 million) it did not pay under the tax exemption. Sorfert is of the opinion that it has complied with its reinvestment obligations and that the basis of any claim should in any case be limited to the source of income that is taxable (local sales only as export sales are exempted under domestic Algerian tax law). Accordingly, Sorfert recorded a provision of USD 1.7 million (DZD 226 million). On 1 February 2021, Sorfert filed an appeal with the internal appeal committee of the ATA and paid 30% of the contested amount as an advance payment to secure a continuation of its business operations and allow a transfer of dividends / remunerations abroad. The advance payment shall be reimbursed if Sorfert is successful in its appeal. Sorfert's position on this matter was examined by various reputable tax advisors who have concurred with Sorfert.

OCI S.A.E. tax evasion case

There is an on-going tax evasion case since October 2012 against OCI S.A.E., which has been pursued by the ETA. The tax dispute is related to the sale of OCI S.A.E.'s cement assets to Lafarge SA in 2007. This was filed against OCI S.A.E. despite there being no official investigation. Although OCI S.A.E. and its legal and tax advisors believed that the aforementioned transaction was exempted from tax, management entered into a settlement to resolve the tax dispute whereby EGP 7.1 billion would be paid over a five-year period. The agreement was followed by payment of a first instalment of EGP 2.5 billion in 2013. Following the change in government, OCI S.A.E. was exonerated from the tax claim by the Egyptian Public Prosecutor on 18 February 2014 and subsequently by the ETA's Independent Appeals Committee on 4 November 2014. The ETA appealed this decision without including new facts or documents. The appeal is ongoing. OCI S.A.E. and its legal counsel in Egypt believe the likelihood of a judgment in favor of the ETA is unlikely. As this dispute is a legacy case prior to the demerger of the construction group that formed OC in 2015, any liabilities and any recoveries are shared under a tax claim agreement entered into between OCI and OCI S.A.E. on 6 February 2015 on a 50:50 basis between OCI S.A.E. and OC (a subsidiary of OCI). As of 30 December 2020, should the ETA win its appeal, OCI's maximum share of the tax claim would be EGP 2.3 billion, which would equate to USD 146.5 million as at 30 June 2021. We have recorded a provision in our financial statement of USD 121.3 million for this case. OCI S.A.E. has a receivable for USD 57.5 million (representing the amounts retained by the ETA) and cash for USD 21.4 million. OCI has agreed to indemnify us for certain losses and liabilities relating to Fertiglobe's legacy engineering and construction businesses (which would include liabilities arising in respect of this case). See "*Related Party Transactions—Fertiglobe—Subscription and Contribution Agreement*".

OCI S.A.E. / Sidra project arbitration

Our subsidiary OCI S.A.E. issued a parent company guarantee in 2008 in respect of the liabilities and obligations of Contrack (Cyprus) Limited, a subsidiary of OC, as consortium partner under a USD 2.4 billion contract for the design and construction of the Sidra Medical and Research Center in Doha, Qatar. In July 2014, the owner of the Sidra project terminated the contract and commenced arbitration proceedings against the consortium. In August 2017, the owner of the Sidra project commenced parallel arbitration proceedings against OCI S.A.E. under the parent company guarantee issued by OCI S.A.E. At this time, the arbitral tribunal has not ordered the parties to take any further substantive steps. The CSA provides that all economic benefits and liabilities arising from the legacy construction activities in OCI S.A.E. are passed to, or borne by, OC, and that OC should provide funds to OCI S.A.E. if a sum in connection with construction operations falls due. In addition, OCI S.A.E. effected the Assignment of Rights to Orascom Construction Egypt. The Assignment of Rights included the assignment of the PCG from OCI S.A.E. to Orascom Construction Egypt. Accordingly, any liabilities or awards that may arise from the arbitration are attributed to OC. See "*Risk Factors—Risks Related to Our Business— Our subsidiary*

OCI S.A.E. continues to hold some residual activities related to the legacy engineering and construction business". OCI has agreed to indemnify us for certain losses and liabilities relating to Fertiglobe's legacy engineering and construction businesses (which would include liabilities arising in respect of this matter). See "*Related Party Transactions—Fertiglobe—Subscription and Contribution Agreement*".

Insurance

We have taken out insurance policies in relation to a number of risks associated with our business activities, such as, *inter alia*, an all-risk industry insurance covering production, transportation and property related risks, policies covering our environmental liability, vehicle insurance, insurance of property and merchandise, as well as insurance covering certain business interruptions such as fire. Under these policies (and related underlying policies), insured losses include those resulting from natural and human risks such as business interruptions due to fire, events relating to the manipulation of products and losses relating to the handling of money, among others. In addition, we have worldwide coverage policies for directors & officers liability and fidelity insurance.

Our insurance coverage is subject to usual exclusions, limits and deductibles. At the same time, we have identified certain risks that cannot be insured on economically feasible terms and for which, therefore, we have chosen not to purchase insurance coverage. These risks include, for example, business interruptions caused by acts of terror. Our policies together provide an indemnity against sums for which we become legally liable to pay as compensation for injury, loss or damage to a third-party arising out of and in the course of our business, an indemnity against material damage to our properties, and an indemnity against the loss of our stock of products, in each case subject to deductibles and insured limits that we believe are reasonable. See "*Risk Factors—Risks Related to Our Business—Our operations and the production and handling of our nitrogen fertilizers involve significant risks and hazards. Accidents involving our products or production facilities could cause severe damage or injury to property, the environment and human health, which could materially adversely affect our business, results of operations and financial condition*".

Pursuant to a Shared Services Agreement, OCI may (at our election) provide insurance and claims management services to us, see "*Related Party Transactions—Fertiglobe—Shared Services Agreement*". We are also a participant in a centralized fund administered by OCI to finance any deductibles required under our various insurance policies administered by OCI. The fund is made up of premium discounts, investment income and contributions from participants, including us.

MANAGEMENT

Board of Directors

The Board of Directors consists of 11 members of which there are two Executive Directors and nine Non-Executive Directors, six of whom are independent Directors, as listed below:

Name	Year of birth	Position	Year appointed
HE Dr Sultan Al Jaber*	1973	Chairperson	2019
Mr Nassef Sawiris	1961	Executive Vice-Chairperson**	2019
Mr Ahmed El-Hoshy	1984	Chief Executive Officer and Director	2020
Mr Bartholomeus Voet	1965	Director	2021
Mr Charles David Welch*	1953	Director	2019
Mr Guy Moeyens*	1965	Director	2021
Mr Hassan Hossam Hassan Badrawi	1976	Director	2019
Mr Khaled Salmeen*	1973	Director	2021
Mr Mohamed Saif Ali Abed Alaryani* ...	1991	Director	2019
Mr Philippe Ryckaert	1982	Director	2018
Mrs Wafa Ibrahim Ali Mohamed Alhammadi*	1973	Director	2019

* Denotes that the Director is considered independent under the Governance Rules
** Effective as of the date of Admission (previously a Director only)

The business address of each of Directors is Unit 1, 20th floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

The management expertise and experience of each of the Directors is set out below:

HE Dr Sultan Al Jaber – ***Chairperson***

His Excellency Dr. Sultan Ahmed Al Jaber shall continue to be the Chairperson of the Company. H.E. Dr. Sultan Ahmed Al Jaber has served as Group Chief Executive Officer and Managing Director of ADNOC since February 2016. Prior to taking on the leadership position at ADNOC, H.E. Dr. Sultan Ahmed Al Jaber served as Chief Executive Officer of the Energy platform, of Mubadala Development Company. H.E. Dr. Sultan Ahmed Al Jaber is a member of the UAE Federal Cabinet, Minister of Industry and Advanced Technology, a position he has held since July 2020, and the UAE's special envoy for climate change. He also holds several additional leadership roles and advisory positions and counsels on issues related to Energy, Economics, Strategic Communications and Sustainable Development. In July 2020, H.E. Dr. Sultan Ahmed Al Jaber was appointed Chairman of Emirates Development Bank, a key partner in providing financial services for the sustainable economic and social development of the UAE. In December 2020, H.E. Dr. Sultan Ahmed Al Jaber was appointed as a board member to the Abu Dhabi Supreme Council for Financial and Economic Affairs. He is an active member of the Emirates Diplomatic Academy Board of Trustees, and Chairman of the Board of Trustees of the Mohamed bin Zayed University of Artificial Intelligence and holds a Ph.D. in Business and Economics from Coventry University, UK, an MBA from California State University, USA, and a BSc in Chemical and Petroleum Engineering from the University of Southern California, USA.

Nassef Sawiris – ***Executive Vice Chairperson***

Effective as of the date of Admission, Mr. Nassef Sawiris shall be the Executive Vice-Chairperson of the Company. Mr. Sawiris is the Executive Chairman of OCI. He joined the Orascom Group in 1982, became the Chief Executive Officer (CEO) of OCI's predecessor, OCI S.A.E., in 1998 and was also appointed Chairman of OCI S.A.E. in 2009 until the formation of OCI and remained CEO until 2020. Mr. Sawiris is the Chairman and CEO of Avanti Acquisition Corp., a special purpose acquisition company, listed on the NYSE, the executive chairman of Aston Villa FC, a supervisory director of Adidas AG, a member of the J.P. Morgan International Council, a member of the Cleveland Clinic's International Leadership Board Executive Committee since 2011, and in 2013 he became a member of the University of Chicago's Board of Trustees. Mr. Sawiris has also previously served on the Boards of BESIX SA, LafargeHolcim Ltd, OC, the Egyptian Exchange and NASDAQ Dubai. Mr. Sawiris holds a BA in Economics from the University of Chicago, USA. Mr. Sawiris was born in 1961 and is an Egyptian, Belgian and UAE citizen.

Mr. Ahmed El-Hoshy – *Chief Executive Officer and Director*

Mr. Ahmed El-Hoshy serves as Chief Executive Officer of OCI and Fertiglobe. Prior to becoming Chief Executive Officer of OCI, he was Chief Operating Officer and since joining OCI in 2009 has held various other positions including CEO of OCI Americas and CEO of OCI Partners LP, a subsidiary of OCI, when it was a listed company on the NYSE. He oversaw OCI's expansion into North America from no production assets to the current 5.5+ million tons of nitrogen and methanol capacity, representing over USD 6 billion of replacement value. During this time, he led the development of the group's largest greenfield projects, including Iowa Fertilizer Company, and has been responsible for a wide variety of activities including project development, financing, commercial, M&A, corporate strategy and general management. Mr El-Hoshy began his career at Goldman Sachs as a member of the investment banking and special situations groups in New York and Dubai. He received his bachelor's degree in economics with honors from Harvard College, USA. Mr El-Hoshy was born in 1984 and is a dual Egyptian and American citizen.

Mr. Bartholomeus Petrus Voet – *Director*

Mr. Bart Voet is Vice President – Manufacturing at OCI. Mr. Voet joined OCI in 2020 and brings 27 years of global experience with Royal Dutch Shell across several regions including Europe, Africa, US and Asia in the LNG, refining, chemicals and renewables business. His most recent position at Shell was VP Refining & Chemicals Manufacturing for Europe, Africa, Asia and the Middle East, where he oversaw 10 manufacturing locations including 6 million tons of chemicals production and 1.5 million barrels per day of refining capacity, as well as over 17,000 staff and contractors. Prior to that role he was managing director of Shell Pernis for five years. He has held a variety of other functions at Shell including HSE, where he led a Shell team of approximately 200 health and safety professionals across the globe, COO for Oman LNG and MD for a refinery JV between Shell and BP in South Africa. Mr. Voet has an MSC Chemical Engineering from the Technical University Delft in the Netherlands.

Mr. Charles David Welch – *Director*

Mr. Charles David Welch served 32 years with the U.S. diplomatic service. When he retired, he was Assistant Secretary of State for Near Eastern Affairs, the senior-most U.S. diplomat for the region. He was Ambassador to Egypt and served in Pakistan, Syria, Jordan, and Saudi Arabia. In 2008, he attained the lifetime rank of Career Ambassador, one of only about 60 diplomats to achieve this designation. From 2009 to 2019, he was President for International and Government Affairs at Bechtel, responsible for international representation, global security, internal and external communications, and the Washington Office. He was a board member of the U.S.-Saudi Business Council, the U.S.-U.A.E. Business Council and the U.S.-Egypt Business Council, and is a member of the Council on Foreign Relations and the American Academy of Diplomacy. He currently serves on several non-profit boards. Mr Welch was born in 1953 and is a United States citizen.

Mr. Guy Moeyens – *Director*

Mr. Guy Moeyens is the Executive Vice President Downstream and Asset Management in the Downstream Industry, Marketing and Trading directorate of the Abu Dhabi National Oil Company. Mr. Moeyens joined ADNOC in 2021 to oversee the performance management of all Downstream Operating Companies, including ADNOC's joint venture position in Fertiglobe. Prior to joining ADNOC, Mr. Moeyens spent 30 years at bp in various roles within Petrochemicals, Refining & Marketing and the corporate center. In his most recent role, Mr. Moeyens was the Chief Operating Officer for BP's integrated fuels and petrochemicals businesses in Europe and Southern Africa.

Mr. Hassan Hossam Hassan Badrawi – *Director*

Mr. Hassan Hossam Hassan Badrawi is the Chief Financial Officer of OCI. Mr. Badrawi joined OCI in 2001 and has held various leadership positions, encompassing M&A, strategy, business development and investor relations. He has led the group's investment and communication activities globally across multiple sectors including building materials, fertilizers, chemicals, infrastructure and construction. Mr. Badrawi holds a BA in Economics, Political Science and Literature from Duke University, USA. Mr. Badrawi was born in 1976 and is an Egyptian and British citizen.

Mr. Khaled Salmeen – ***Director***

Mr. Khaled Salmeen is the Executive Director of Downstream Industry, Marketing and Trading at ADNOC. In this role he leads ADNOC's Trading and Supply functions, as well as its Downstream and Industry operations. This includes the growth of its existing refining and petrochemicals business, development of TA'ZIZ, a globally competitive industrial eco-system in Ruwais that will support Abu Dhabi and the UAE's industrial growth ambitions, and ADNOC's evaluation of new business opportunities within Hydrogen. Mr. Salmeen is also responsible for ADNOC's strategic overseas storage and enhancing the company's global presence through ADNOC Marketing International. Previously, he served as Chief Executive Officer of Khalifa Industrial Zone Abu Dhabi, Chairman of Abu Dhabi Terminals, and Chief Operating Officer of Tabreed (National Central Cooling Company). He also led ADNOC's transformation efforts in the capacity of Program Management Office Director from 2016 to 2017, during a period of significant transformation for the ADNOC group.

In addition to his role as Executive Director of Downstream Industry, Marketing and Trading at ADNOC, Mr. Salmeen is a member of the board of directors of ADNOC Logistics and Services, ADNOC Refining, ADNOC Gas Processing, ADNOC LNG, Borouge ADP, ADNOC Global Trading and ADNOC Distribution PJSC. He is also Chairman of Borouge PTE, ADNOC Trading, TA'ZIZ, Abu Dhabi Gas Distribution and NGSCO Board of Directors. He holds a Bachelor of Science Degree in Engineering from the Colorado School of Mines in the United States and an Executive MBA from INSEAD.

Mr. Mohamed Saif Ali Abed Alaryani – ***Director***

Mr. Mohamed Saif Ali Abed Alaryani has served as Senior Vice President, Strategic Investments at ADNOC since 2019. Mr. Alaryani is a CFA Charter holder and holds a Bachelor's and Master's Degree in Chemical Engineering from Imperial College (London University), UK. He has previously held positions at the Ministry of Industry and Advanced Technology and TOTAL, and began his career at Mubadala Development Company. He currently serves on the board of ADNOC Drilling PSJC. Mr. Alaryani was born in 1991 and is a United Arab Emirates citizen.

Mr. Philippe Ryckaert – ***Director***

Mr. Philippe Ryckaert serves as Group Vice President of OCI focused on Business Development & Investments. Mr. Ryckaert joined OCI in 2014 and since joining has held various other positions focused on the group's strategic initiatives and operational improvements. Prior to joining OCI, he worked as a lawyer for Cleary Gottlieb Steen & Hamilton LLP in New York and London providing advisory services on M&A, capital markets, fund-formation and taxation of financial instruments. He also served as the Secretary General of the Belgium Chamber of Commerce in New York from 2011 to 2012. Mr. Ryckaert holds a Master's degree in Business Administration from INSEAD, France; an LLM in Law from New York University, USA; and a JD from Ghent University, Belgium. He is a Belgian and British citizen.

Mrs. Wafa Ibrahim Ali Mohamed Alhammadi – ***Director***

Mrs. Wafa Ibrahim Ali Mohamed Alhammadi has been the Chief Financial Officer of ADNOC Gas Processing since 2020 and has over 25 years of experience working in the oil & gas sector. Previously, Mrs. Alhammadi was the Chief Financial Officer of ADNOC Offshore and Total Abu Al Bukhoosh. Mrs. Alhammadi has also previously served on the board of Al Dafra Petroleum. Ms. Alhammadi holds a Bachelor's Degree in Business Administration from UAE University and a Diploma in Accountancy. Mrs. Alhammadi was born in 1973 and is a United Arab Emirates citizen.

Post-Admission Board of Directors

Following Admission, Mr. Bartholomeus Petrus Voet intends to resign from the Board. The Board intends to replace him with Mr. Jeffrey Ubben. Mr. Jeffrey Ubben is a Founder, Managing Partner, and the Portfolio Manager of Inclusive Capital Partners. Previously, Mr. Ubben founded ValueAct Capital. Mr. Ubben is also a Founder and served as Portfolio Manager of the ValueAct Spring Fund. Mr. Ubben is a non-executive director of The Exxon Mobil Corporation, AppHarvest, Enviva Partners, LP, and Nikola Corporation. He is a former director of The AES Corporation, former chairman and director of Martha Stewart Living Omnimedia, Inc., and a former director of Sara Lee Corp., Twenty-First Century Fox Inc., Willis Towers Watson plc, and several other public and private companies. In addition, Mr. Ubben serves on the boards of Duke University, the World Wildlife Fund and the E.O. Wilson Biodiversity Foundation.

Senior Management

In addition to the members of the Board of Directors, the day-to-day management of our operations is conducted by our senior management team, as follows:

Name	Year of birth	Position	Date of appointment
Ahmed El-Hoshy	1984	Chief Executive Officer	2021
Haroon Rahmathulla	1975	Chief Operating Officer	2019
Andrew Tait	1968	Chief Financial Officer	2019

The management expertise and experience of each of the senior management team is set out below:

Ahmed El-Hoshy – ***Chief Executive Officer***

Ahmed El-Hoshy serves as Chief Executive Officer of OCI and Fertiglobe. Prior to becoming CEO, he was Chief Operating Officer and since joining OCI in 2009 has held various other positions including CEO of OCI Americas and CEO of OCI Partners LP, a subsidiary of OCI, when it was a listed company on the NYSE. He oversaw OCI's expansion into North America from no production assets to the current 5.5+ million tons of nitrogen and methanol capacity, representing over USD 6 billion of replacement value. During this time, he led the development of the group's largest greenfield projects, including Iowa Fertilizer Company, and has been responsible for a wide variety of activities including project development, financing, commercial, M&A, corporate strategy and general management. Mr. El-Hoshy began his career at Goldman Sachs as a member of the investment banking and special situations groups in New York and Dubai. He received his bachelor's degree in economics with honors from Harvard College, USA. Born in 1984 and is a dual Egyptian and American citizen.

Haroon Rahmathulla – ***Chief Operating Officer***

Haroon Rahmathulla is the Chief Operating Officer of Fertiglobe. Prior to joining Fertiglobe, Mr Rahmathulla worked for over 25 years across the UK, North America, the Middle East and Asia, and most recently served as Managing Director at Barclays in the Chemicals team and headed the European Chemicals Investment Banking team of Jefferies Financial. Mr Rahmathulla has a wide range of experience across commodity and specialty businesses in the chemicals sector, and significant experience in the fertilizers and agriculture sectors across nitrogen, potash, phosphates and crop chemicals. Mr Rahmathulla holds an MBA from NYU's Stern School of Business.

Andrew Tait – ***Chief Financial Officer***

Andrew Tait is the Chief Financial Officer of Fertiglobe. Prior to joining Fertiglobe, he worked for 16 years in the Middle East with Shell, and more recently, ADNOC. Within his 22 years with Shell, Andrew worked as the MENA Upstream Commercial Finance Manager, and latterly as Shell's senior finance secondee in key investments, specifically as Head of Finance for PDO (Oman's State Oil and Gas Company) and CFO for Basrah Gas Company (creating Iraq's largest public / private venture). He has close to 30 years' experience in finance, including six years at Ernst & Young, 22 years with Shell and two years with ADNOC. Mr Tait is a qualified Chartered Accountant with the Institute of Chartered Accountants (England & Wales).

Executive Remuneration

Remuneration philosophy

Our overall remuneration philosophy is based on the approach that remuneration should be linked to the performance and behavior of an individual, business results and shareholder and customer outcomes. The approach to executive remuneration is intended to:

- attract and retain the executive team (taking into account the nature, scale and complexity of the Company's business);

- promote the long-term interests and viability of the Company;
- incentivize the executive team to perform at the highest levels (including by the use of appropriate performance-related remuneration);
- align the interests of the executive team with those of the shareholders and other key stakeholders; and
- provide appropriate levels of remuneration for non-executive directors, reflecting the time, commitment and responsibilities of their respective roles, and the objectivity of judgment in the decision making required by them.

Reward levels are set to attract, retain and engage high caliber talent to support the business strategy. Selected employees are able to share in the success of the Company through participation in annual bonus schemes.

Base salary and fixed pay

Salaries and allowance are periodically reviewed according to Company policy. Adjustments are made as required to ensure market competitiveness and maintain internal equity.

Benefits and pension

We have no company-wide pension scheme.

In accordance with Federal Law no. 8 of 1980 (the "UAE Labor Law") and ADGM Employment regulations 2019 the Group is required to pay end of service benefits to all qualifying employees of Fertil upon cessation of employment, it shall also be obligated to pay any unpaid salary, notice pay and accrued but untaken holiday pay. The key financial obligation of the Group with respect to end of service benefits is to make the specified lump sum payments to employees which become payable when they leave the Group, subject to certain exceptions (including leaving for gross misconduct). The amount payable at the time of exit is calculated as a multiple of a pre-defined fraction of salary (subject to a total cap equating to two (2) years' pay) based on the length of service. The UAE Labor Law does not require the Group to pay such end of service benefits in advance.

Both Fertiglobe and Fertil have adequate provisions for end of service benefits, notice pay and accrued holiday pay.

In accordance with:

- Law No. 2 of 2000 regarding civil retirement pensions and benefits in the Emirate of Abu Dhabi and its amendments (the Abu Dhabi Pensions Law) Fertil employees who are UAE nationals and (pursuant to s. 58 of the ADGM Employment Regulations) Fertiglobe employees who are UAE nationals; and
- Cabinet Resolution No. (18/2007) concerning the operational rules for the application of the provision of the law of extension of social insurance protection to nationals of GCC employees working outside their countries in any other GCC State (Cabinet Resolution), Fertil employees who are (non-UAE) GCC nationals and (pursuant to s. 58 of the ADGM Employment Regulations) Fertiglobe employees who are (non-UAE) GCC nationals,

must be registered with the Pension Scheme of the Emirate of Abu Dhabi (governed by the General Pensions and Social Security Authority).

For UAE nationals, the current employee contribution is 5% of pensionable monthly salary with an employer contribution of 15% of pensionable monthly salary and both Fertiglobe and Fertil contribute to the Abu Dhabi Pension Scheme in accordance with the Abu Dhabi Pensions Law. For other GCC nationals, employers in the UAE are liable to mandatory subscriptions for their GCC employees according to the social security law in their home countries in terms of registration and subscriptions, provided that the same may not exceed the subscription share designated for the employers to UAE nationals (where there is a shortfall, the employer will be obligated to deduct the difference from the employee's salary unless the home state of that employee agrees to cover the difference. Both Fertiglobe and Fertil contribute to the GCC Pension Scheme in accordance with the Cabinet Resolution.

In accordance with Egyptian labor laws, the Group is required to contribute to the relevant public pension schemes regulated under Egyptian Social Insurance Law No. 148 of 2019. We contribute 8% of gross salary and employees contribute 2% of gross salary to the relevant public pension schemes. Other benefits afforded to our employees in Egypt include medical insurance, life insurance, shift allowance, on-call / overtime allowance, and various transportation / shuttle services.

In Algeria, we provide the following benefits to employees: housing allowance, transportation allowance, on-call / overtime allowance, noise / risk / danger allowance, annual leave allowance, as well as medical and disability insurance. The Group is not required to provide pensions or end of service benefits in Algeria, however employees have access to an end of service scheme.

Annual bonus

Annual bonuses are payable at the sole discretion of the Board. Bonuses are based on the achievement of certain metrics measured over a one year performance period.

For the most senior executives, the potential bonus opportunity is capped in any financial year at a sufficiently motivational level, with consideration of local competitive market norms. Bonus opportunities will be cascaded by seniority as appropriate. Performance measures and targets will be based on an appropriate combination of corporate, divisional and individual performance.

Long Term Incentive Plan ("LTIP")

While the Company does not have a long-term incentive plan for the Board of Directors or senior executives, it may in the future implement one. It is currently contemplated that any such plan will provide for compensation in cash only.

Corporate Governance

Governance rules

The Board of Directors is committed to standards of corporate governance that are in line with international best practice. As at the date of this Offering Memorandum, Fertiglobe complies with the corporate governance requirements of the ADX listing rules.

In this respect, the ADX listing rules provide that the ADX may, as it deems appropriate, decide to apply the Corporate Governance Guide for Joint Stock Companies issued by the SCA pursuant to Decision No. 3/RM of 2020 (as amended) (the "SCA Governance Guide") to financial free zone companies (such as Fertiglobe) which list on the ADX. In this regard, the ADX has confirmed that the SCA Governance Guide will generally be applicable to Fertiglobe but it has also approved a request from Fertiglobe that, taking into account matters such as the governance regime contained in Fertiglobe's Articles of Association and the fact that a number of topics are already regulated under the Companies Regulations, certain provisions of the SCA Governance Guide should be disapplied. In particular, the ADX approved the disapplication of a number of provisions of the SCA Governance Guide including Articles 6(3), 6(4), 8(1), 8(3)(A), 10(1), 15, 16, 20-23 (inclusive), 24(5)(C), 24(9), 24(10), 25, 26(1), 27, 29, 32 (other than section (2) and, as it relates to the recording of conflicts in board of director meeting minutes, section (5)), 34, 35, 36(2), 39, 40-48 (inclusive), 59(5), 59(6), 59(7), 59(11), 59(12), 60(1), 61(20), 65, 71(2), 71(4), 80 and 82(1)(B) and 82(C). The ADX also approved the interpretation of a number of other provisions of the SCA Governance Guide in a manner consistent with the Companies Regulations and our Articles of Association. In addition, the Board of Directors has adopted a governance and board composition policy which includes various principles applicable to the make-up of the Board, including that there must be at least one female director. In this Offering Memorandum, the corporate governance rules applicable to Fertiglobe (taking into account the application of the SCA Governance Guide (and disapplication of certain provisions) referred to above and the governance and board composition policy) are collectively referred to as the "Governance Rules".

The Governance Rules require that the majority of the Board must comprise non-executive independent directors in accordance with the criteria set out in the Governance Rules. The Governance Rules define an independent member as a member who has no relationship with the Company, any member of its senior executive management, its auditor, its parent company, its subsidiaries, any sister company, or any affiliate company in a manner that could lead to financial or moral benefit which may affect their decisions, subject to certain exceptions for directors with certain government links. Save for Mr Nassef Sawiris and Mr Ahmed El-Hoshy, the Board consists entirely of non-executive directors (the "Non-Executive Directors"). The Company regards HE Dr Sultan Al Jaber, Mr Charles David Welch, Mr Guy Moeyens, Mr Khaled Salmeen, Mr Mohamed Saif Ali Abed Alaryani and Mrs Wafa Ibrahim Ali Mohamed Alhammadi as "independent members of the Board" within the meaning of the Governance Rules.

Fertiglobe's Articles of Association further require that the Board meet at least four times each year.

Board committees

The Board will establish three permanent committees – an Audit Committee, a Nomination and Remuneration Committee (each of which will be subject to the composition requirements of the Governance Rules), and an Executive Committee. If the need should arise, and subject to the Articles of Association, the Board may set up additional committees as appropriate. In accordance with the Governance Rules, the Chairperson is not permitted to be a member of either the Audit Committee or the Nomination and Remuneration Committee.

Our Articles of Association state that the composition of the Audit Committee and the Nomination and Remuneration Committee will reflect, as closely as possible, on a proportional basis, representation of the various director groups on our Board and that the membership of the Executive Committee will reflect, as closely as possible and also on a proportional basis, representation of the larger director groups on our Board. Where a director group comprises a majority of the members of the Board, then the majority of the members of each committee will be comprised of directors from that director group. The director groups are determined in accordance with Fertiglobe's Articles of Association and, broadly, allocate each director to a group depending upon the identity of the shareholder who cast the most votes for that director when he or she was elected. Further details are set out in the Articles of Association.

A high-level overview of the mandate of each of these committees, as at listing upon ADX, is set out below.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities relating to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of our financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the relationship with our external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of our internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The Audit Committee will give due consideration to the applicable laws and regulations of the UAE, the ADGM, the SCA and the ADX.

The Audit Committee charter requires that the Audit Committee must comprise at least three members who are Non-Executive Directors of whom at least two of its members must be independent. In addition, at least one member is required to have practical audit and accounting experience. The Audit Committee will be chaired by one of the independent members and will include other members elected by the Board members from time to time. The Audit Committee will meet not less than four times per year.

The Audit Committee will take appropriate steps to ensure that the Company's external auditors are independent of the Company as required by applicable law. We have obtained written confirmation from our auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board in setting and overseeing the nomination and remuneration policies in respect of the Board, any committees of the Board and senior management. In such capacity, it is responsible for evaluating the hiring of Fertiglobe's executive management, evaluating the balance of skills, knowledge and experience of the Board and committees of the Board and, in particular, monitoring the independent status of the independent Directors. It is also responsible for periodically reviewing the Board's structure and identifying, where relevant, potential independent candidates to be appointed as Directors or committee members as the need may arise. In addition, and subject to the Articles, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of our remuneration policy and determining the individual remuneration and benefits package of our senior management.

The Nomination and Remuneration Committee must be comprised of at least three Non-Executive Directors, at least two of whom must be independent, in each case within the meaning of those terms in the Governance Rules. The chairperson of the Nomination and Remuneration Committee must be chosen from amongst the independent committee members. The members of the Nomination and Remuneration Committee will be appointed in accordance with the Articles of Association. The Nomination and

Remuneration Committee will meet at least twice a year, and otherwise from time to time based on the Company's requirements.

Executive Committee

The Executive Committee assists the Board in discharging its responsibilities, including in relation to the Company's commercial performance. The Board has delegated to the Executive Committee approval of related party transactions, however certain related party transactions do not require such approval (including transactions entered into pursuant to the related party agreements existing on the date of this Offering Memorandum which are described in "*Related Party Transactions*"). Decisions regarding related party transactions are generally taken by way of a vote of non-conflicted committee members, although in certain circumstances all members of the Executive Committee will be entitled to vote (including in relation to transactions entered into with certain related parties in the ordinary course of business on arm's-length terms with an aggregate consideration not exceeding USD 10 million in any fiscal year). Whilst not a member of the Executive Committee, any standalone director (as defined in the articles) will, provided that they are not themselves conflicted, be invited to attend Executive Committee meetings at which related party transactions are discussed and will be entitled to give his or her views on such transactions. The Executive Committee will receive detailed information and reporting relating to the business and operations of the Group.

The Executive Committee charter requires that the Executive Committee must comprise five members. The Executive Committee will meet once a month.

RELATED PARTY TRANSACTIONS

We are and have been a party to various agreements and other arrangements with related parties comprising OCI and certain of its other subsidiaries, and ADNOC and certain of its other subsidiaries. The most significant of these transactions are described below. For details of the impact of related party transactions on our financial position and financial results as at and for the years ended 31 December 2018, 2019 and 2020, please refer to note 26 of the consolidated financial statements, included elsewhere in this Offering Memorandum. For details of the impact of related party transactions on our financial position and financial results as at and for the six months ended 30 June 2020 and 2021, please refer to note 16 of the semi-annual condensed consolidated interim financial statements, included elsewhere in this Offering Memorandum.

Fertiglobe

Shared Services Agreement

On 5 October 2021, we entered into a Shared Services Agreement with OCI pursuant to which OCI has agreed to provide us with services in a number of areas including finance, investor relations, manufacturing, HSE, insurance and information technology systems. The services are supported by a number of service level agreements which deal with certain administrative procedures in respect of the provision of the relevant service. The Shared Services Agreement may be terminated upon the occurrence of certain trigger events. The Shared Services Agreement includes (amongst other things) provisions that: (a) preclude OCI from soliciting certain employees of the Company, (b) preclude OCI from using information obtained pursuant to the Shared Services Agreement to deprive the Company of a business opportunity, and (c) require OCI to comply with applicable law and regulations in relation to inside information and public disclosure obligations, including the maintenance of an insider register.

Financial Reporting and Disclosure Protocols

On 5 October 2021. we entered into certain protocols relating to matters including financial reporting, disclosure and investor relations (the "Protocols") with OCI. Given that OCI is a listed company and that OCI consolidates our financial statements, we have entered into the Protocols to allow for consistent, orderly and timely disclosures of financial and other information by both OCI and the Company. The Protocols provide for coordination on financial and non-financial reporting and certain other matters in order to facilitate both OCI and the Company complying with their respective legal obligations.

Deed of Undertaking relating to ADNOC Consents

On 5 October 2021, we entered into a Deed of Undertaking with ADNOC pursuant to which we have provided an undertaking not to take, under certain circumstances, certain actions without the express consent of ADNOC from the sunset date (as defined in "*Description of Share Capital—Our Articles of Association*"), until our major shareholders obtain relevant antitrust clearances in relation to the occurrence of the sunset date.

ADNOC Undertaking

On 5 October 2021, ADNOC entered into a separate undertaking pursuant to which it has agreed, until the occurrence of certain future events and subject to the terms thereof, to vote in favor of candidates for appointment as directors who meet certain criteria under the Company's governance and board composition policy.

Fertil Trust Arrangement

See "*Business—Material Agreements—Fertil trust arrangement*".

Subscription and Contribution Agreement

On 17 June 2019, in connection with the contribution of the relevant MENA fertilizer businesses of OCI and ADNOC to Fertiglobe, Fertiglobe entered into a subscription and contribution agreement with, among others, the OCI Shareholder and ADNOC. Pursuant to an amendment to the subscription and contribution agreement entered into on 5 October 2021, OCI has agreed to indemnify us for certain losses and liabilities relating to the Company's legacy engineering and construction businesses, including liabilities referred to under "*Business—Legal proceedings—OCI S.A.E. tax evasion case*" and "*Business—Legal proceedings—OCI S.A.E. / Sidra project arbitration*". The indemnification provided to Fertiglobe is resulting in a contribution in kind of USD 64.0 million and recognition of a receivable due from OCI for the same amount. Such receivable will only become due and payable by OCI in the event such liability materializes.

Tax Deed

On 30 September 2019, in connection with the contribution of the respective MENA nitrogen products businesses of OCI and ADNOC to Fertiglobe, Fertiglobe entered into a tax deed with OCI and ADNOC. Under the terms of the tax deed, Fertiglobe agreed to take certain actions in respect of tax refunds receivable or received by members of the Group which relate to the period or events which occurred prior to 30 September 2019. These actions include notifying OCI and ADNOC in respect of such tax refunds, taking steps to obtain such refunds and paying any such tax refunds received to OCI (in the case of the entities contributed by OCI to Fertiglobe) and ADNOC (in the case of Fertil) equal to Fertiglobe's economic interests in that member of the Group.

Project Harvest – Project Framework Agreement

On 21 June 2021, Fertiglobe entered into a project framework agreement with ADNOC in respect of Project Harvest. The agreement sets out the framework for Fertiglobe and ADNOC to establish a joint venture to develop a low carbon intensity ammonia production plant in the derivative and industrial complex at Ruwais, Abu Dhabi. The agreement contemplates that Project Harvest will be developed in accordance with the framework agreement until the shareholders' agreement (that Fertiglobe and TA'ZIZ (a joint venture between ADNOC and ADQ) propose to enter into) becomes unconditionally effective.

Fertil

Fertil Governance Agreement

On 5 October 2021, we entered into a governance agreement with Fertil and ADNOC pursuant to which we agreed to regulate certain governance arrangements in relation to Fertil given the importance of the operations of Fertil to the oil and gas industry in Abu Dhabi. Under the terms of the Fertil Governance Agreement:

- until the occurrence of one of a number of trigger events (including relating to OCI's ultimate level of ownership in the Company), certain ADNOC group policies will continue to apply to Fertil, and other ADNOC group policies will continue to serve as material guidelines for the operation of Fertil. After the occurrence of the trigger event, various other ADNOC group policies will become applicable;
- Emirati national(s) must be appointed to senior management positions of Fertil (in accordance with UAE laws), and an Emiratization policy to recruit, prepare and train Emirati nationals must be maintained;
- priority must be given to the sourcing of services and products from providers owned by Emirati nationals, or otherwise from businesses operating within the UAE (where it is commercially prudent to do so); and
- Fertil must continue to make at least 1.5% of its aggregate urea production volume available for sale in the UAE in line with the prevailing market value. Other than as specified above regarding various ADNOC group policies, the majority of the provisions of the governance agreement will terminate once the Government of the Emirate of Abu Dhabi, and entities which are at least 75% owned by it, cease to own, directly or indirectly, 15% of our ordinary shares.

Natural Gas Supply Contract

Fertil entered into a 25-year long-term natural gas supply agreement with ADNOC on 30 September 2019. The minimum contractual volume is 56 million MMBtu per year and the gas is supplied on a take or pay basis. For a description of the principal terms of this agreement, please refer to "*Business—Material Agreements—Natural gas contracts—Long-term natural gas contract between Fertil and ADNOC*".

Utilities Supply Agreement

On 30 September 2019, Fertil entered into a utilities supply agreement with ADNOC Refining (a subsidiary of ADNOC) for the supply of utilities to Fertil's fertilizer production facilities. The agreement sets out the terms, conditions and pricing for ADNOC Refining to supply certain utilities, on a take or pay basis, to Fertil (specifically: electricity; sea water; desalinated water; and potable water). The agreement is for an initial term of 25 years (unless terminated in accordance with the terms of the agreement), and automatically renews for successive periods of five years thereafter, unless one of the parties notifies the other of its intention not to renew twelve months prior to a renewal date.

Gaseous Nitrogen Supply Agreement

On 18 September 2013, Fertil (and certain other ADNOC affiliates) entered into a gaseous nitrogen supply agreement with ADNOC. The agreement sets out the terms, conditions and pricing for Abu Dhabi Gas Industries Limited, on behalf of ADNOC, to supply gaseous nitrogen to Fertil. The price of gaseous nitrogen under the agreement is fixed until 25 September 2032, and no minimum take or pay obligation is imposed on Fertil under the agreement.

Operations, Maintenance and Asset Use Agreement

On or around 30 September 2019, Fertil entered into an operation, maintenance and asset use agreement with ADNOC in respect of the bulk cargo terminal located at Ruwais, Abu Dhabi, and the lay down areas adjacent to the bulk cargo terminal. Under the agreement, Fertil: agrees to manage, operate and maintain the bulk cargo terminal and adjacent lay down areas; and is granted certain usage rights for the bulk cargo terminal and lay down areas.

Land Lease Agreement and Land Lease Side Letter

On 30 September 2019, Fertil entered into a land lease agreement and land lease side letter with ADNOC, each in respect of land rights for the fertilizer plant site at Ruwais, Abu Dhabi. The land lease agreement is for an initial term of four years, and automatically renews for successive periods of four years until the decommissioning date (unless terminated earlier). Under the land lease agreement, Fertil is granted certain proprietary rights in respect of the land on which the fertilizer plant is situated. The land lease side letter amends certain terms in the land lease agreement, including (but not limited to) a rental increase in the event the land lease agreement is automatically renewed after the initial four year term.

Administration Building Lease

On 30 September 2019, Fertil entered into an administration building lease agreement with ADNOC in respect of the ground and first floor of the administrative building located in Ruwais, Abu Dhabi. The administration building lease is for an initial term of five years and nine months, and automatically renews for successive periods of five years thereafter (unless terminated earlier). Under the lease, Fertil is granted certain proprietary rights in respect of the ground and first floor of the administrative building.

Head Office Lease

Fertil entered into a lease agreement with ADNOC in respect of three floors of the Sheikh Khalifa Energy Complex 1 (Tower 1) in Abu Dhabi with an effective date of 1 January 2018. The head office lease automatically renews on an annual basis. Under the head office lease, Fertil is granted certain proprietary rights in respect of the relevant three floors at Sheikh Khalifa Energy Complex 1 (Tower 1).

Ruwais Housing Agreement

On 30 September 2019, Fertil entered into a housing agreement with ADNOC in respect of certain housing accommodation in Ruwais, Abu Dhabi. The effective date for the lease was 1 January 2019, and the initial term was one year, with a discretionary renewal mechanism. Under the housing agreement Fertil was granted certain proprietary rights in respect of the housing accommodation.

Corporate Services Agreement

On 30 September 2019, Fertil entered into a corporate services agreement with ADNOC. The agreement sets out the terms, conditions and pricing for ADNOC to provide certain corporate services to Fertil, and if requested by Fertil, certain additional services to Fertil. The corporate services include (among other things): communication services, HSE services, legal services, insurance services, and IT services. The additional services include (among other things): corporate governance; finance, treasury and accounting; tax; human resources; logistics; procurement; and general management and administrative services.

Shared Services Agreement

On 21 March 2018, Fertil (and other ADNOC affiliates) entered into a shared services agreement with ADNOC Refining (a subsidiary of ADNOC) in respect of shared services at Ruwais, Abu Dhabi. The agreement sets out the terms and conditions for ADNOC Refining to provide: (i) central maintenance services; (ii) central engineering and project services; and (iii) central fire brigade services to Fertil (and other ADNOC affiliates). There is no expiry date under the agreement, and the agreement will continue until terminated.

Common Facilities Services Agreement

On 22 May 2019, Fertil entered into a common facilities services agreement with ADNOC Refining (a subsidiary of ADNOC). The agreement sets out the terms and conditions on which ADNOC Refining provides certain services in respect of common facilities in Ruwais, including (but not limited to): (i) cleaning and landscaping for easement areas; (ii) water for industrial irrigation; (iii) maintenance of electrical transmission lines; (iv) electricity and potable water for common areas; and (v) other services of a similar nature. The agreement has a fifteen year term (unless terminated earlier).

Memorandum of Agreement for Waste Treatment Services

On 7 January 2019, Fertil entered into an amended and restated memorandum of agreement with ADNOC Refining (a subsidiary of ADNOC). The agreement sets out the terms, conditions and pricing for ADNOC Refining to treat and dispose of certain waste products generated by Fertil's fertilizer plant at Ruwais, Abu Dhabi. The agreement is for an initial term of 15 years (unless terminated earlier), after which the agreement automatically renews for successive five year periods (unless ADNOC Refining or Fertil notifies its intention not to renew at least twelve months prior to the expiry date).

IRSHAD Oil Spill Response Agreement

On or around 1 July 2016, Fertil (and several other companies that operate in the Ruwais industrial area in Abu Dhabi), entered into a management and operations of tier 1 oil spill response vessel agreement with Abu Dhabi Petroleum Ports Operating Company (IRSHAD). Under the agreement Abu Dhabi Petroleum Ports Operating Company (IRSHAD) provides oil pollution response services to Fertil and other companies, and ADNOC supervises the provision of such services.

ADNOC Group Medical Services Agreement

On 28 August 2018, Fertil (and several other ADNOC group companies that do not form part of the Fertiglobe Group) entered into a medical services agreement. Under the medical services agreement, ADNOC provides medical services to Fertil, other ADNOC group companies and certain personnel. The agreement is for an initial term of 10 years (unless terminated earlier) and will renew for successive five year periods thereafter.

OFT AND FDL

Ammonia Supply Agreement

On 30 September 2019, OFT, FDL and OCI Nitrogen B.V. (a subsidiary of OCI, but not part of the Group) entered into an ammonia supply agreement. The agreement sets out the terms and conditions upon which OFT supplies ammonia to OCI Nitrogen B.V., at market price, and that OFT is to be the exclusive supplier of ammonia to OCI Nitrogen B.V. for its ammonia sea import terminals. The agreement contemplates the automatic replacement of OFT as the supplier under the agreement by FDL once FDL receives the requisite ammonia trading licenses from the relevant Algerian authorities. The agreement is for an initial term of twelve months (unless terminated earlier), after which the agreement automatically renews for successive twelve-month periods (unless either party notifies its intention not to renew at least six months prior to the expiry date).

Master Framework Agreement

On 20 September 2018, OCI, OFT, OCI Beaumont LLC, OCI Nitrogen B.V., Biomethanol Chemie Nederland B.V., OCI, Ester Finance Titrisation, Credit Agricole Corporate & Investment Bank and Credit Agricole Leasing & Factoring entered into a master framework agreement to establish a trade receivables and securitization program. On 20 February 2020, FDL acceded to the Securitization Facility as a Seller, and OFT withdrew from the Securitization Facility. Pursuant to the master framework agreement, OCI guarantees the performance of certain FDL obligations under the Securitization Facility. See "*Business—Material Agreements—Financing arrangements—Securitization Facility and FDL Receivables Purchase Agreement*".

N-7 Sales Agency Agreement

On 18 May 2018, OFT entered into a sales agency agreement with N-7 LLC (a subsidiary of OCI). On 29 April 2021, OFT transferred its rights and obligations under the sales agency agreement to FDL.

Under the sales agency agreement, N-7 LLC is the sole and exclusive commercial agent of FDL for the marketing, sale and distribution of urea, UAN, ammonium sulfate and other fertilizer products in the U.S. and Canada. The agreement automatically renews for successive periods of twelve months (unless terminated earlier).

OCI S.A.E.

Demerger Conditional Sale Agreement

As part of the Demerger, OCI transferred its engineering and construction business to OC in March 2015. OCI S.A.E., which is our sub-holding company for two of our four operating subsidiaries, was the former parent company of the OCI group prior to the Demerger and was delisted from the Egyptian Exchange in 2016.

At the time of the Demerger, OCI S.A.E. held certain construction activities that could not be transferred to OC as part of the Demerger due to legal, regulatory or other considerations. Any engineering and construction projects awarded since September 2014 have been entered into by subsidiaries of OC. The remaining engineering and construction backlog under OCI S.A.E. consists of the residual amount of the engineering, procurement and construction contract with the Egyptian Ministry of State for Antiquities related to the Grand Egyptian Museum.

To facilitate the effective governance and economic allocation of both the fertilizer and legacy engineering and construction activities under OCI S.A.E, OCI MENA B.V. (previously a subsidiary of OCI, and now our wholly-owned subsidiary) and OC IHC 4 B.V. (a subsidiary of OC) entered into the CSA. The CSA stipulates that the management of construction activities, as well as the economic effect of all related risks and rewards, would be passed from OCI S.A.E. to OC until OCI S.A.E.'s construction activities are terminated, or until OCI S.A.E.'s construction activities are fully demerged into a separate construction entity that is then transferred to OC. Accordingly, the financial statements of OCI S.A.E. do not reflect the activities, assets or liabilities of the legacy construction activities as these are fully assigned and therefore reflected in the OC financial statements. See "*Risk Factors—Risks Related to Our Business—Our subsidiary OCI S.A.E. continues to hold some residual activities related to the legacy engineering and construction business*".

In addition to management, the CSA also grants OC the right to vote on the board of directors of OCI S.A.E. in matters related to the engineering and construction business.

The CSA also stipulates that any payment arising from the contingent tax liability described under "*Business—Legal proceedings—OCI S.A.E. tax evasion case*" will be split on a 50/50 basis between OCI S.A.E. and OC IHC 4 B.V. If it is unclear whether a liability relates to the engineering and construction operations or the fertilizer operations, OC IHC 4 B.V. will be liable for 15% of such liability. See "*Risk Factors—Risks Related to Our Business—Our subsidiary OCI S.A.E. continues to hold some residual activities related to the legacy engineering and construction business*".

Members of the Sawiris family collectively own a controlling interest in OCI, and a significant beneficial interest in OC. In addition, Mr. Nassef Sawiris the former Chief Executive Officer and the Executive Vice-Chairperson of our Board.

Fertiglobe France

Office Sub-Lease

Fertiglobe France, as sub-lessor, and OCI Agro France SAS, as sub-lessee, entered into a sub-lease agreement relating to the premises located 3, avenue Paul Langevin – Bâtiment 3 – parc d'activité Enora Park, 33600 Pessac, France; this address being the head office of both the sub-lessor and the sub-lessee. The effective date for the lease was 1 October 2019, and the sub lease expires on 31 July 2022.

SELLING SHAREHOLDERS

Selling Shareholders

The following table sets forth the shareholding of our Shares by the OCI Shareholder and the ADNOC Shareholder: (i) as at the date of this Offering Memorandum, with a total share capital of 8,301,318,925 shares of USD 0.16 each; and (ii) immediately following the Global Offering, assuming that the Selling Shareholders sell all of the Shares being offered:

	As at the date of this Offering Memorandum		Immediately following the Global Offering(1)	
	Number of Shares	**Percentage**	**Number of Shares**	**Percentage**
Shareholder				
OCI Fertilizers B.V.	4,814,764,975	58%	4,150,659,464	50%
ADNOC Fertilizers – Sole Proprietorship L.L.C	3,486,553,950	42%	3,005,077,450	36.2%

(1) Assumes that the maximum number of Shares offered in the Global Offering are sold. 1,145,582,011 Shares are being offered in the Global Offering.

The OCI Shareholder is an indirectly wholly-owned subsidiary of OCI. The ADNOC Shareholder is an indirect wholly-owned subsidiary of ADNOC (which is wholly-owned by the government of Abu Dhabi). No Shares have voting rights that differ from those of any other Shares. As at the date of this Offering Memorandum, the Company is not aware of any arrangements that may result in a change in control of the Company.

DESCRIPTION OF SHARE CAPITAL

Set out below is a summary of certain information concerning the Shares, certain provisions of our Articles of Association (the "Articles") adopted in connection with the Global Offering, and certain requirements of applicable laws and regulations in effect as at the date hereof. This summary does not purport to be complete.

Our Share Capital

On incorporation in the ADGM on 23 December 2018, our total issued share capital was USD 1000 consisting of 1000 Shares of USD 1 each, which was subscribed for in full by the OCI Shareholder.

On 15 March 2019, we issued 1,930,361,396 Shares of USD 1 each, of which 1,930,361,396 Shares were subscribed for by the OCI Shareholder. This increased our total issued share capital to USD 1,930,362,396 consisting of 1,930,362,396 Shares of USD 1 each.

On 30 September 2019, we issued 1,397,848,632 Shares of USD 1 each, of which 1,397,848,632 Shares were subscribed for by the ADNOC Shareholder. This increased our total issued share capital to USD 3,328,211,028 consisting of 3,328,211,028 Shares of USD 1 each.

On 28 June 2021, we cancelled 2,000,000,000 Shares of USD 1 each, following a written resolution passed by our members on 28 June 2021. This reduced our total issued share capital to USD 1,328,211,028 consisting of 1,328,211,028 Shares of USD 1 each.

By a written resolution passed by our members on 2 September 2021, it was resolved that: (i) the Company be re-registered as a public limited company under the Companies Regulations by the name of "Fertiglobe plc"; and (ii) the Articles be adopted in substitution for and to the exclusion of the existing articles of association of the Company. The re-registration took place on 5 September 2021.

On 16 September 2021, we sub-divided our total issued share capital from 1,328,211,028 Shares of USD 1 each to USD 1,328,211,028 consisting of 8,301,318,925 Shares of USD 0.16 each.

As at the date of this Offering Memorandum, we do not hold any Shares in treasury and our total issued share capital is USD 1,328,211,028 consisting of 8,301,318,925 Shares of USD 0.16 each, of which 4,814,764,975 Shares are owned by the OCI Shareholder (representing 58% of our total issued share capital) and 3,486,553,950 Shares are owned by the ADNOC Shareholder (representing 42% of our total issued share capital). The Selling Shareholders will offer 13.8% of the Company's share capital for sale as part of the Global Offering. Immediately following the Global Offering, assuming that the Selling Shareholders sell all of the Shares being offered, our total issued share capital shall be USD 1,328,211,028 consisting of 8,301,318,925 Shares of USD 0.16 each, of which 4,150,659,464 Shares shall be owned by the OCI Shareholder (representing 50% of our total issued share capital) and 3,005,077,450 Shares shall be owned by the ADNOC Shareholder (representing 36.2% of our total issued share capital).

Our Articles of Association

The following is a summary of selected rights under our Articles and the Companies Regulations and the rules and regulations that will apply to the Company following the Admission.

In this Offering Memorandum, the "**sunset date**" has the meaning given in the Company's Articles of Association.

Share capital

In the following description of the rights attaching to the Shares, a holder of Shares and a shareholder is, in both cases, the person registered in the Company's register of shareholders as the holder of the relevant Shares.

Without prejudice to any rights attached to any existing Shares, and subject to the other provisions of the Articles (including the board and shareholder supermajority matters referred to below), the Company may issue Shares with such rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution to so authorize them, Board. Subject to the other provisions of the Articles, the Company may also issue Shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of any such Shares.

Share register

Upon listing on the ADX, the Shares will be dematerialized and the share register will be maintained by the ADX.

The Shares may be sold, transferred, or otherwise disposed of in accordance with the provisions of the Articles and the applicable regulations for selling, purchasing, clearing, settling and recording.

Deceased shareholders

In the event of a death of a shareholder, the persons entitled to that shareholders' Shares shall be entitled to choose to become a holder of the Shares or to transfer to them to another person and, after being registered as a shareholder in accordance with the Articles, shall have the same rights as a shareholder as the deceased shareholder had in relation to such Shares, subject to the Articles of Association and pending any transfer of shares to another person. The estate of the deceased shareholder shall not be exempted from any outstanding obligation relating to any Share held by them at the time of death.

Any person who becomes entitled to rights to Shares as a result of the death or bankruptcy of any shareholder, or pursuant to an attachment order issued by any competent court of law, should:

- produce evidence of such right to the Board; and
- select either to be registered as a shareholder or to nominate another person to be registered as a shareholder of the relevant Share(s).

Changes in share capital

Save as set forth below under "*General Meetings—Shareholder Supermajority Matters*" and "*Directors—Board Supermajority Matters*" the provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent than the conditions imposed by the Companies Regulations.

Pre-emption rights on new issues of shares

Any issue of new Shares for cash must first be offered to the existing shareholders for subscription, in proportion to their existing shareholdings, before being offered to any third-party. As noted below under "*General Meetings—Shareholder Supermajority Matters*", prior to the "sunset date" any changes to the Company's share capital require the approval of Shareholders representing at least 75% of the total issued share capital of the Company in order for them to be approved. In circumstances where the shareholders grant a general (rather than a specific) authority to the Board to allot shares, decisions of the directors relating to any such allotment will require board supermajority approval as referred to below.

Dividends

The Company may, by ordinary resolution, declare dividends to be paid to its shareholders. However, no dividend shall be declared unless it has been recommended by the Board of Directors and does not exceed the amount recommended by the Board of Directors. Any distribution which is not in accordance with the group's dividend policy (and any amendments to that policy) will, prior to the sunset date, require board supermajority approval before it can be effected.

Transfer of Shares

The Shares offered pursuant to this Offering Memorandum shall be held in dematerialized form in a shareholder registry maintained by ADX and transfers shall be governed by and shall comply with the regulations applicable to companies listed on ADX. The Shares may be sold, transferred, pledged or otherwise disposed of in accordance with the Articles. Transfers made other than in accordance with the Articles shall be void.

General Meetings

Annual general meeting

An annual general meeting shall be held in each period of 6 months beginning with the day following the Company's accounting reference date, at such place or places (including electronic platforms), date and time as may be decided by the directors.

Convening of general meetings

The directors may, whenever they think fit, call a general meeting. The directors are required to call a general meeting once the Company has received requests from its members to do so in accordance with the

Companies Regulations. The directors shall determine whether a general meeting is to be held as a physical general meeting or an electronic general meeting.

Notice of general meetings etc.

Notice of general meetings shall include all information required to be included by the Companies Regulations and shall be given to all members other than those members who are not entitled to receive such notices from the Company under the provisions of the Articles.

Quorum

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Until the sunset date (as defined below):

- a quorum will require the presence, in person or by proxy, of (i) members representing a simple majority of the total issued and outstanding share capital of the Company, and (ii) each member holding at least 25% of the total issued share capital of the Company; and
- in the event that a general meeting is adjourned due to a lack of quorum, the adjourned general meeting shall not be subject to any requirement as to quorum.

Shareholder Supermajority Matters

For so long as entities related or otherwise affiliated with the Government of the Emirate of Abu Dhabi hold at least 25% of the total issued share capital of the Company, the following matters require the approval of Shareholders representing at least 75% of the total issued share capital of the Company in order for them to be approved:

- any merger, amalgamation, or consolidation of a Group company with any other entity other than a relevant Group company;
- any amendments to the Articles of Association;
- any changes to the share capital of the Company or the rights attached to any shares;
- the solvent winding-up, dissolution or liquidation of the Company;
- the initiation or implementation of any safeguard proceedings, insolvency or receivership of the Company; and
- any disapplication of any provision of the Articles of Association which prevents a conflicted director from participating in a board meeting.

Directors

The Board of Directors

According to the Articles, the Board shall be responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company. Board members will be elected by the shareholders in general meeting in accordance with the cumulative voting process set out in the Articles. The first Board was appointed by the Selling Shareholders for a period of three years commencing on the date of Admission.

If, prior to the sunset date, a position becomes vacant during the term of the Board, then the relevant shareholder (if such shareholder is a "**major shareholder**," meaning that it holds 25% or more of our shares) that cast the most votes for that director may appoint a replacement, otherwise the replacement will be appointed by the Board as a board supermajority matter. In either case, the replacement shall serve the remaining term of the director who vacated her or his position.

Number of directors

The Board shall consist of 11 Directors. Following the sunset date, the number of directors comprising the board may be increased or decreased pursuant to a vote of a simple majority of the board.

Board meetings

The Board shall hold its meetings at the head office of the Company, or at any other place agreed by the Board. Subject to certain exceptions set out in the Articles, the quorum necessary for the transaction of business of the Board is nine. If a meeting of the Board is adjourned due to a lack of the initial quorum of nine, then the quorum for the immediately following meeting shall be a simple majority of the existing

Board. A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Board. Subject to the board supermajority matters and shareholder supermajority matters, resolutions are adopted by a majority of the votes of the Directors present or represented, and in case of a tie, the Chairperson shall not have a casting vote.

Board Supermajority Matters

Prior to the sunset date, the following matters require the approval of at least 9 of the 11 Directors in order for them to be approved:

- entry by the Company into new lines of business;
- issues of shares by the Company in circumstances where shareholders have granted a general authority to the directors to allot shares;
- the removal or appointment of any Chairperson or Vice-Chairperson;
- any change to the Company's governance and board composition policy, except as required by applicable law or regulation;
- any changes to the size or to the charters, scope of powers, roles or responsibilities of, any Board committee, or the creation of new committees or dissolution of existing committees;
- the appointment of the Company's CFO, the Commercial Director of the Company, the Company's general counsel, or the Fertil CEO (and the appointment of any person as a deputy to any of those positions);
- the acquisition or disposal of assets outside the ordinary course of business in an amount above 50 million USD;
- entry into, amendment to, or termination of, any joint ventures, partnerships, consortia or similar arrangements involving an investment above 50 million USD;
- the establishment of any nitrogen-based fertilizer production or trading operations in new markets or geographies outside the MENA region;
- commencing or settling any litigation or other dispute resolution proceedings above 5 million USD (with certain exceptions);
- capital expenditure items above 50 million USD in any fiscal year (with certain exceptions);
- approving or amending certain incentive plans or compensation policies;
- changes to the financial year;
- approving or amending the annual budget or business plan;
- amendments to the dividend policy or approving any distribution not in accordance with the dividend policy (and the declaration of dividends will itself require the approval of shareholders by ordinary resolution);
- entry into any external financing arrangements, or granting security over assets, above 100 million USD;
- any changes to accounting principles, except as required by applicable law or regulation;
- any changes to the Company's tax residence or group re-organization that would materially affect the tax position;
- political or charitable donations (subject to certain exceptions);
- any transactions with a sanctioned entity or affiliate of a sanctioned entity;
- any listing or delisting of the Company's securities or the securities of any of the Company's subsidiaries;
- appointment of replacement directors by the Board in certain circumstances set out in the Articles of Association;
- a determination that the directors will be accountable to the Company for remuneration they receive from the Company's subsidiaries; and

- certain other transactions or arrangements relating to certain of the Company's subsidiaries which would require shareholder supermajority approval if they were in respect of the Company itself.

The approval threshold of 9 out of 11 Directors may be adjusted in accordance with the Articles of Association in circumstances where two (2) or more Directors are conflicted.

Directors' interests

For the purposes of section 165 of the Companies Regulations, the Directors shall have the power to authorize any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Any such authorization will be effective only if:

- any requirement as to the quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and
- the matter was agreed by a unanimous vote of the Directors, other than the interested Directors.

The Directors may extend any such authorization to any actual or potential conflict of interest which may arise out of the matter so authorized and may (whether at the time of the giving of the authorization or subsequently) make any such authorization subject to any limits or conditions they expressly impose, but such authorization is otherwise given to the fullest extent permitted. The Directors may also terminate any such authorization at any time. Further details are set out in the Articles.

Liability of the Board of Directors

The members of the Board owe general duties to the Company in accordance with the Companies Regulations (including exercising reasonable care, skill and diligence and acting to promote the success of the Company). The Company may bring a claim against any member of the Board in breach of its directors duties, with available remedies varying depending on the severity of the breach but may include damages, injunctive relief and other remedies.

Subject to the prior permission of the ADGM court, an eligible shareholder may independently initiate proceedings against any member of the Board if the Company fails to do so in respect of a cause of action arising from an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by that member of the Board.

So far as may be permitted by the Companies Regulations, every director, officer, senior manager or alternate director (or former director, officer, senior manager or alternate director) of the Company or of an associated company (as contemplated by section 278 of the Companies Regulations) may be indemnified out of the Company's assets against any liability incurred by them in connection with any negligence, default, breach of duty or breach of trust by them any other liability incurred by them in the execution of their duties, the exercise of their powers or otherwise in connection with their duties, powers or offices.

Directors' remuneration

The method of calculating the remuneration of the members of the Board shall be determined by the Board.

Liquidation rights

In the event of liquidation of the Company, each Shareholder shall be entitled to a part of the Company's assets in accordance with the applicable law and regulation in the ADGM.

Form of notices and communications

Unless the Articles expressly require otherwise, any notice, document or information to be sent or supplied by the Company to shareholders (including forms of appointment of a proxy and copies of the Company's annual accounts) may be sent or supplied in hard copy form, in electronic form (for example, by email or facsimile) or by means of the Company's or another website.

TAXATION

Certain U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences to U.S. Holders (as defined below) relating to the acquisition, ownership and disposition of the Shares. This summary does not purport to be a comprehensive description of all of the U.S. federal income tax considerations that may be relevant to a particular person's decision to acquire the Shares. This discussion is based on the Code and U.S. Treasury regulations promulgated thereunder, as well as judicial and administrative interpretations thereof, in each case as in effect as at the date of this Offering Memorandum. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below, and there can be no assurance that the IRS or U.S. courts will agree with the tax consequences described in this summary.

This summary applies only to U.S. Holders that purchase Shares in the Global Offering and hold the Shares as capital assets (generally, property held for investment). This summary does not address any U.S. federal estate and gift tax, alternative minimum tax or Medicare tax on net investment income consequences, or any U.S. state or local or non-U.S. tax consequences.

This summary also does not address the tax considerations that may be relevant to certain types of investors subject to special treatment under U.S. federal income tax laws, such as banks and other financial institutions; insurance companies; regulated investment companies or real estate investment trusts; dealers or traders in securities or commodities that use a mark-to-market method of accounting; broker-dealers; tax-exempt organizations, retirement plans, individual retirement accounts and other tax-deferred accounts; persons holding the Shares as part of a straddle, hedging, conversion or integrated transaction for U.S. federal income tax purposes; U.S. expatriates; U.S. Holders whose functional currency for U.S. federal income tax purposes is not the USD; any entity or arrangement classified as a partnership for U.S. federal income tax purposes or investors therein; persons who own or are deemed to own, directly, indirectly or constructively, 10% or more of the Company's stock (by vote or value); or persons holding the Shares in connection with a trade or business conducted outside the United States.

As used in this discussion, the term "U.S. Holder" means any beneficial owner of the Shares that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds the Shares generally will depend on the status of the partner and the activities of the partnership. Partnerships considering an investment in the Shares and partners in such partnership should consult their tax advisors regarding the specific U.S. federal income tax consequences to them of the acquisition, ownership and disposition of the Shares.

THE DISCUSSION BELOW IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SHARES.

Dividends and Other Distributions

Subject to the PFIC rules discussed below, the gross amount of any distribution made by the Company to a U.S. Holder with respect to the Shares generally will be included in such holder's gross income as non-U.S. source dividend income to the extent that the distribution is paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that any distributions generally will be reported to U.S. Holders as dividends. Any dividends the Company pays will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations. The Company does not expect that distributions will be eligible for the reduced qualified dividend income rate.

The amount of any distribution paid in AED will be included in income in an amount equal to the USD value of such AED on the date the distribution is actually or constructively received by a U.S. Holder, regardless of whether the payment is in fact converted into USD at that time. The U.S. Holder will have a basis in such AED received equal to such USD value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend is includable in the income of the U.S. Holder to the date such payment is converted into USD (or the U.S. Holder otherwise disposes of the AED) will be foreign currency exchange gain or loss and will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes. If all AED is converted into USD on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the distribution.

Any dividends the Company pays to U.S. Holders generally will constitute non-U.S. source "passive category" income for foreign tax credit limitation purposes. The rules governing the foreign tax credit are complex and involve the application of rules that depend upon a U.S. Holder's particular circumstances. Accordingly, a U.S. Holder is urged to consult its tax advisor regarding the availability or calculation of the foreign tax credit under its particular circumstances.

Sale, Exchange or Other Taxable Dispositions of Shares

Subject to the PFIC rules discussed below, a U.S. Holder generally will recognize taxable gain or loss on any sale, exchange or other taxable disposition of a Share in an amount equal to the difference between the amount realized for the Share and the holder's tax basis in the Share. The gain or loss generally will be capital gain or loss, and generally will be a long-term capital gain or loss if the U.S. Holder has held the Share for more than one year at the time of disposition. For certain non-corporate taxpayers (including individuals), long-term capital gains are subject to tax at favorable rates. The deductibility of capital losses is subject to limitations.

If upon the sale, exchange or other taxable disposition, a U.S. Holder receives consideration for the Shares in a currency other than the USD, the amount realized generally will be the USD value of the amount received determined by reference to the spot rate of exchange on the date of such sale or other disposition. However, if the Shares are traded on an "established securities market" (within the meaning of the applicable Treasury regulations) and the U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer that has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), such holder will determine the USD value of the amount realized in the foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. An accrual basis U.S. Holder that does not make the special election will recognize exchange gain or loss (taxable as ordinary income or loss) to the extent attributable to the difference between the exchange rates on the trade date and the settlement date. The U.S. Holder's tax basis in the Shares generally will equal the cost of the Shares to the U.S. Holder. If a U.S. Holder uses foreign currency to acquire Shares, the cost of the Shares to such holder generally will be the USD value of the foreign currency purchase price determined by reference to the spot rate of exchange on the date of purchase. However, if the Shares are treated as traded on an established securities market and the U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer that has made the special election described above, such holder will determine the USD value of the cost of such Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. A U.S. Holder's initial tax basis in a Share generally will be the USD value of the purchase price of the Share on the date of purchase. Any gain or loss that a U.S. Holder recognizes on a disposition of a Share generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes. U.S. Holders should consult their tax advisors regarding the proper treatment of any gain or loss in their particular circumstances, including the effects of any applicable income tax treaties.

Passive Foreign Investment Company Considerations

The Company believes that it was not a PFIC for its 2020 taxable year and, based on the nature of its business, and the current and anticipated composition of its income and assets, the Company does not expect to be treated as a PFIC for U.S. federal income tax purposes in the current taxable year or the foreseeable future. However, this is a factual determination made annually after the close of each taxable year, based on the Company's composition of income and assets. Accordingly, the Company cannot provide any assurance that it will not be a PFIC for the current or any future taxable year. A non-U.S. corporation will be classified as a PFIC for any taxable year if at least 75% of its gross income consists of passive income (such as dividends, interest, rents, royalties or the excess of gains over losses from the disposition of assets that produce passive income), or at least 50% of the average value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce, or are held for the production of, passive income (including for this purpose its *pro rata* share of the gross income and assets of any corporation in which it is considered to own at least 25% of the shares, by value). If the Company were characterized as a PFIC for any taxable year in which the U.S. Holder held the Shares, such U.S. Holder would suffer adverse tax consequences. These consequences may include having gains realized on the disposition of the Shares treated as ordinary income rather than capital gains and being subject to punitive interest charges on certain dividends and on the proceeds of the sale or other disposition of the Shares. U.S. Holders also would be subject to annual information reporting requirements if the Company were a PFIC. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to their ownership of the Shares, including whether certain elections may be available that would result in alternative treatments of the Shares.

Information Reporting and Backup Withholding

Payments of dividends and other proceeds with respect to the Shares, by a U.S. paying agent or other U.S. intermediary, or made into the United States, will be reported to the IRS and to the U.S. Holder as may be required under applicable U.S. Treasury regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding or information reporting.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be refunded (or credited against such U.S. Holder's U.S. federal income tax liability, if any), provided the required information is timely furnished to the IRS. Prospective investors should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

Foreign Financial Asset Reporting

Certain U.S. Holders may be required to report to the IRS certain information relating to an interest in the Shares unless such Shares are held in accounts maintained by certain financial institutions. A U.S. Holder required to report such information must file a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets) with its tax return for each year in which it holds an interest in the Shares. Penalties apply if a U.S. Holder is required to submit such information to the IRS and fails to do so. U.S. Holders should consult their tax advisors regarding the application of these rules in their particular circumstances, including the significant penalties for noncompliance.

UAE Taxation

The following comments are general in character and are based on the current applicable tax regime in the UAE and the current practice of the UAE authorities as at the date of this Offering Memorandum. The comments do not purport to be a comprehensive analysis of all the tax consequences applicable to all types of shareholders and do not relate to any taxation regime outside the UAE. Each shareholder is responsible for its own tax position and, if you are in any doubt as to your own tax position, you should seek independent professional advice without delay.

Taxation of Corporates and Individuals

There is no corporate tax legislation at the federal UAE level. However, corporate tax legislation has been enacted in some of the Emirates (including Abu Dhabi) through their own decrees. These tax decrees are currently only enforced on foreign oil companies and branches of foreign banks. However, it should be noted that there is no guarantee that tax will not be enforced on other corporate entities at some time in the future since there is no specific legislation that grants an exemption from tax to entities which are not foreign oil companies and branches of foreign banks.

There is currently no personal tax levied on individuals in the UAE.

Taxation of Purchase of Offer Shares

Completion of the Global Offering is likely to be characterized for UAE tax purposes as a purchase of Offer Shares by the shareholders. If a shareholder is tax resident outside the UAE and/or is subject to tax in another jurisdiction, the Global Offering may be characterized differently and may be subject to tax in that other jurisdiction.

There are no transfer taxes in the UAE on the purchase of Offer Shares. Accordingly, the purchase of Offer Shares should not result in any UAE tax liabilities for shareholders who are individuals or corporations tax resident in the UAE. Non-UAE tax residents, or dual tax residents, individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Offer Shares based on local tax regulations.

Taxation of Dividends and Capital Gains on Sale

Based on the tax practice within the UAE outlined above, the purchase of Offer Shares should not result in any UAE tax liabilities for shareholders who are individuals or corporations tax resident in the UAE, provided they are not subject to tax in the UAE by virtue of them being a foreign oil company or branch of a foreign bank. Non-UAE tax residents, or dual tax residents, individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Offer Shares based on local tax regulations.

Based on the same principles outlined above, UAE resident shareholders who are not subject to tax in the UAE or jurisdictions outside the UAE (both corporate and individual), should not currently be taxed on the receipt of dividend income and gains on the future sale of the Offer Shares.

Shareholders who are subject to tax in the UAE by virtue of being a foreign oil company or branch of a foreign bank, or tax resident in jurisdictions outside the UAE, as well as shareholders tax resident in the UAE but also subject to tax in jurisdictions outside the UAE (both corporate and individual), should consult their own tax advisers as to the taxation of dividend income and gains on the future sale of the Offer Shares under the relevant applicable local laws in those jurisdictions.

There is currently no withholding tax in the UAE and as such, any dividend payments made by the Company should be made free of any UAE or Abu Dhabi withholding tax, unless the applicable tax regime changes.

It is important to note that the UAE corporate tax treatment applicable to foreign oil companies or branches of a foreign bank referred to above applies to Emirate level (Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah, Fujuairah, Um Al Quein, Ajman) taxation only. In this regard, a new corporate Federal tax law was under discussion, however, the UAE Ministry of Finance has confirmed that no Federal corporate tax will be introduced within the next few years.

UAE VAT

The UAE has adopted an excise tax, which was effective on 1 October 2017, and implemented a VAT, which was effective on 1 January 2018. The excise tax imposes a 50% tax on carbonated beverages and a 100% tax on tobacco products and energy drinks. On 27 August 2017, the VAT Law was issued on 28 November 2017 under Cabinet decision No. 52 of Federal Decree Law No. (8). The executive regulations provide more detail about products and services that are subject to VAT and which particular products are zero-rated or exempted. The executive regulations of the VAT Law outline the conditions and parameters of such VAT treatment. The GCC VAT Framework Agreement, which is a country level agreement between all the GCC states, sets out broad principles that should be followed by all the GCC countries in their VAT laws while providing individual member states some discretion to adopt a different VAT treatment in respect of certain matters. Each GCC country will enact its own domestic VAT legislation based on the underlying principles in this common framework.

VAT applies on the sale of goods and services in the UAE and on imports to the UAE. Unless the supply of goods and services falls within a category that is specifically exempt or is subject to the zero rate of VAT. VAT will apply at the standard rate. The standard VAT rate in the UAE is 5%.

The mandatory registration threshold is AED 375,000 and the voluntary registration threshold is AED 187,500. Businesses must register for VAT if they have annual turnover that exceeds the mandatory registration threshold and an option to register for VAT is available if the taxable supply and imports are below the mandatory registration threshold but exceed the voluntary registration threshold.

The supply of goods or services by VAT registered businesses will be subject to VAT at either the standard rate or zero rate. Businesses are entitled to claim a credit for VAT paid on their purchases if they relate to a supply that is standard rated or zero-rated. However, any VAT incurred in connection with a supply that is exempt from VAT cannot be reclaimed.

Article 42 of the executive regulations outlines the scope of financial services classified as exempt and, on this basis, no VAT would be applied on any transfer of Offer Shares. However, it should be noted that fees relating to the transfer of ownership of Offer Shares would be standard rated at 5%.

SUBSCRIPTION AND SALE

We, the Selling Shareholders and the Joint Bookrunners named below have entered into an Underwriting Agreement with respect to the Shares. Subject to the satisfaction of certain conditions set out in the Underwriting Agreement (described below), each Joint Bookrunner has agreed, severally but not jointly, to purchase or procure purchasers for such number of Shares as are set forth opposite its name in the following table.

Joint Bookrunner	Number of Shares[(1)]
Citigroup Global Markets Limited	225,679,656
First Abu Dhabi Bank PJSC	225,679,656
HSBC Bank Middle East Limited	225,679,656
Morgan Stanley & Co. International plc	225,679,656
EFG-Hermes UAE Limited	112,839,828
Goldman Sachs International	112,839,828
International Securities L.L.C.	17,183,731
Total	**1,145,582,011**

(1) Assumes that the maximum number of Shares offered in the Global Offering are sold. 1,145,582,011 Shares are being offered in the Global Offering. If fewer than 1,145,582,011 Shares are sold, each of the number of Shares reflected in the table above will be reduced proportionately.

The offer price range is AED 2.45 to AED 2.65 per Share. The Joint Bookrunners will receive an aggregate underwriting commission equal to 1.25% of the amount equal to the offer price multiplied by the aggregate number of Shares sold in the Global Offering.

In addition, the Joint Bookrunners may receive a discretionary fee of up to 0.5% of the amount equal to the offer price multiplied by the aggregate number of Shares sold in the Global Offering.

All expenses of the Global Offering (including underwriting commissions and any discretionary fees) will be borne by the Selling Shareholders.

Underwriting Agreement

In the Underwriting Agreement, the Company and the Selling Shareholders have made certain representations and warranties and the Company has agreed to indemnify the several Joint Bookrunners against certain liabilities, including liability under the Securities Act. The Joint Bookrunners are offering the Shares when, as and if delivered to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Shares, and other conditions contained in the Underwriting Agreement, such as Admission and the receipt by the Joint Bookrunners of officers' certificates and legal opinions.

The Joint Bookrunners may terminate the Underwriting Agreement prior to the closing of the Global Offering under certain specified conditions that are typical for an agreement of this nature. If any of such conditions are not satisfied or waived, or the Underwriting Agreement is terminated prior to the closing of the Global Offering, then the Global Offering will lapse.

Pricing of the Global Offering

Prior to the Global Offering, there has been no public market for the Shares. The offer price will be determined by us and the Selling Shareholders, following consultation with the Joint Global Coordinators. Among the factors considered in determining the offer price following the bookbuilding process will be our future prospects and the prospects of our industry in general, our revenue, our profit and certain other financial operating information with respect to us in recent periods, and the financial ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to ours.

Lock-up Arrangements

Pursuant to the terms of the Underwriting Agreement, we have contractually agreed, for a period of twelve months after Admission, not to: (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or publicly file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed.

Pursuant to the terms of the Underwriting Agreement, the Selling Shareholders have contractually agreed, for a period of twelve months after Admission, not to: (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares, or cause that the Company publicly file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed. These restrictions shall not apply to:

(i) the sale of the Shares to be sold pursuant to the Global Offering;

(ii) any inter-company transfers of Shares by the Selling Shareholders in favor of its respective affiliates ("Transferees");

(iii) accepting a general offer made to all holders of Shares then in issue (other than Shares held by the person making the offer or its affiliates) on terms which treat all holders of Shares alike, or executing and delivering an irrevocable commitment or undertaking to accept such a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein);

(iv) taking up any rights granted in respect of a pre-emptive share offering by the Company;

(v) selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares;

(vi) any disposal by and/or allotment and issue of shares to the Selling Shareholders pursuant to any capital reorganization in respect of any Shares beneficially owned, held or controlled by the Selling Shareholders, provided that any shares issued to or otherwise acquired by the Selling Shareholders pursuant to such capital reorganization shall be subject to the lock-up restrictions;

(vii) transferring or otherwise disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members of any class of them which is agreed to by the creditor or members and (where required) sanctioned by any applicable authority; or

(viii) transferring or otherwise disposing of Shares where such transfer or disposal is required by law or by any competent authority or by order of a court of competent jurisdiction.

The Underwriting Agreement provides that the carve-out set in paragraph (ii) above is subject to the following conditions: (a) that any of such Transferees shall agree to be bound by the lock-up obligations of the Selling Shareholders; and (b) that any of such inter-company transfers of Shares shall be performed on terms and conditions that do not conflict with the Global Offering.

Pursuant to the Cornerstone Investment Agreements, the Cornerstone Investors have agreed that, subject to certain exceptions, during the period of three months following Admission, they will not, without the prior written consent of the Joint Global Coordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares they have acquired under the Cornerstone Investment Agreements (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Allocation

The Global Offering comprises the Qualified Institutional Offering, the ADGM Exempt Offer, the DIFC Exempt Offer and the UAE Retail Offer. The allocation of Shares among the Qualified Investor Offering (including the Exempt Offer) and the UAE Retail Offer will be determined by the Joint Global Coordinators, the Selling Shareholders and the Company. See "—*Cornerstone Investors*".

Factors that may be taken into account by the Joint Global Coordinators, the Selling Shareholders and the Company when determining the allocations between prospective investors in the event of over-subscription may include participation in the marketing process for the Global Offering, holding behavior in previous offerings, holdings in similar companies, pre-funding of indication of interest and other factors that we, the Joint Global Coordinators and the Selling Shareholders may deem relevant.

Cornerstone Investors

On 12 October 2021, the Company and the Selling Shareholders entered into the Cornerstone Investment Agreements pursuant to which the Cornerstone Investors listed in the table below have committed to purchase, and the Selling Shareholders have agreed to sell, and procure the allotment and transfer of, to each of the Cornerstone Investors, at the final offer price, Shares in accordance with the commitments opposite its name in the table below. The obligations of the Cornerstone Investors to acquire the Shares under the Cornerstone Investment Agreements are conditional upon Admission and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled on or before 12 November 2021 (or such other date as may be agreed between the Company, the Selling Shareholders and the Cornerstone Investors).

Name of Cornerstone Investor	**Investor Commitment Amount**
Abu Dhabi Pension Fund (1)	USD 80,626,276.38 (AED 296,100,000.00)
GIC Private Limited (2)	USD 70,000,000.00 (AED 257,075,000.00)
Inclusive Capital Partners L.P. (3)	USD 80,000,000.00 (AED 293,800,000.00)
Total Cornerstone Investor Commitment Amount	USD 230,626,276.38 (AED 846,975,000.00)

(1) The Abu Dhabi Pension Fund is an important Abu Dhabi Government entity. The Fund was founded in 2000 to manage contributions, pensions and end-of-service benefits for UAE nationals working in or retired from the government and private sectors in the Emirate of Abu Dhabi and their beneficiaries.

(2) GIC Private Limited ("GIC") is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US$100 billion, GIC is amongst the world's largest fund management companies.

(3) A fund managed by Inclusive Capital Partners, L.P. ("In-Cap"), an SEC-registered Investment Adviser based in San Francisco, California, USA. In-Cap was formed in 2020, and seeks long-term shareholder value through active partnerships with companies whose core businesses contribute to the health of the planet and its inhabitants.

The Cornerstone Investors will acquire the Shares pursuant to, and as part of, the Global Offering. The Shares to be acquired by the Cornerstone Investors will rank *pari passu* with the Shares sold in the Global Offering. No special rights have been granted to the Cornerstone Investors as part of their commitment to purchase Shares pursuant to the Cornerstone Investor Agreements.

Other Relationships

Subject to the terms and conditions of the Underwriting Agreement, each of the Joint Bookrunners and any affiliate, acting as an investor for its own account, in connection with the Global Offering, may take up Shares and in that capacity may retain, purchase or sell for its own account such Shares and any related investments and may offer or sell such Shares or other investments otherwise than in connection with the Global Offering. Accordingly, references in this Offering Memorandum to the Shares being offered or placed should be read as including any offering or placement of Shares to the Joint Bookrunners and any affiliate acting as an investor for its own account.

Moreover, in the course of their business with the Company and with parties affiliated with the Company (including the Selling Shareholders), the Joint Bookrunners (and/or their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, lending, trading, hedging, investment banking and financial advisory and ancillary activities, for which they have received, and may in the future receive, customary compensation. In respect of the aforementioned, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations. As a result of any such transactions, any Joint Bookrunner may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Shares or with the interests of the Company or the Selling Shareholders.

None of the Joint Bookrunners intends to disclose the extent of any such investment or transactions otherwise than to the Company and the Selling Shareholders and in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Global Offering, certain of the Joint Bookrunners may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where securities are used as collateral, that could result in such Joint Bookrunners acquiring Shares.

Selling Restrictions

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Shares or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Company or the Shares, in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, nor may this Offering Memorandum or any other offering material or advertisement or other document or information in connection with the Shares be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

United States

The Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Shares are being offered and sold outside the United States in reliance on Regulation S. The Underwriting Agreement provides that certain of the Joint Bookrunners may, directly or through their respective U.S. broker-dealer affiliates, arrange for the offer and resale of the Shares within the United States only to a person who such Joint Bookrunner reasonably believes is a QIB purchasing for its own account or for the account of another QIB in reliance on Rule 144A.

In addition, until 40 days after the commencement of the Global Offering, an offer or sale of Shares within the United States by a dealer (whether or not participating in the Global Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

United Kingdom

In relation to the UK, no Shares which are the subject of the Global Offering contemplated herein have been offered or will be offered pursuant to the Global Offering to the public in the UK prior to the publication of a prospectus in relation to the Shares which has been approved by the Financial Conduct Authority in the UK in accordance with the UK Prospectus Regulation and the FSMA, except that offers of Shares may be made to the public in the UK at any time under the following exemptions under the UK Prospectus Regulation and the FSMA:

(i) to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) at any time in other circumstances falling within section 86 of the FSMA,

provided that no such offer of Shares shall result in a requirement for the publication by the Group or any Underwriter to publish a prospectus pursuant to Section 85 of the FSMA or Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person in the UK who initially acquires any Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and the Joint Global Coordinators that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Global Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the UK to qualified investors, in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale.

The Company, the Joint Global Coordinators and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an "offer to the public" in relation to any Shares in the UK means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, and the expression "FSMA" means the Financial Services and Markets Act 2000.

In connection with the Global Offering, the Joint Bookrunners are not acting for anyone other than the Company and the Selling Shareholders and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their clients nor for providing advice in relation to the Global Offering.

This Offering Memorandum is for distribution only to persons who: (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"); (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; (iii) are outside the United Kingdom; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

European Economic Area

In relation to each member state of the European Economic Area (each a "Relevant State"), no Shares which are the subject of the Global Offering contemplated herein have been offered or will be offered pursuant to the Global Offering to the public in that Relevant State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State all in accordance with the Prospectus Regulation, except that offers of Shares may be made to the public in that Relevant State of any Shares at any time under the following exemptions under the Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall result in a requirement for the publication by the Group or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State who initially acquires any Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and the Joint Bookrunners that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Global Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale.

The Company, the Joint Bookrunners and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression of an "offer to the public" in relation to any Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

UAE (excluding the ADGM and the DIFC)

This Offering Memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this Offering Memorandum, you should consult an authorized financial adviser.

By receiving this Offering Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that this Offering Memorandum has not been approved by or filed with the UAE Central Bank, the SCA or any other authorities in the UAE, nor have the Joint Bookrunners received authorization or licensing from the UAE Central Bank, the SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to any securities or other investments may or will be consummated within the UAE. It should not be assumed that any of the Joint Bookrunners is a licensed broker, dealer or investment advisor under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Shares may not be offered or sold directly or indirectly to the public in the UAE. This does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 2 of 2015 (as amended) or otherwise.

Nothing contained in this Offering Memorandum is intended to constitute investment, legal, tax, accounting or other professional advice. This Offering Memorandum is for your information only and nothing in this Offering Memorandum is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

ADGM

The Shares have not been offered and will not be offered to any persons in the ADGM except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the Market Rules of the ADGM Financial Services Regulatory Authority; and

(ii) made only to persons who are Authorized Persons or Recognized Bodies (as such terms are defined in the FSMR) or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

DIFC

The Shares have not been offered and will not be offered to any persons in the DIFC except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules ("MKT") module of the DFSA; and

(ii) made only to persons who meet the Deemed Professional Client criteria set out in Rule 2.3.4 of the DFSA Conduct of Business Module and who is not a natural person.

Kingdom of Saudi Arabia

This Offering Memorandum may not be distributed in the Kingdom of Saudi Arabia ("KSA"), except to such persons as are permitted under the Offers of Securities Regulations (the "Saudi Regulations") issued by the Board of the Capital Market Authority (the "Capital Market Authority") resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 3-151-2016 dated 21 December 2016.

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Offering Memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Memorandum. Prospective purchasers of the Shares should conduct their own due diligence on the accuracy of the information relating to the Shares. If a prospective purchaser does not understand the contents of this Offering Memorandum, he or she should consult an authorized financial adviser.

The Shares must not be advertised, offered or sold and no memorandum, information circular, brochure or any similar document has or will be distributed, directly or indirectly, to any person in the KSA other than as permitted by Saudi Regulations.

The offering of the Shares in the KSA shall not constitute a "public offer" pursuant to the Saudi Regulations. Prospective investors are informed that Article 15 of the 2019 Saudi Regulations and Article 14 of the 2021 Saudi Regulations place restrictions on secondary market activity with respect to the Shares. Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the Saudi Regulations shall not be recognized by us.

Lebanon

This Offering Memorandum does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Shares in the Company in the Lebanese territory, nor shall it (or any part of it), nor the fact of its distribution, form the basis of, or be relied on in connection with, any subscription.

The Company has not been, and will not be, authorized or licensed by the Central Bank of Lebanon and its Shares cannot be marketed and sold in Lebanon. No public offering of the Shares is being made in Lebanon and no mass-media means of contact are being employed. This Offering Memorandum is aimed at institutions and sophisticated, high net worth individuals only, and this Offering Memorandum will not be provided to any person in Lebanon except upon the written request of such person.

Recipients of this Offering Memorandum should pay particular attention to the section titled "*Risk Factors*" in this Offering Memorandum. Investment in the Shares is suitable only for sophisticated investors with the financial ability and willingness to accept the risks associated with such an investment, and said investors must be prepared to bear those risks.

Oman

This Offering Memorandum does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/1974) or the Capital Market Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No.1/2009 or an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman.

This Offering Memorandum is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to make an offer to the Company to enter into commitments to invest in the Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this Offering Memorandum is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman.

The Company is incorporated and existing under the laws of the ADGM. The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Offering Memorandum or for the performance of the Company with respect to the Shares nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

Bahrain

The Shares have not been offered or sold, and will not be offered or sold to any person in the Kingdom of Bahrain except on a private placement basis to persons who are "accredited investors".

For this purpose, an "accredited investor" means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of USD 1,000,000 or more;

(ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than USD 1,000,000; or

(iii) a government, supranational organization, central bank or other national monetary authority or a state organization whose main activity is to invest in financial instruments (such as a state pension fund).

Kuwait

The Shares have not been and will not be offered, sold, promoted or advertised in Kuwait except on the basis that an offer is made in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities. No private or public offering of the Shares is being made in Kuwait, and no agreement relating to the sale of the Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Shares in Kuwait.

Jordan

Any marketing of the Shares to Jordanian investors shall be done by way of private placement only. The Shares are being offered in Jordan on a cross border basis based on one-on-one contacts to no more than 30 potential investors and accordingly the Shares will not be registered with the Jordanian Securities Commission and a local prospectus in Jordan will not be issued.

Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "FIEL"). This Offering Memorandum is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Offering Memorandum has been prepared without regard to the disclosure standards for issuance prospectuses under the Financial Services Act of 15 June 2018 or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Shares or the Global Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the Global Offering, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Offering Memorandum will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

Hong Kong

This Offering Memorandum has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly: (i) the Shares may not be offered or sold in Hong Kong by means of this Offering Memorandum or any other document other than to "professional investors" as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance of Hong Kong (Cap. 32) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and (ii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as set out above).

Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore, and the Shares will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"). Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Shares, namely a person who is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Shares under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person or to any person pursuant to Section 275(1) and Section 275(1A) of the Securities and Futures Act, respectively and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the Securities and Futures Act.

TRANSFER RESTRICTIONS

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

United States

The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States.

Rule 144A

Each purchaser of the Shares within the United States pursuant to Rule 144A, by accepting delivery of this Offering Memorandum, will be deemed to have represented, agreed and acknowledged that:

(i) It is: (a) a QIB; (b) acquiring such Shares for its own account or for the account of a QIB; and (c) aware, and each beneficial owner of such Shares has been advised, that the sale of such Shares to it is being made in reliance on Rule 144A.

(ii) It understands that such Shares have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except: (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB; (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(iii) It understands that such Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT: (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER; (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS SECURITY.

(iv) The Company, the Selling Shareholders, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S

Each purchaser of the Shares outside of the United States pursuant to Regulation S, by its acceptance of delivery of this Offering Memorandum and the Shares, will be deemed to have represented, agreed and acknowledged as follows:

(i) The purchaser is, or at the time the Shares were purchased will be, the beneficial owner of such Shares and: (a) is, and the person, if any, for whose account it is acquiring the Shares is, outside the United States; (b) is not an affiliate of the Company or a person acting on behalf of such an affiliate; and (c) is not in the business of buying or selling securities or, if it is in such business, it did not acquire such Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

(ii) The purchaser is aware that such Shares: (a) have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction within the United States; and (b) are being sold in accordance with Rule 903 or 904 of Regulation S and is purchasing such Shares in an "offshore transaction" in reliance on Regulation S.

(iii) The purchaser acknowledges that the Company, the Selling Shareholders, the Joint Bookrunners and their respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

SETTLEMENT AND DELIVERY

Trading of the Shares will take place through the trading system of the ADX. Shares will be held under NINs assigned by the ADX either to the holders directly or through custodian omnibus accounts and the ownership of the Shares will be evidenced by the holdings under each such NIN. Clearing and settlement of trades on the ADX by brokers or custodians may be performed only through members of the ADX that are Clearing Members. Settlement of securities trading on the ADX is governed by the ADX's rules and regulations, which are available from its website at www.adx.ae.

Investors will be required to complete an application form for the Shares and return such form to the Joint Bookrunners during the bookbuilding period. Application forms will be available from the Joint Bookrunners.

Investors who receive an allocation of Shares will be required to deliver to the Joint Bookrunners a signed trade confirmation on the business day following notice of its allocation. The form of trade confirmation will be provided to such investors when allocations are notified on or around 20 October 2021 to investors subscribing in the Qualified Investor Offering.

Payment for the Shares purchased in connection with the Qualified Investor Offering shall be made in either USD or AED, as specified by each purchaser to the Joint Bookrunners during the bookbuilding process. Purchasers will be required to make full payment for the Shares to the Joint Bookrunners for receipt by the Joint Bookrunners one business day prior to the expected Closing Date, unless otherwise agreed with the Joint Bookrunners. In the event of a failure to make timely payment, purchasers of Shares may incur significant charges.

Delivery of the Shares is expected to be made on the Closing Date to the accounts of purchasers through the book-entry facilities operated by the ADX. There can be no assurance that such Shares will be credited to the NIN account of the relevant investor during trading hours of the ADX on the Closing Date and such investor may not be able to deal in the relevant Shares comprising its allocation in the Global Offering until such time as they are in fact credited to its NIN account, which may be one or more business days following the Closing Date.

LEGAL MATTERS

Certain legal matters with respect to the Global Offering will be passed upon for us by Shearman & Sterling LLP, Abu Dhabi, UAE, and Ibrahim & Partners, Dubai, UAE. Certain legal matters with respect to the Global Offering will be passed upon for the Joint Bookrunners by Clifford Chance LLP.

INDEPENDENT AUDITORS

The consolidated financial statements of the Group as of 2019 and 2020, and for the years then ended, included in this Offering Memorandum, have been audited by KPMG Lower Gulf Limited, independent auditors, as stated in their reports appearing herein. With respect to the unaudited consolidated interim financial information for the period ended 30 June 2021 included elsewhere in this Offering Memorandum, the independent auditors have reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit, and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report and on such information should be restricted in light of the limited nature of the review procedures applied.

The financial statements of ADNOC Fertilizers as of 29 September 2019 and for the period then ended, included in this Offering Memorandum, have been audited by KPMG Lower Gulf Limited, independent auditors, as stated in their report appearing herein.

The financial statements of ADNOC Fertilizers as of 31 December 2018 and for the year then ended, have been audited by Ernst & Young Middle East (Abu Dhabi Branch), independent auditors.

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Ruwais Fertilizer Industries PJSC (ADNOC Fertilizers) – Financial statements and independent auditors' report (29 September 2019)

Ruwais Fertilizer Industries PJSC (ADNOC Fertilizers)

Financial statements and independent auditors' report

29 September 2019

Principal business address:
P O Box 898
Abu Dhabi
United Arab Emirates

Ruwais Fertilizer Industries PJSC (ADNOC Fertilizers)

Financial statements

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Directors' report
For the period from 01 January 2019 to 29 September 2019

The Directors submit to the Shareholder the financial statements of Ruwais Fertilizer Industries PJSC (ADNOC Fertilizers) ("the Company") from 01 January 2019 to 29 September 2019.

Change in legal status and principal activities

The Company's principal activity is to process feedstock gas to produce nitrogen fertilizers. Before 30 September 2019, the Company had no title to or interest in the unprocessed gas or finished products. Sales were made on behalf of the shareholders and the proceeds were distributed in proportion to their equity holdings. The shareholders, in return, were charged by the Company an annual processing and marketing fee equal to the related incurred operating costs (including depreciation).

On 30 September 2019 (the "Transaction Date"), ADNOC and OCI N.V. (the producer and distributor of natural gas based fertilizers and industrial chemicals based in the Netherlands) completed a transaction to combine ADNOC's fertilizer business into OCI's Middle East and North Africa nitrogen fertilizer platform. As part of the transaction, Ruwais Fertilizer Industries PJSC (the "Company") was dissolved on 29 September 2019 and all of its assets, rights, obligations, liabilities, activities and businesses were transferred to Ruwais Fertilizer Industries L.L.C (the "Successor Company") pursuant to Law No. 26 of 2019. The Successor Company is the legal successor of the Company substituting it in all its licenses, contracts, agreements and relationships with third parties. This transaction placed the Successor Company under the ownership of a new joint venture named "Fertiglobe Holding Limited", headquartered in the international financial centre Abu Dhabi Global Market. ADNOC and OCI N.V. hold a 42% and 58% interest in Fertiglobe Holding Limited, respectively.

Results

For the period from 01 January 2019 to 29 September 2019, the Company recovered a total of USD 247,889,524 from shareholders. The net assets of the Company were USD 1,383,988,021 as of 29 September 2019.

On behalf of the Board

Director's report

KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent Auditors' Report

To the Shareholder of Ruwais Fertilizer Industries PJSC (ADNOC Fertilizers)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ruwais Fertilizer Industries PJSC (ADNOC Fertilizers) (the "Company"), which comprise the statement of financial position as at 29 September 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period from 01 January 2019 to 29 September 2019 ("the Period"), and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 29 September 2019, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 February 2019.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report set out on page 1.

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

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 IFRS, 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 are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' report to the related disclosures in the separate 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 auditors' 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.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates

Date: **05 September 2021**

Ruwais Fertilizer Industries PJSC (ADNOC Fertilizers)

Statement of financial position
As at 29 September 2019

	Note	29 September 2019 USD	31 December 2018* USD
Assets			
Property, plant and equipment	7	**1,362,170,838**	1,451,302,789
Right-of-use assets	18	**84,925,625**	-
Stores, spares and tools	8	**34,966,231**	38,028,872
Non-current assets		**1,482,062,694**	1,489,331,661
Trade and other receivables	9	**31,538,478**	79,954,882
Due from related parties	15	**996,759**	1,243,670
Cash and cash equivalents	10	**17,975,039**	41,636,080
Current assets		**50,510,276**	122,834,632
Total assets		**1,532,572,970**	1,612,166,293
Equity			
Share capital	11	**75,000,000**	75,000,000
Accumulated processing and marketing fees		**699,923,716**	763,354,573
Shareholder's account	15	**(15,571,666)**	(17,525,098)
Shareholder's loan	12	**-**	624,635,971
Additional contribution	12	**624,635,971**	-
Total equity		**1,383,988,021**	1,445,465,446
Liabilities			
Lease liabilities	18	**77,776,436**	-
Employees' end of service benefits	13	**10,960,532**	9,183,368
Non-current liabilities		**88,736,968**	9,183,368
Trade and other payables	14	**24,782,061**	35,100,949
Due to related parties	15	**7,806,338**	10,903,929
Lease liabilities	18	**8,650,637**	-
Sales remittances outstanding	17	**18,608,945**	111,512,601
Current liabilities		**59,847,981**	157,517,479
Total liabilities		**148,584,949**	166,700,847
Total equity and liabilities		**1,532,572,970**	1,612,166,293

Chief Financial Officer

Chief Executive Officer

**Comparative figures have been reclassified to conform to the presentation adopted in current period. The reclassification mainly pertains to the separate presentation of amounts due from / to related parties and classification of stores, spares and tools (see note 1).*

The notes set out on pages 10 to 36 form an integral part of these financial statements.

Ruwais Fertilizer Industries PJSC (ADNOC Fertilizers)

Statement of profit or loss and other comprehensive income

For the period from 01 January 2019 to 29 September2019

	Note	29 September 2019 USD	31 December 2018 USD
Expenses:			
Manpower charges	*6*	**(77,535,598)**	(119,299,746)
Depreciation	*7&18*	**(69,682,950)**	(88,683,034)
Gas charges	*15*	**(32,786,670)**	(45,226,129)
Utilities	*15*	**(28,014,301)**	(38,131,413)
Materials, spares and other consumables		**(18,166,883)**	(20,435,790)
Services		**(15,242,423)**	(25,516,293)
Marketing costs		**(2,219,351)**	(4,235,833)
Reversal of / (provision) for stores, spares and tools	*8*	**3,014,997**	(2,189,336)
Finance cost	*18*	**(2,663,617)**	-
Other (expenses) / income		**(4,592,728)**	1,139,960
Total expenses		**(247,889,524)**	(342,577,614)
Processing and marketing fees charged to shareholders	*1,15*		
Abu Dhabi National Oil Company (ADNOC)		**247,889,524**	262,335,651
TOTAL S.A.		**-**	80,241,963
Total processing and marketing fees charged to shareholders		**247,889,524**	**342,577,614**
Profit for the period / year		**-**	**-**
Other comprehensive income for the period / year		**-**	**-**
Total comprehensive income for the period / year		**-**	**-**

The notes set out on pages 10 to 36 form an integral part of these financial statements.

Statement of changes in equity
For the period from 01 January 2019 to 29 September2019

	Share capital USD	Accumulated processing and marketing fees USD	Shareholders' account USD	Shareholders' loan USD	Additional contribution USD	Total USD
At 01 January 2018	75,000,000	713,939,121	(9,780,249)	736,529,037	-	1,515,687,909
Total comprehensive income for the year	-	-	-	-	-	-
Processing and marketing fees charged to shareholders *(note 15)*	-	(342,577,614)	-	-	-	(342,577,614)
Receipts during the year *(note 15)*	-	255,500,000	-	-	-	255,500,000
Net amount from shareholder(s)	-	(87,077,614)	-	-	-	(87,077,614)
Deemed repayment of shareholders' loan *(note 12)*	-	136,493,066	-	(136,493,066)	-	-
Proceed received from shareholders *(note 12)*	-	-	-	24,600,000	-	24,600,000
Movements in shareholders' account	-	-	(7,744,849)	-	-	(7,744,849)
At 31 December 2018*	**75,000,000**	**763,354,573**	**(17,525,098)**	**624,635,971**	**-**	**1,445,465,446**
At 01 January 2019	75,000,000	763,354,573	(17,525,098)	624,635,971	-	1,445,465,446
Total comprehensive income for the period	-	-	-	-	-	-
Processing and marketing fees charged to shareholders *(note 15)*	-	(247,889,524)	-	-	-	(247,889,524)
Receipts during the period *(note 15)*	-	205,000,000	-	-	-	205,000,000
Net amount from shareholder(s)	-	(42,889,524)	-	-	-	(42,889,524)
Transfer of shareholders loan to additional contribution *(note 12)*	-	-	-	(624,635,971)	624,635,971	-
Transfer of building to shareholder *(note 7)*	-	(17,368,291)	-	-	-	(17,368,291)
Other adjustment	-	(3,173,042)	-	-	-	(3,173,042)
Movement in shareholder's account	-	-	1,953,432	-	-	1,953,432
At 29 September 2019	**75,000,000**	**699,923,716**	**(15,571,666)**	**-**	**624,635,971**	**1,383,988,021**

**Comparative figures have been reclassified to conform to the presentation adopted in current period. The reclassification mainly pertains to the presentation of net amount from shareholder(s).*

The notes set out on pages 10 to 36 form an integral part of these financial statements.

Ruwais Fertilizer Industries PJSC (ADNOC Fertilizers)

Statement of cash flows

For the period from 01 January 2019 to 29 September2019

	Note	29 September 2019 USD	31 December 2018* USD
Cash flows from operating activities			
Profit for the period /year		-	-
Adjustment for:			
Depreciation	7	**69,682,950**	88,683,034
(Reversal of) / provision for obsolete stores, spares and tools	8	**(3,014,997)**	2,189,336
Write-off of property, plant and equipment	7	**15,705,340**	1,431,599
Finance cost	18	**2,663,617**	-
Provision for employees' end of service benefits	13	**2,114,705**	731,921
Change in:			
Stores, spares and tools		**6,077,638**	(407,565)
Trade and other receivables		**48,416,404**	(43,504,340)
Due from related parties		**(43,862,223)**	(70,565,189)
Trade and other payables		**(10,318,888)**	(49,325,105)
Due to related parties		**(3,097,591)**	7,970,230
Sales remittances outstanding		**(92,903,656)**	80,864,668
Cash flows used in operations		**(8,536,701)**	18,068,589
Employees' end of service benefits paid	13	**(337,541)**	(2,172,545)
Finance cost paid		**(2,663,617)**	-
Net cash flows used in operating activities		**(11,537,859)**	15,896,044
Cash flows from investing activity			
Acquisition of property, plant and equipment	7	**(6,291,880)**	(7,548,047)
Net cash flows used in investing activity		**(6,291,880)**	(7,548,047)
Cash flows from financing activities			
Payment of lease liability	18	**(5,831,302)**	-
Net cash flows from financing activities		**(5,831,302)**	-
Net (decrease)/increase in cash and cash equivalents		**(23,661,041)**	8,347,997
Cash and cash equivalents at 01 January	10	**41,636,080**	33,288,083
Cash and cash equivalents at period / year end	10	**17,975,039**	41,636,080
Non-cash activities not included in the statement of cash flows:			
Adjustments in property, plant and equipment and related accruals		**(17,368,291)**	(21,446,213)
Deemed repayment of shareholders loan		-	136,493,066

**Comparative figures have been reclassified to conform to the presentation adopted in current period. The reclassification mainly pertains to the presentation of the adjustments shown above and amounts due from related parties.*

The notes set out on pages 10 to 36 form an integral part of these financial statements.

1 Legal status and principal activities

Ruwais Fertilizer Industries PJSC (the "Company" or "ADNOC Fertilizers") is incorporated in the Emirate of Abu Dhabi, United Arab Emirates, as a joint venture between Abu Dhabi National Oil Company (ADNOC) and TOTAL S.A. (formerly Compagnie Francaise des Petroles) in accordance with Law Number No. 6 of 1980.

Pursuant to signing the sale and asset purchase agreement entered into between ADNOC and Total S.A., ADNOC acquired the shares held by TOTAL S.A. in Ruwais Fertilizer Industries PJSC during 2018. As a result, the joint venture agreement was terminated and all right and obligations including balances due to / from TOTAL S.A. were taken over by ADNOC. Accordingly, as at 01 January 2019, there was no balance receivable from or payable to TOTAL S.A and the Company was fully owned and controlled by ADNOC as the ultimate parent of the Company.

The main activity of the Company is to process feedstock gas to produce nitrogen fertilizers. The registered office of the Company is located at P.O. Box 898, Abu Dhabi, UAE.

The Company has no title to or interest in the unprocessed gas or finished products. Sales are made on behalf of the shareholder(s) and the proceeds are distributed in proportion to their equity holdings. The Company provides services only to the shareholder(s) who in return are charged by the Company an annual amount equal to the operating costs (including depreciation) as recovery fee against the services provided.

The Company was dissolved on 29 September 2019 and all of its assets, rights, obligations, liabilities, activities and businesses were transferred to Ruwais Fertilizer Industries L.L.C (the "Successor Company") pursuant to Law No. 26 of 2019. Refer to note 20 to the financial statements for further details .The Successor Company is the legal successor of the Company substituting it in all its licenses, contracts, agreements and relationships with third parties. Accordingly, these financial statements are prepared on a going concern basis.

The Successor Company adopted separate presentation of related party balances in addition to the classification of stores, spares and tools as non-current assets. Accordingly, the Company adopted the same presentation and classification for the current and comparative figures.

The financial statements were approved by the shareholder and were authorized for issuance on 01 September 2021.

The Company has not purchased any shares during the period ended 29 September 2019.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (IASB).

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis.

2 Basis of preparation *(continued)*

2.3 Functional currency and presentation

These financial statements are presented in United States Dollar ("USD"), which is the Company's functional and reporting currency.

2.4 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period are explained below:

(a) *Estimated useful lives of property, plant and equipment*

The Company's management determines the estimated useful lives for its property, plant and equipment on an annual basis and make adjustments to the remaining useful lives of the assets for the current or future periods, if required.

(b) *Impairment losses on property, plant and equipment*

The Company reviews its property, plant and equipment to assess, if there is an indication of impairment. In determining whether impairment losses should be reported in the statement of profit or loss, the management makes judgements as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. The management estimates the recoverable amount of various assets individually or based on the cash generating unit to which the individual asset belongs. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

(c) *Asset retirement obligation*

Based on the land lease of the production facility, the Company has the obligation to restore the site upon decommissioning. The Company has not recorded a liability for this conditional asset retirement obligation, as it does not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability. Considering that maintenance, turnarounds and any other upgrades will be conducted on a regular basis this can extend the physical life of the production facility (also taken into account the possible changes in technology and availability of raw materials).

2.5 Comparative period

As explained in note 1, these financial statements are prepared till the date of the dissolution of the Company covering the period from 01 January 2019 to 29 September 2019 and are not comparable with the prior year annual statutory financial statements which were for a period of twelve months.

3 Changes in significant accounting policies

The Company has first time adopted IFRS 16 *Leases* from 01 January 2019. A number of other new standards are effective from 01 January 2019, but they do not have a material effect on the Company's financial statements, as follows:

— IFRIC 23 *Uncertainty over Tax Treatments.*
— *Prepayment Features with Negative Compensation (Amendments to IFRS 9).*
— *Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).*
— *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).*
— *Annual Improvements to IFRS Standards 2015-2017 Cycle - various standards.*

3.1 IFRS 16 *Leases*

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. The Company, as a lessee, must recognise right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not been generally applied to comparative information. The below changes are applicable from 1 January 2019:

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the new definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered or changes on or after 01 January 2019.

As a lessee

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

3 Changes in significant accounting policies *(continued)*

3.1 IFRS 16 Leases *(continued)*

***As a lessee** (continued)*

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received, and subsequently at cost less any accumulated depreciation (using straight line method) and impairment losses and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented as an investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability fixed payments, including in-substance fixed payments.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Leases classified as operating leases under IAS 17

On transition, finance lease liability was measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:
- Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application; or
- An amount equal to the present value of remaining lease payments, adjusted by the amount of any prepaid or accrued lease payments – the Company applied this approach to all leases.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:
- Did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- Did not recognise right-of-use assets and liabilities for leases of low value assets
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3 Changes in significant accounting policies *(continued)*

3.1 IFRS 16 Leases *(continued)*

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

The Company does not have any lease contracts which are subject to lessor accounting under IFRS 16.

Impact on transition

On transition to IFRS 16, the Company recognised right-of-use assets and lease liabilities. The impact on transition is summarised below.

	01 January 2019
	USD
Right-of-use assets	**92,258,375**
Lease liability	**92,258,375**

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied range from 4% to 5%.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

3 Changes in significant accounting policies *(continued)*

3.1 IFRS 16 Leases *(continued)*

Policy applicable before 1 January 2019 *(continued)*

As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

4 Significant accounting policies

The following accounting policies which comply with IFRS have been applied consistently, in dealing with items which are considered material in relation to these financial statements.

a. Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition or construction of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in statement of profit or loss and other comprehensive income.

4 Significant accounting policies *(continued)*

a. Property, plant and equipment *(continued)*

Major maintenance and repairs

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Years
Buildings including leasehold improvements	30
Fixture, fittings and office equipment	5
Plant, machinery and equipment (including turnaround / major overhauls)	3-25
Motor vehicles	5

Depreciation methods, useful lives are reviewed at each reporting date and adjusted if appropriate.

Capital work-in-progress

The Company capitalises all costs relating to the construction of property as capital work in progress, up to the date of completion and commissioning of the asset. These costs are transferred from capital work in progress to the appropriate asset classification upon completion and commissioning and are depreciated over the useful life applicable to the respective asset category, from the date of such completion and commissioning.

5 Significant accounting policies *(continued)*

b. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised as originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and
- interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

4 Significant accounting policies *(continued)*

b. Financial instruments *(continued)*

ii. Classification and subsequent measurement *(continued)*

Financial assets (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

4 Significant accounting policies *(continued)*

b. Financial instruments *(continued)*

ii. Classification and subsequent measurement *(continued)*

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

4 Significant accounting policies *(continued)*

b. Financial instruments *(continued)*

ii. Classification and subsequent measurement *(continued)*

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liability

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4 Significant accounting policies *(continued)*

b. Financial instruments *(continued)*

v. Impairment

i. Non-derivative financial assets

Financial instruments

The Company recognises loss-allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost;

Provision for impairment loss on trade receivables, balances due from related parties are always measured at an amount equal to life time ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

4 Significant accounting policies *(continued)*

b. Financial instruments *(continued)*

v. **Impairment** *(continued)*

i. Non-derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or delinquency.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

The recoverable amount of an asset or cash generating units is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating units.

An impairment loss is recognised if the carrying value of an asset or cash generating unit exceeds its recoverable value and such losses are recognised in profit or loss.

4 Significant accounting policies *(continued)*

c. Finance cost

The Company's finance cost includes interest expense, which is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

d. Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

e. Stores, spares and tools

Cost of stores, spares and tools comprises the invoiced cost, freight and other expenses incurred in bringing the items to their present condition and location.

f. Provision

A provision is recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance costs in the profit or loss.

The provisions are reviewed and adjusted at each reporting date, and if outflow is no longer probable, the provision is reversed to income.

g. Provision for employees' end of service benefits

The Company provide post-employment benefit plan (employees' end of service benefits) for its expatriate employee in the UAE in accordance with the labour laws of the UAE. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected cost of these benefits are accrued over the period of employment.

With respect to UAE national employee, contributions are made to Abu Dhabi Retirement Pensions and Benefits Fund, calculated in accordance to the Fund's regulation. With respect to GCC national employee, the contributions are made to the pension funds or agencies of their respective countries. Such contribution are expensed to the profit and loss during the employees' period of service.

4 Significant accounting policies *(continued)*

h. Foreign currency transactions

Transactions denominated in foreign currencies are translated into USD at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the exchange rates ruling on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into USD at the foreign exchange rate ruling at the date of the transaction. Realised and unrealised exchange gains and losses have been dealt with in the statement of profit or loss.

i. Accruals

Accruals are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

For lump sum contracts, project related accruals are based on percentage of completion basis.

For contracts based on performance milestones, project related accruals are recognised to the extent of contractual performance milestone achieved up to the reporting date.

j. Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

k. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, that comprise of cash on hand and at banks including short-term fixed and call deposits with original maturities less than three months which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

4 Significant accounting policies *(continued)*

l. Contingent liability

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

A liability will be recorded as a liability when there is a possible obligation arising from past events whose existence will be confirmed by future events or a present obligation arises from past events but is not probable that an outflow of resources will arise and/or the amount cannot be measured reliably.

m. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Processing and marketing fees charged to shareholders
The Company provides services only to the shareholder(s) who in return are charged by the Company processing and marketing fees equal to the operating costs (including depreciation) as recovery fee against the services provided. These are recognised on point in time basis when the expense are incurred.

The following specific recognition criteria must also be met before revenue is recognised:

The Company recognises revenue based on a five-step model as set out in IFRS 15:

Step 1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

4 Significant accounting policies *(continued)*

n. New and amended International Financial Reporting Standards (IFRS) in issue but not yet effective

A number of new standards are effective for annual periods beginning after 01 January 2019 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these financial statements.

- IFRS 17 *Insurance Contracts;*
- *Amendment to IFRS 3 Definition of Business*
- *Amendments to IAS 1 and IAS 8: Definition of Material*
- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Classification of liabilities as current or non-current (Amendments to IAS 1) (1 January 2023)*
- *Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) (Available for optional adoption/effective date deferred indefinitely)*
- *Interest rate benchmark reforms - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16) (1 January 2021)*
- *Onerous contracts - cost of fulfilling a contract (Amendments to IAS 37) (1 January 2022)*
- *Annual improvements to IFRS standards 2018-2020 (1 January 2022)*
- *Property, plant, and equipment: Proceeds before intended use (Amendments to IAS 16) (1 January 2022)*
- *Reference to conceptual framework (Amendments to IFRS 3) (1 January 2022)*
- *COVID-19-Related Rent Concessions (Amendment to IFRS 16)*

The management intends to adopt these standards, if applicable, when they become effective. Management is in the process of assessing the impact of these new standards and amendments on its financial statements.

5 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limit. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

5 Financial risk management *(continued)*

Credit risk

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due and mainly relates to trade and other payables, related party balances and lease liability. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's dealing in foreign currency is minimal and hence are not exposed to significant fluctuations in foreign currency exchange rates.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any significant interest rate risk.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the instruments traded in the market. The Company has no significant exposure to price risk.

5 Financial risk management *(continued)*

Capital management

The Board's policy is to maintain a strong capital base so as to maintain shareholders, creditors and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital. The Board of Directors also monitor the level of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

6 Manpower charges

	29 September 2019 USD	31 December 2018 USD
Salaries, wages and other benefits	**60,953,504**	88,804,637
Accommodation	**11,947,233**	26,686,284
Medical charges	**3,469,054**	3,419,697
Scholarship technical fees	**898,643**	572
Contracted manpower costs	**192,987**	327,254
Other expenses	**74,177**	61,302
	77,535,598	119,299,746

Notes to the financial statements
For the period from 01 January 2019 to 29 September2019

7 Property, plant and equipment

	Land, buildings and leasehold improvements USD	Fixtures, fittings and office equipment USD	Plant, machinery and equipment USD	Motor vehicles USD	Capital work-in-progress USD	Total USD
Cost						
At 1 January 2018	175,541,681	23,547,672	1,973,252,300	1,330,883	18,313,506	2,191,986,042
Additions	-	-	-	-	7,548,047	7,548,047
Reversal of excess provision	-	-	(21,446,213)	-	-	(21,446,213)
Write-off	-	-	(1,164,321)	(200,490)	(1,142,718)	(2,507,529)
Transfer from capital work in progress	-	4,870,591	690,987	67,080	(5,628,658)	-
At 31 December 2018	**175,541,681**	**28,418,263**	**1,951,332,753**	**1,197,473**	**19,090,177**	**2,175,580,347**
At 1 January 2019	175,541,681	28,418,263	1,951,332,753	1,197,473	19,090,177	2,175,580,347
Additions	-	-	-	-	6,291,880	6,291,880
Write-off*	-	(5,318,098)	(19,497,276)	(285,653)	-	(25,101,027)
Transfer of building to Shareholder**	(20,705,802)	-	-	-	-	(20,705,802)
Transfer from capital work in progress	-	-	837,895	1,385,289	(2,223,184)	-
Reclassification	-	(1,590,148)	1,590,148	-	-	-
At 29 September 2019	**154,835,879**	**21,510,017**	**1,934,263,520**	**2,297,109**	**23,158,873**	**2,136,065,398**
Accumulated depreciation						
At 1 January 2018	45,519,003	18,712,008	571,236,286	1,203,157	-	636,670,454
Charge for the year	5,062,737	6,253,697	77,298,173	68,427	-	88,683,034
Write-off	-	-	(958,117)	(117,813)	-	(1,075,930)
At 31 December 2018	**50,581,740**	**24,965,705**	**647,576,342**	**1,153,771**	-	**724,277,558**
At 1 January 2019	50,581,740	24,965,705	647,576,342	1,153,771	-	724,277,558
Charge for the period	3,616,233	1,267,491	57,418,530	47,945	-	62,350,200
Write-off*	-	(4,849,727)	(4,192,117)	(353,843)	-	(9,395,687)
Transfer of building to Shareholder**	(3,337,511)	-	-	-	-	(3,337,511)
Reclassification	-	(1,590,148)	1,590,148	-	-	-
At 29 September 2019	**50,860,462**	**19,793,321**	**702,392,903**	**847,873**	-	**773,894,560**
Carrying amount						
At 31 December 2018	**124,959,941**	**3,452,558**	**1,303,756,411**	**43,702**	**19,090,177**	**1,451,302,789**
At 29 September 2019	**103,975,417**	**1,716,696**	**1,231,870,617**	**1,449,236**	**23,158,873**	**1,362,170,838**

* *The write-off amounting to USD 15.7m was charged to the expenses during the current period.*

***On 22 July 2019, ADNOC approved the transfer of Ruwais Administration building to the Shareholder without any consideration.*

8 Stores, spares and tools

	29 September 2019 USD	31 December 2018 USD
Stores, spares and tools – gross	**62,356,771**	68,434,409
Less: provision	**(27,390,540)**	(30,405,537)
	34,966,231	38,028,872

The movement in provision is as follows:

	29 September 2019 USD	31 December 2018 USD
At 01 January	**30,405,537**	28,216,201
(Reversal of)/charge for the period/year	**(3,014,997)**	2,189,336
	27,390,540	30,405,537

9 Trade and other receivables

	29 September 2019 USD	31 December 2018 USD
Trade receivables on behalf of shareholder(s)	**21,079,829**	71,811,420
Staff loan	**5,819,504**	4,124,024
Advances to suppliers	**3,731,072**	2,927,373
Prepayments and other receivables	**908,073**	1,092,065
	31,538,478	79,954,882

10 Cash and cash equivalents

	29 September 2019 USD	31 December 2018 USD
Cash at banks	**17,947,996**	41,636,080
Cash in hand	**27,043**	-
	17,975,039	41,636,080

11 Share capital

	29 September 2019 USD	31 December 2018 USD
Authorised, issued and fully paid up		
(75,000 shares of USD 1,000 each)	**75,000,000**	75,000,000

12 Shareholder's loan

In 2009, the Company entered into an agreement with the Shareholders whereby the Shareholders agreed to provide an unsecured, interest-free advance of USD 1.4 billion in proportion to their interest. The Company is required to repay the entire amount of Shareholders' loan outstanding on the date of expiry or termination of the Company. The Company may prepay all or any part of the Shareholders' advances without penalty by giving the Shareholders a written notice not less than five business days prior to the proposed prepayment date.

Accordingly, the Shareholders' loan is treated as equity.

	ADNOC USD	TOTAL S.A. USD	TOTAL USD
Balance at 01 January 2018	491,057,243	245,471,794	736,529,037
Deemed repayment (non-cash)*	(103,070,160)	(33,422,906)	(136,493,066)
Project advance from Shareholders	16,400,000	8,200,000	24,600,000
Transferred to ADNOC	220,248,888	(220,248,888)	-
Balance at 31 December 2018	**624,635,971**	**-**	**624,635,971**
Balance at 01 January 2019**	624,635,971	-	624,635,971
Transfer to additional contribution	(624,635,971)	-	(624,635,971)
Balance at 29 September 2019	**-**	**-**	**-**

*In accordance with Article 6.01 of the Processing and Marketing fee Agreement, any payment due by the shareholders to the Company for depreciation (in accordance with 10 years useful life) shall not be made in cash, but rather shall be deemed paid by the shareholders by offsetting the amount of such payment against the corresponding amount outstanding under the shareholders loan and deeming the amount outstanding under the shareholders' loan reduced accordingly.

**On 28 February 2019, ADNOC passed a resolution to convert the Shareholder's Loan amounting to USD 624,635,971 to additional equity contribution.

13 Employees' end of service benefits

	29 September 2019 USD	31 December 2018 USD
At 01 January	**9,183,368**	10,623,992
Provision for the period/year	**2,114,705**	731,921
Payments made during the period/year	**(337,541)**	(2,172,545)
	10,960,532	9,183,368

14 Trade and other payables

	29 September 2019 USD	31 December 2018 USD
Trade payables	**2,676,989**	2,602,796
Accrued expenses	**17,190,101**	32,498,153
Advance from customer on behalf of shareholder	**4,914,971**	-
	24,782,061	35,100,949

15 Related party transactions and balances

The Company, in the normal course of business, carries out transactions with other business enterprises that fall within the definition of a related party as contained in International Accounting Standard 24 'Related Parties'. The transactions with related parties are entered into at amounts agreed with such related parties. The following significant transactions were carried out with related parties during the period/year:

Utilities and services:	*Relationship*	29 September 2019 USD	31 December 2018 USD
Gas Charges - ADNOC	*Shareholder*	**32,786,670**	45,226,129
Utilities – Abu Dhabi Refining	*Entity under common control*	**26,820,371**	36,240,275
Utilities – Abu Dhabi Gas Industries Ltd	*Entity under common control*	**1,193,930**	1,891,138
Other expenses – ADNOC	*Entity under common control*	**2,527,718**	4,350,214
		63,328,689	87,707,756

	2019 USD	2018 USD
Processing and marketing fees charged to shareholders		
Abu Dhabi National Oil Company (ADNOC)	**247,889,524**	262,335,651
TOTAL S.A.	**-**	80,241,963
	247,889,524	342,577,614

Processing and marketing fees are charged only to shareholder(s) (see note1) and geographically concentrated in UAE. The Company does not have other revenue streams.

Balances with related parties included in statement of financial position are as follows:

Amounts due from related parties:	*Relationship*	29 September 2019 USD	31 December 2018 USD
Abu Dhabi Polymers Company Limited (Borouge)	*Entity under common control*	**907,140**	704,414
ADNOC LNG	*Entity under common control*	**51,215**	-
ADNOC Logistic (IRSHAD)	*Entity under common control*	**21,608**	-
Abu Dhabi Refining (ADNOC Refining)	*Entity under common control*	**16,796**	539,256
		996,759	1,243,670

15 Related party transactions and balances *(continued)*

In addition to the balances above, a receivable from the shareholder amounting to USD 15,571,666 is included under equity as shareholder's account. This is a current account with ADNOC where transactions, other than processing and marketing fee, incurred by the Company are recorded.

Amounts due to related parties:	*Relationship*	29 September 2019 USD	31 December 2018 USD
ADNOC	*Shareholder*	**3,915,020**	7,090,676
Abu Dhabi Refining (ADNOC Refining)	*Entity under common control*	**3,591,794**	3,509,416
Abu Dhabi Gas Industries Ltd (ADNOC Gas Processing)	*Entity under common control*	**299,524**	272,842
Abu Dhabi Marine Operating Company (ADNOC offshore)	*Entity under common control*	**-**	30,995
		7,806,338	10,903,929

Other transactions

Significant transactions with related parties during the period/year are as follows:

	29 September 2019 USD		31 December 2018 USD		
	ADNOC	**Total**	ADNOC	Total S.A.	Total
Cash calls from shareholders	**205,000,000**	**205,000,000**	177,000,000	78,500,000	255,500,000
Project advance from shareholders	-	-	16,400,000	8,200,000	24,600,000
Remittances to shareholders	**471,799,422**	**471,799,422**	343,791,418	171,890,804	515,682,224

In addition, on 22 July 2019, ADNOC approved the transfer of Ruwais Administration building to the Shareholder without any consideration.

15 Related party transactions and balances *(continued)*

Compensation of key management personnel

The remuneration of senior key management personnel of the Company during the period/year was as follows:

	29 September 2019 USD	31 December 2018 USD
Short term benefits	4,138,803	3,666,436
Long term benefits	300,377	107,693
	4,439,180	3,774,129
Number of senior key management personnel	4	4

Fertil leases land, office space and employee accommodation from Abu Dhabi National Oil Company - 'ADNOC', the lease obligation amount is USD 86,427,073 million as of 29 September 2019 (refer to note 18).

16 Commitments and contingencies

	29 September 2019 USD	31 December 2018 USD
Commitments		
Contracted capital expenditure	**6,307,289**	25,611,875
Contracted operating expenditure	**22,731,414**	14,148,962
	29,038,703	39,760,837

Contingencies

The Company's bankers have issued letter of credit of USD 4,421 and labour guarantees of USD 1,954,023 (2018: USD 1,281,023) on behalf of the Company. Management believes such contingent liabilities, if any, are not likely to materially impact the Company's financial position.

17 Sales remittances outstanding

	29 September 2019 USD	31 December 2018 USD
Balance at 01 January	**111,512,601**	30,647,933
Sales on behalf of shareholder(s)	**378,895,766**	596,546,892
Remittances to shareholder(s)	**(471,799,422)**	(515,682,224)
	18,608,945	111,512,601

As described in note 1 to the financial statements, the Company had no title to or interest in the unprocessed gas or finished products. Accordingly, sales were made on behalf of the Shareholders.

18 Right-of-use assets / Lease liabilities

The Company leases land for the plant, head office space and factory facilities. The leases contracts were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under IAS 17.

Below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use USD	**Lease liabilities USD**
Recognised at 01 January 2019	**92,258,375**	**92,258,375**
Depreciation for the period	**(7,332,750)**	-
Accretion of interest for the period	-	**2,663,617**
Payments made during the period	-	**(8,494,919)**
Balance as at 29 September 2019	**84,925,625**	**86,427,073**

Finance lease liabilities are presented in the statement of financial position as follows:

	29 September 2019 USD	31 December 2018 USD
Non-current	**77,776,436**	-
Current	**8,650,637**	-
	86,427,073	-

Maturity analysis of finance lease liabilities is as follows:

	Future minimum lease payments USD	**Interest USD**	**Present value of minimum lease payments USD**
Less than one year	10,739,928	2,089,292	8,650,637
Between one and five years	39,473,789	13,917,103	25,556,686
More than five years	280,904,359	228,684,609	52,219,750
	331,118,076	**244,691,004**	**86,427,073**

19 Financial instruments

The risks arising from financial assets and liabilities are set out in note 5 along with relevant risk management policies.

Credit risk

As at 29 September 2019, management assessed the credit risk based on internal and external factors related to the financial instruments and recognized an allowance related to credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	29 September 2019 USD	31 December 2018 USD
Amounts due from related parties *(note 15)*	**996,759**	1,243,670
Staff loan	**5,819,504**	4,124,024
Cash at banks *(note 10)*	**17,947,996**	41,636,080
	24,764,259	47,003,774

The management of the Company is certain that the above balances are recoverable.

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements.

	Carrying amount USD	**Contractual cash flows USD**	**Less than 12 months USD**	**More than 12 months USD**
At 29 September 2019				
Non-derivative financial liabilities				
Trade payables and other payables* *(note 14)*	**19,867,090**	**(19,867,090)**	**(19,867,090)**	**-**
Due to related parties	**7,806,338**	**(7,806,338)**	**(7,806,338)**	**-**
Sales remittances outstanding	**18,608,945**	**(18,608,945)**	**(18,608,945)**	**-**
Lease liabilities *(note 18)*	**86,427,073**	**(331,118,076)**	**(10,739,928)**	**(320,378,148)**
	132,709,446	**(377,400,449)**	**(57,022,301)**	**(320,378,148)**

19 Financial instruments *(continued)*

	Carrying amount USD	Contractual cash flows USD	Less than 12 months USD	More than 12 months USD
At 31 December 2018				
Non-derivative financial liabilities				
Trade payables and other payables* *(note 14)*	35,100,949	(35,100,949)	(35,100,949)	-
Due to related parties	10,903,929	(10,903,929)	(10,903,929)	-
Sales remittances Outstanding	111,512,601	(111,512,601)	(111,512,601)	-
	157,517,479	(157,517,479)	(157,517,479)	-

*Excluding advances from customer.

Fair value versus carrying value

The fair value of the financial assets and liabilities of the Company approximate their carrying values.

20 Subsequent events

On 30 September 2019 (the "Transaction Date"), ADNOC and OCI N.V. (the producer and distributor of natural gas based fertilizers and industrial chemicals based in the Netherlands) completed a transaction to combine ADNOC's fertilizer business into OCI's Middle East and North Africa nitrogen fertilizer platform. As part of the transaction, Ruwais Fertilizer Industries PJSC (the "Company") was dissolved and all of its assets, rights, obligations, liabilities, activities and businesses were transferred to Ruwais Fertilizer Industries L.L.C (the "Successor Company") pursuant to Law No. 26 of 2019. The Successor Company is the legal successor of the Company substituting it in all its licenses, contracts, agreements and relationships with third parties. This transaction placed the Successor Company under the ownership of a new joint venture named "Fertiglobe Holding Limited", headquartered in the international financial centre Abu Dhabi Global Market. ADNOC and OCI N.V. hold a 42% and 58% interest in Fertiglobe Holding Limited, respectively.

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Company's operating environment. The Company has been closely monitoring the impact of the pandemic on its activities and has put in place contingency measures, including safety measures for the employees, an adequate business continuity plan was prepared seeking to meet the business needs of its client base. Such actions will help the Company to mitigate any adverse impact on the financial performance, for the year to come, if any.

The outbreak has not caused any production or delivery delays, or significantly impacted the repayment ability of its key customer. As the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown.

In addition, the Successor Company distributed dividends of USD 55 Million during July 2020. Furthermore, subsequent to the period end, in April 2021, during regular maintenance, a ship loader at the plant site collapsed. As per the preliminary inspection report the main components of the loader were severely impacted, the net book value of the ship loader is USD 9.2 million. Management is currently investigating the recoverable amount of the asset including any potential insurance proceeds.

Fertiglobe Annual Report 2019

Company overview:

Fertiglobe Holding LLC was established on December 23rd, 2018 pursuant to ADGM Company Regulations of 2015. In Mar 2019 OCI N.V. contributed its nitrogen fertilizer production and distribution assets in Egypt, Algeria and UAE to Fertiglobe and on June 26th, 2019 OCI and ADNOC signed a contribution agreement to combine ADNOC’s fertilizer business into the Company. With the completion of the transaction on September 30th, 2019, Fertiglobe became the largest export-focused nitrogen fertilizer platform globally, and the largest producer in the MENA region with a production capacity of 6.5mtpa of urea and sellable ammonia. OCI N.V. is the majority stakeholder with 58% ownership, and ADNOC the minority stakeholder with 42% ownership.

Key assets within the Company perimeter include:

OCI Contributed Assets:

Egyptian Fertilizer Company (EFC): The largest private sector granular urea producer in Egypt, with a capacity to produce c.1.65 mtpa of urea and 0.9 mtpa of ammonia.

Egypt Basic Industries Corporation (EBIC): OCI N.V. ’s 60% stake in the Egypt based ammonia plant EBIC, which has capacity of 0.73 mtpa.

Sorfert: OCI N.V.’s 51% stake in Sorfert, an Algerian producer of ammonia and urea with capacity of 1.6 mtpa and 1.26 mtpa respectively.

OFT: OCI N.V. ’s established trading platform based in U.A.E. supported by export logistics network, strategic partnerships / relationships in Brazil, Spain, and USA.

ADNOC Contributed Assets:

Fertil: Headquartered in Abu Dhabi, Fertil is manufacturing Ammonia and Urea through two plants (Fertil 1 and Fertil 2). The business has a capacity to produce 2.1 mtpa of urea and 1.2mtpa of ammonia.

Fertiglobe aims at achieving value through synergies which include:

Commercial synergies: Timing of sales and increased premiums over benchmark prices, reduced reliance on traders through a wider distribution network and access to key end markets (inc. Brazil, India and East Africa), re-routing of volumes through freight and logistics optimization, reduced freight rates, and sharing of best practices across the Fertiglobe platform.

Technical synergies: Shared maintenance expertise, coordinated turnarounds, procurement optimization and spare parts pooling.

Members of the Board of Directors:

The number of Directors on the Board of Fertiglobe is initially set to be 10 members with OCI appointing 6 members and ADNOC appointing 4 members as follows:

ADNOC Members

H.E. Dr. Sultan Ahmed Al Jaber - Chairperson

Abdulaziz Abdulla Ismail Mohamed AlHajri - Director

Mohamed Saif Ali Abed Alaryani – Director

Wafa Ibrahim Ali Mohamed Al Hammadi - Director

Members of the Board of Directors (continued):

OCI Members

Nassef Onsi Sawiris - Director

Hassan Badrawi - Director

Hesham Abdel Samie - Director

David Welch - Director

Philippe Ryckaert - Director

Eric Bowles - Director

Hussein Marei – Director (until his resignation on Sep 30th, 2019)

Current year's results:

In 2019 total assets reached USD 5.0b with the combination of Fertil in Q4. The company achieved USD 1.06b in revenues by selling 2980 tons of Urea and 1108 tons of Ammonia resulting in a total net profit of USD 38.4m on consolidated basis.

Statement of disclosure to auditors:

The Directors of Fertiglobe certify that as far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board,

Hussein Marei
Company Secretary

Financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT

$ millions	Note	31 December 2019	31 December 2018	1 January 2018
Assets				
Non-current assets				
Property, plant and equipment	(7.1)	3,448.5	1,789.0	1,981.9
Right-of-use assets	(7.2)	94.7	-	-
Goodwill	(8)	604.8	440.0	440.0
Trade and other receivables	(9)	0.4	0.4	0.4
Equity-accounted investees		0.6	0.7	0.7
Deferred tax assets		-	-	1.9
Total non-current assets		**4,149.0**	**2,230.1**	**2,424.9**
Current assets				
Inventories	(11)	100.4	75.6	99.8
Trade and other receivables	(9)	317.1	274.5	145.7
Income tax recoverable	(10)	0.8	-	-
Restricted cash	(12.2)	16.5	16.9	2.7
Cash and cash equivalents	(12.1)	408.1	306.2	119.1
Total current assets		**842.9**	**673.2**	**367.3**
Total assets		**4,991.9**	**2,903.3**	**2,792.2**

H. Abdel Samie (Board Member)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED
AS AT

$ millions	Note	31 December 2019	31 December 2018	1 January 2018
Equity				
Share capital	(13)	3,328.2	-	-
Reserves	(14)	(1,200.4)	(490.7)	(480.3)
Retained earnings		515.1	148.3	271.7
Equity attributable to owners of the Company		2,642.9	**(342.4)**	**(208.6)**
Non-controlling interest	(15)	365.9	468.6	307.7
Total equity		**3,008.8**	**126.2**	**99.1**
Liabilities				
Non-current liabilities				
Loans and borrowings	(16)	713.3	867.6	1,000.4
Lease obligations	(17)	87.7	-	-
Trade and other payables	(18)	14.2	2.9	10.4
Provisions	(19)	-	7.1	7.4
Deferred tax liabilities	(10)	448.0	157.5	166.7
Total non-current liabilities		**1,263.2**	**1,035.1**	**1,184.9**
Current liabilities				
Loans and borrowings	(16)	168.9	1,166.1	1,171.4
Lease obligations	(17)	12.5	-	-
Trade and other payables	(18)	408.9	425.2	210.7
Provisions	(19)	128.9	110.3	123.5
Income tax payables	(10)	0.7	40.4	2.6
Total current liabilities		**719.9**	**1,742.0**	**1,508.2**
Total liabilities		**1,983.1**	**2,777.1**	**2,693.1**
Total equity and liabilities		**4,991.9**	**2,903.3**	**2,792.2**

The notes on pages 11 to 38 are an integral part of these consolidated financial statements.

H. Abdel Samie (Board Member)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

$ millions	Note	2019	2018
Revenues	(20)	1,055.5	1,237.5
Cost of sales	(21)	(858.9)	(878.3)
Gross profit		**196.6**	**359.2**
Other income	(22)	4.6	52.6
Selling, general and administrative expenses	(21)	(57.1)	(37.9)
Other expenses		(1.9)	(0.1)
Operating profit		**142.2**	**373.8**
Finance income	(23)	15.4	8.7
Finance cost	(23)	(104.0)	(135.3)
Net finance cost	(23)	**(88.6)**	**(126.6)**
Income from equity-accounted investees (net of tax)		(0.1)	-
Profit before income tax		**53.5**	**247.2**
Income tax	(10)	(15.1)	(30.3)
Profit for the year		**38.4**	**216.9**
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		(8.6)	(17.3)
Other comprehensive income, net of tax		**(8.6)**	**(17.3)**
Total comprehensive income		**29.8**	**199.6**
Profit attributable to:			
Owners of the Company		3.9	82.0
Non-controlling interest		34.5	134.9
Profit for the year		**38.4**	**216.9**
Total comprehensive income attributable to:			
Owners of the Company		(0.3)	71.6
Non-controlling interest		30.1	128.0
Total comprehensive income		**29.8**	**199.6**

The notes on pages 11 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER

$ millions	Note	Share capital (13)	Reserves (14)	Retained earnings	Equity attributable to owners of the Company	Non- controlling interest (15)	Total equity
Balance at 1 January 2018		**-**	**(480.3)**	**271.7**	**(208.6)**	**307.7**	**99.1**
Impact of IFRS 9 adoption		-	-	(4.6)	(4.6)	(0.2)	(4.8)
Adjusted balance at 1 January 2018		**-**	**(480.3)**	**267.1**	**(213.2)**	**307.5**	**94.3**
Net profit		-	-	82.0	82.0	134.9	216.9
Other comprehensive income		-	(10.4)	-	(10.4)	(6.9)	(17.3)
Total comprehensive income		**-**	**(10.4)**	**82.0**	**71.6**	**128.0**	**199.6**
Impact difference in profit sharing non-controlling interest		-	-	-	-	36.1	36.1
Distributions to related parties		-	-	(200.8)	(200.8)	(3.0)	(203.8)
Balance at 31 December 2018		**-**	**(490.7)**	**148.3**	**(342.4)**	**468.6**	**126.2**
Net profit		-	-	3.9	3.9	34.5	38.4
Other comprehensive income		-	(4.2)	-	(4.2)	(4.4)	(8.6)
Total comprehensive income		**-**	**(4.2)**	**3.9**	**(0.3)**	**30.1**	**29.8**
Impact difference in profit sharing non-controlling interest		-	-	-	-	10.5	10.5
Dividend to non-controlling interest		-	-	-	-	(143.3)	(143.3)
OCI Mena restructuring		1,930.4	(1,930.4)	-	-	-	-
Contribution in kind		-	1,224.9	-	1,224.9	-	1,224.9
Business combination Fertiglobe		1,397.8	-	370.4	1,768.2	-	1,768.2
Distribution in kind to related party		-	-	(7.5)	(7.5)	-	(7.5)
Balance at 31 December 2019		**3,328.2**	**(1,200.4)**	**515.1**	**2,642.9**	**365.9**	**3,008.8**

The notes on pages 11 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

$ millions	Note	2019	2018
Profit for the year		**38.4**	216.9
Adjustments for:			
Depreciation	(21)	222.7	174.7
Interest income	(23)	(3.9)	(2.8)
Interest expense	(23)	84.5	133.3
Net foreign exchange loss and others	(23)	8.0	(3.9)
Share of profit of equity-accounted investees (net of tax)		0.1	-
Impact difference in profit-sharing non-controlling interest	(13)	10.5	36.1
Income tax expense	(10)	15.1	30.3
Changes in:			
Inventories	(11)	(0.3)	22.8
Trade and other receivables	(9)	(9.7)	(126.5)
Restricted cash	(12.2)	0.4	(14.2)
Trade and other payables	(18)	(1.3)	35.1
Provisions	(19)	(0.7)	(12.7)
Cash flows:			
Interest paid		(59.2)	(81.9)
Interest received		2.7	2.8
Income taxes paid		(51.8)	(0.1)
Cash flows from operating activities		**255.5**	**409.9**
Investments in property, plant and equipment	(7.1)	(50.8)	(17.2)
Business combination, net of cash acquired		45.8	-
Cash used in investing activities		**(5.0)**	**(17.2)**

CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED
FOR THE YEARS ENDED 31 DECEMBER

$ millions	Note	2019	2018
Proceeds from borrowings third parties	(16)	70.0	449.0
Proceeds from borrowings related parties	(16)	0.7	6.0
Repayment of borrowings third parties	(16)	(211.7)	(598.3)
Repayment of borrowings related parties	(16)	-	(27.0)
Payment of finance lease obligations		(1.4)	-
Newly incurred transaction costs	(16)	-	(7.9)
Dividends paid to non-controlling interest	(13), (15)	(6.1)	(23.4)
Cash used in financing activities		**(148.5)**	**(201.6)**
Net cash flows		**102.0**	**191.1**
Net increase in cash and cash equivalents		102.0	191.1
Cash and cash equivalents at 1 January		306.2	119.1
Effect of exchange rate fluctuations on cash held		(0.1)	(4.0)
Cash and cash equivalents at 31 December		**408.1**	**306.2**

The notes on pages 11 to 38 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER

1. General

Fertiglobe Holding Limited ('the Company') was established on 23 December 2018 as Private Company Limited by Shares pursuant to Abu Dhabi Global Markets Companies Regulations 2015. It's registered office is located at 2475-2476, 24th floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company is registered in the ADGM commercial register under no. 000001911. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group').

The principal activity of the Group is the production and sale of natural gas-based products.

2. Basis of preparation

2.1 General

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and in compliance with the applicable provisions of the Group's Article of Association and the requirements of the Abu Dhabi Global Market Companies Regulation 2015.

The consolidated financial statements have been prepared on the historical cost convention, except when otherwise indicated.

The financial year of the Group commences on 1 January and ends on 31 December.

These consolidated financial statements are presented in US Dollar ('USD'), which is the Group's functional and reporting currency. All amounts have been recorded to the nearest millions, unless otherwise stated.

The consolidated financial statements of the Group as of and for the years ended 31 December 2019 and 2018, and the consolidated statement of financial position as of January 1, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements as of and for the year ended 31 December 2019 are the Company's first set of consolidated financial statements. These are the first consolidated financial statements of the Group and are prepared in accordance with IFRS and as such, will comply with the regulations set forth within IFRS 1 "First-time Adoption of International Financial Reporting".

Due to the contribution of OCI Mena to the Group, in the consolidated financial statements the Company re-presents its comparatives and adjusts its current reporting period before the date of the transaction (the contribution of the OCI MENA entities in Fertiglobe) as if the combination had occurred before the start of the earliest period presented.

2.2 Business combinations

On 30 September 2019, the Group and Abu Dhabi National Oil Company ("ADNOC") completed a transaction to combine ADNOC's fertilizer business into OCI's Middle East and North Africa ("OCI MENA") nitrogen fertilizer platform.

As part of the transaction, the Group obtained OCI MENA under common control and acquired 100% of the voting powers and economic returns from Ruwais Fertilizer Industries Ltd. ("Fertil"), a previously wholly owned subsidiary of ADNOC. Fertil is consolidated by the Group from 30 September 2019. Fertil is based out of the Emirate of Abu Dhabi, United Arab Emirates and is engaged in processing feedstock gas to produce nitrogen fertilizers. In exchange the Group transferred 42% of the total share capital of Fertiglobe to ADNOC. With the acquisition of Fertil, Fertiglobe will become the largest producer of nitrogen fertilizers in the MENA region.

For the three months ended 31 December 2019, Fertil contributed revenue (before intercompany revenue elimination) of USD 131 million and a loss before tax of USD 4 million to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been USD 1,436 million and the consolidated profit before tax USD 71 million. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

Assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities of Fertil as at the date of acquisition were:

$ millions	Fair value recognised on acquisition
Assets	
Property, plant and equipment	1,843.4
Right-of-use assets	84.9
Inventories	25.7
Trade and other receivables*	33.9
Cash and bank equivalents	45.8
Total assets	**2,033.7**
Liabilities	
Employees benefits	(11.0)
Lease obligations	(86.4)
Trade and other payables	(45.5)
Deferred tax liabilities	(287.4)
Total Liabilities	**(430.3)**
Total identifiable net assets at fair value	**1,603.4**

* The receivables acquired have a gross contractual amount approximately equal to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

2.2 Business combinations (continued)

Goodwill

Goodwill arising from the acquisition has been recognized as follows:

$ millions	
Consideration transferred**	1,768.2
Fair value of identifiable net assets	(1,603.4)
Goodwill	164.8

** The consideration transferred being 42% of OCI MENA has been measured by applying a discounted earnings technique.

No further contingencies were recognized as part of the transaction. Although based on the land lease of the production facility, Fertil has the obligation to restore the site upon decommissioning. The Group has not recorded a liability for this conditional asset retirement obligation, as it does not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability.

Considering that maintenance, turnarounds and any other upgrades will be conducted on a regular basis as was done in the past, this can extend the physical life of the production facility indefinitely (also taken into account the possible changes in technology and availability of raw materials). The deferred tax liabilities comprise the tax effect of the accelerated depreciation for tax purposes of tangible assets and are relating to the fair value step-up applied on PP&E as part of the business combination.
The goodwill of USD 164.8 million comprises the value of expected synergies, future benefits from the assembled workforce and the high profitability of the acquired business. None of the goodwill recognized is expected to be deductible for income tax purposes.

No transaction costs were incurred at Fertiglobe level related to this transaction.

3. Summary of significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise in note 4.

3.1 Consolidation

The consolidated financial statements include the financial statements of the Group, its subsidiaries and the Group's interests in associates and joint ventures.

Subsidiaries

Subsidiaries are all companies to which the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee, generally accompanying a shareholding of more than half of the shares issued and related voting power. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. When the Group ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any investment retained in the former subsidiary is recognized at fair value. The fair value shall be regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Any resulting gain or loss is recognized in profit or loss including related cumulative translation adjustments accumulated in other comprehensive income. The principal subsidiaries are listed in note 28.

Transactions eliminated in the consolidated financial statements

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.2 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date, fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the classification of particular financial assets and financial liabilities assumed as, at fair value through profit or loss, or at amortized cost or as a financial asset measured at fair value through other comprehensive income. The Group makes an assessment of whether embedded derivatives of the acquiree should be separates from their host contracts.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

The consideration transferred in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The Group recognises the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

3. Summary of significant accounting policies (continued)

Changes in the fair value of consideration that are not measurement period adjustments shall be adjusted as follows:

- Contingent consideration classified as equity shall not be remeasured.
- Other contingent consideration shall be measured at fair value with changes recognized in profit or loss.

3.3 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case

foreign currency differences that have been recognised in OCI are reclassified to profit or loss);

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into USD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

3.4 Financial instruments

Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, at fair value through profit or loss ('FVTPL') and at fair value through other comprehensive income ('FVOCI'). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

Amortized cost

Trade and other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the 'held-to-maturity' business model criteria for amortized cost measurement. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss on derecognition is recognized directly in profit or loss.

The Group sells certain trade receivables under a securitization agreement to a third party. For these selected debtors the Group will use the 'hold-to-collect-and-sell business model' as defined under IFRS 9 and will measure these receivables going forward at FVOCI.

Fair value through profit or loss ('FVTPL')

Derivative financial instruments held by the Group are classified in the category FVTPL, unless the instrument is designated in a hedge relationship and the hedge meets the requirements for hedge accounting. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial liabilities

Financial liabilities, like loans and borrowings and trade and other payables, are measured at amortized cost, unless the financial liability:

- is a derivative at FVTPL;
- arised from the transfer of a financial assets that does not qualify for derecognition or if the continuing involvement approach applies;
- is a financial guarantee contract;
- is a commitment to provide a loan at a below-market interest rate; and
- is a contingent consideration resulting from a business combination to which IFRS 3 applies, measured at FVTPL.

Impairment

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. Based on the assessment undertaken on historical data, there's limited impact from the expected credit loss model. The Group will evaluate any possible impact going forward. For the assessment of loss allowance for expected credit losses, a simplified model for trade receivables is applied. The loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL. They are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between:

- the contractual cash flows that are due to an entity under the contract; and
- the cash flows that the holder expects to receive.

In order to assess the lifetime ECLs for trade receivables, both historic credit losses experience and forward-looking information is assessed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

3. Summary of significant accounting policies (continued)

For other receivables (and other financial assets) the Group measures the loss allowance at an amount equal to the lifetime ECLs if the credit risk on that financial instrument has increased significantly since initial recognition.

If at the reporting date, the credit risk of other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date (original maturity) that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Restricted cash comprises cash balances where specific restrictions exist on the Company's ability to use this cash. Restricted cash includes cash deposited as collateral for letters of credit issued by the Company. Restricted funds include bank balances reserved by the lending institution for installments of loan payments to be made in the near future.

3.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognized in equity as a deduction, net of tax, from the proceeds.

3.7 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes cost of material, direct labour, other directly attributable cost incurred to bring the asset ready to its intended use, cost of asset retirement obligations and any capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance costs are expensed as incurred. Spare parts of property, plant and equipment are recognized under property, plant and equipment if the average turn-over exceeds 12 months or more, otherwise they are recognized within inventories.

Finance leases

Leased assets in which the Group bears substantially all the risks and rewards incidental to ownership are classified as finance leases and recognized under property, plant and equipment. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of minimum lease payments. Minimum lease payments made under finance leases are apportioned between the interest expenses and the reduction of the outstanding liability. The interest expenses are recognized as other financing cost over the lease term. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Property, plant and equipment under construction

Expenditures incurred for purchasing and constructing property, plant and equipment are initially recorded as 'under construction' until the asset is completed and becomes ready for use. Upon the completion of the assets, the recognized costs are reclassified from 'under construction' to its final category of property, plant and equipment. Assets under construction are not depreciated and measured at cost less any impairment losses.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis through profit or loss over the estimated useful lives of each component, taking into account any residual values. Finance lease assets are depreciated over the shorter of the lease term and their useful lives. If it is reasonably certain that the Group will obtain ownership by the end of the lease term, the finance lease assets are depreciated over their useful lives. Land is not depreciated. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for items of property, plant and equipment are as follows:	Years
Buildings	10 - 50
Plant and equipment	5 - 25
Fixtures and fittings	3 - 10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary by the Group.

3.8 Goodwill

Goodwill

Goodwill represents the excess of purchase price and related costs over the value assigned to the Groups' share of identifiable assets acquired and liabilities assumed of businesses acquired that were directly attributable to the legal entities comprising the Group. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

3. Summary of significant accounting policies (continued)

Goodwill on acquisition of entities that qualify as subsidiaries is presented under 'Goodwill'. Goodwill on acquisitions of entities that qualify as associates or joint ventures is included in 'Equity-accounted investees'. Goodwill on acquisition of subsidiaries is allocated to cash-generating units for the purpose of impairment testing.

The allocation is made to those cash-generating units or group of units that are expected to benefit from the business combination through which the goodwill arose, based on past experience.

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is tested annually for impairment; an impairment loss is recognized for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of the cash-generating unit is determined by the higher of its fair value less cost to sell and its value in use. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold. All other expenditures on internally generated goodwill and other intangible assets is recognized in profit or loss as incurred.

3.9 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories of raw materials, spare parts and supplies are based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.10 Impairment of assets

Non-derivative financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a non-derivative financial asset or a group of non-derivative financial assets is impaired. A non-derivative financial asset is considered to be impaired if the counterparty does not meet the agreed payment terms or when evidence exists that the counterpart will not be able to do so. The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is recognized for the amount by which the carrying amount of a non-derivative financial asset exceeds its estimated discounted future cash flows using the original interest rate. Impaired non-derivative financial assets are tested periodically to determine whether the estimated future cash flows have increased and the impairment has to be reversed. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

In the case of a financial asset classified as financial asset at FVOCI, a significant or prolonged decline in the fair value of the financial asset at FVOCI below its acquisition cost is considered as an indicator that the financial asset at FVOCI is impaired. If any such evidence exists for a financial asset at fair value through other comprehensive income, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss.

Impairment losses recognized in profit or loss on equity instruments classified as financial asset at FVOCI not reversed through profit or loss.

Derivative financial assets

Derivative financial assets are measured at fair value and the Group investigates whether the counterparty's creditworthiness gives rise to an impairment. When determining the fair value, credit value and debit value adjustments are taken into account.

Non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortization but are tested annually for impairment or more frequently when indicators arise. Assets with a finite useful life are subject to depreciation or amortization and are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by continued use. For the purposes of assessing impairment, assets are grouped based on the lowest level for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognized in profit or loss.

They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis. Non-financial assets, which are impaired, are tested periodically to determine whether the recoverable amount has increased and the impairment be (partially) reversed. Impairment losses on goodwill are not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

3.11 Provisions

Provisions are recognized when a present legal or constructive obligation based on past events exists, and it is probable that an outflow of economic benefits is required to settle the obligation. If the outflow is probable, but cannot be determined reliably, the obligation is disclosed. The non-current part of provisions is determined by discounting the expected future cash flows at a pre-tax rate that reflects

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

3. Summary of significant accounting policies (continued)

current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Asset retirement obligations

The Group recognizes a provision if the Group has an obligation to restore a leased asset in its original condition at the end of its lease term and in case of legal requirements with respect to clean-up of contamination of land, and the estimate can be made reliable. Based on the land lease of their production facilities, some entities have the obligation to restore their site upon decommissioning. The Group has not recorded a liability for this conditional asset retirement obligation, as it does not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability. Considering that maintenance, turnarounds and any other upgrades will be conducted on a regular basis as was done in the past, this can extend the physical life of the production facility indefinitely (also taken into account the possible changes in technology and availability of raw materials).

Claims and contingencies

The Group is subject to legal and regulatory proceedings in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties or disgorgements against the Group. If it is probable that an obligation to the Group exists, which will result in an outflow of resources and the amount of the outflow can be reliably estimated, a provision is recognized.

Donation provision

The donation provision is recognized as a constructive obligation, the amount is undiscounted as the Group does not know the exact settlement date.

3.12 Contract revenue

Revenues are recognized to depict the transfer of goods or services to customers in the ordinary course of the Group's activities, in the amounts that reflect the considerations to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when the Group satisfies the performance obligations by transferring promised goods or services to customers. The main performance obligation of the Group is the transfer of the Group's fertilizer and chemical products to customers. Revenue from the sale of fertilizer and chemical products are the two main revenue streams of the Group.

Goods are transferred when the customer obtains control of the asset. The timing of when control transfers depends on the sales and shipping terms agreed. Depending on its nature and the agreed sales terms, a performance obligation is either satisfied at certain point in time or over a certain period of time.

Revenue is recognized net of expected discounts and rebates to customers. Accumulated experience and management judgement is used to estimate and provide for the discounts and rebates and revenue is only recognized to the extent that it is highly probably that a significant reversal will not occur. The Group does not have any contracts where the period of time between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, no adjustment is made to transaction prices for the time value of money.

Contract revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Type of product/ Service	Nature, timing of satisfaction of performance obligations, significant payment terms
Sale of natural gas products	Under IFRS 15, customers obtain control of natural gas products when the goods are dispatched from the Group's storage location. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 days. Revenue is recognised when the goods are dispatched from the Group's warehouse. Invoices for sale of goods are issued when goods are shipped and are usually payable within 30 days.

3.13 Operating leases

Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made by the Group under operating leases (net ofany incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a 'straight-line' basis over the period of the lease.

3.14 Finance income and cost

Finance income comprises:

- interest income on funds invested (including on financial assets at fair value through other comprehensive income);
- gains on the disposal of financial assets at fair value through other comprehensive income;
- dividend income;
- fair value gains on financial assets at fair value through profit or loss;
- gains on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- interest income is recognized as it accrues in profit or loss, using the effective interest method.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

3. Summary of significant accounting policies (continued)

Finance cost comprise:

- interest expense on borrowings;
- unwinding of the discount on provisions and contingent consideration;
- interest expense related to lease obligations;
- losses on disposal of financial assets at fair value through other comprehensive income;
- fair value losses on financial assets at fair value through profit or loss;
- loss on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss and expensed as incurred.

Foreign currency gains and losses are recognized on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.15 Employee benefits

Defined contribution plan

Certain Group subsidiaries provide pension plans, end of service remuneration plans and long-term service benefits. These pension plans qualify as defined contribution plans. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The Group long-term employee benefits are recognized if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably to determine its present value. The discount rate is the yield at the balance sheet date on triple-A ('AAA') credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. Re-measurements are recognized in profit or loss in the period in which they arise.

Termination benefits

Employee termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or when the Group is providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3.16 Income tax

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Current income tax receivable and payable are offset when there is a legally enforceable right to offset and when the current income tax relates to the same fiscal authority.

Deferred tax

Deferred income tax liabilities are recognized for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements ('liability' method). Deferred income tax assets are recognized for all deductible temporary differences,

unused carry forward losses and unused carry forward tax credits, to the extent that it is probable that future taxable profit will be available against which the deferred income tax assets can be utilized.

Deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Also, no deferred income tax is recognized regarding the initial recognition of goodwill and regarding investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred income tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

4. New accounting standards and policies

On a regular basis, the IASB issues new accounting standards, amendments and revisions to existing standards and interpretations.

4.1 Standards, amendments, revisions and interpretations that became effective to the Group during 2019

The Group has applied the following standards for the first time in the annual reporting period commencing 1 January 2019:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

4. New accounting standards and policies (continued)

IFRS 16 'Leases'

IFRS 16 issued on 13 January 2016 is effective for reporting periods beginning on or after 1 January 2019.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for the customer ('lessee') and the supplier ('lessor'). IFRS 16 introduces a single lessee accounting model.

Applying that model, a lessee is required to recognize:

- assets and liabilities for all leases with voluntary exceptions for short-term leases (of less than 12 months) and leases of which the underlying asset is of low value;
- depreciation of lease assets separately from interest on lease obligations in the statement of profit or loss; and
- repayment of lease obligations are presented as cash flows from finance activities.

The Group has chosen to implement IFRS 16 using the modified retrospective approach effective 1 January 2019. Comparative numbers were not restated. While applying the modified retrospective approach, The Group has elected the option to measure the right-of-use asset based on the value of the lease obligation, to exclude initial direct cost and to use the incremental borrowing rate to determine the present value of the lease obligation. The incremental borrowing rate will be determined for each lease obligation as the sum of the entity specific average borrowing rate and a discount reflecting the security of the underlying 'right-of-use asset', taking into account the term structure difference between the average borrowing rate and the term of the lease.

The adoption of IFRS 16 did not result in any adjustment to equity in the 2019 opening balances and does not affect any covenants.

The group elected the following practical expedients and applied these consistently to all leases:

- no reassessment of whether any existing contracts already assessed under previous IFRS guidance contain leases;
- excluded initial direct costs from the measurement of right-of-use assets on transition;
- leases for which the lease term ends during 2019 will be expensed as short-term leases.

The impact of implementing IFRS 16 can be seen in the below schedules:

Right-of-use assets:

$ millions	Land and buildings	Total
Impact of adoption of IFRS 16	12.8	12.8
At 1 January 2019	**12.8**	**12.8**

Lease obligations:

$ millions	Non-current lease obligations	Current lease obligations	Total
Impact of adoption of IFRS 16	11.4	1.4	12.8
At 1 January 2019	**11.4**	**1.4**	**12.8**

The weighted average incremental borrowing rate for the lease liabilities is 8.0%.

When comparing the IFRS 16 value of lease obligations to the discounted value (using the same incremental borrowing rate) of the IAS 17 lease obligations, the differences are the result of the short term leases maturing in 2019 that are being expensed under the IFRS 16 practical expedient and the non-lease elements excluded from certain leases under IFRS 16.

We have used the same database of leases to calculate the value under IFRS 16 as was used previously under IAS 17, the difference in value is then only in leases still treated as if they were operating leases. 'Regular' low-value and short term leases are insignificant by default, so the main difference is in the initial exemption.

IFRS 16 Accounting policy

Lessee accounting

Whether an arrangement is, or contains a lease is assessed at the commencement date of the lease. In general, an arrangement is considered to be or to contain a lease when all of the following apply:

- there is an identified asset;
- Fertiglobe obtains substantially all economic benefits from the use of the asset; and
- Fertiglobe can direct the use of the identified asset.

Lease obligations are recognized based on the present value of the future minimum lease payments. Right-of-use assets are valued equal to the lease liabilities. As leases do not easily provide for an implicit rate, Fertiglobe uses the incremental borrowing rate. The lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

New and revised IFRS applied with no material effect on the financial statements

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015-2017 Cycle – Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

4.2 New revised IFRS in issue but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the year beginning 1 January 2020 or as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

- Amendments to References to Conceptual Framework in IFRS Standards (1 January 2020).
- Definition of a Business (Amendments to IFRS 3) (1 January 2020).
- Definition of Material (Amendments to IAS 1 and IAS 8) (1 January 2020).
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (1 January 2020)
- IFRS 17 Insurance Contracts (1 January 2022).

5. Critical accounting judgment, estimates and assumptions

The preparation of the consolidated financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the revision period and future periods, if the changed estimates affect both current and future periods. The most critical accounting policies, involving a higher degree of judgment and complexity in applying principles of valuation and for which changes in the assumptions and estimates could result in significantly different results than those recorded in the financial statements, are the following:

Goodwill

The Group tests at least annually whether goodwill is impaired by comparing the recoverable amounts of cash-generating units with their carrying amounts. The recoverable amount is the higher of the fair value less cost of disposal and the value in use. In determining the recoverable amount, the Group makes estimates and assumptions concerning future revenues, future costs, future working capital, future investments, Weighted Average Cost of Capital ('WACC') and future inflation rates.

Property, plant and equipment

Depreciation is calculated using the 'straight-line' method based on the estimated useful lives, taking into account any residual values. Management makes estimates regarding the useful lives and residual values and assumes that depreciation takes place on a 'straight-line' basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The Group assesses annually, or more frequently, whether indicators exist that suggest that an item of property, plant and equipment might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of property, plant and equipment, the Group makes estimates and assumptions about future cash flows based on the value in use. The discount rate to be used in order to calculate the net present value of the future cash flows in the impairment analysis is based on the WACC.

Financial instruments

The fair value of financial instruments traded in active markets (financial instruments in the fair value hierarchy level 1) is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded in an active market with observable market prices (financial instruments in the fair value hierarchy level 2) is determined using generally accepted valuation techniques. These valuation techniques include estimates and assumptions about forward rates, discount rates based on a single interest rate, or on a yield-curve based on market conditions existing at the balance sheet date. The fair value of borrowings and interest rate swaps is calculated based on the present value of the estimated future cash flows based on the yield-curve applicable at the balance sheet date. If the financial instrument contains a floating interest rate, the future expected interest rates are determined based on forward rates. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. Gas price option and gas swap contracts are valued using applicable market yield curves. All inputs for the fair value calculations represent observable market data that are obtained from external sources that are deemed to be independent and reliable. The net carrying amount of trade receivables and trade payables is assumed to approximate the fair value due to the short-term nature.

The fair value of financial instruments with no observable market prices (financial instruments in the fair value hierarchy level 3) is based on assumptions that market participants would use when pricing these asset or liability, including assumptions about risk. Assumptions about risk include the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and the risk inherent in the inputs to the valuation technique, including a risk adjustment when there is significant measurement uncertainty.

The fair value of non-current financial liabilities is estimated by discounting the future cash flows using original effective yield-curves. Unlisted equity securities in the financial assets at fair value through other comprehensive income category (financial instruments in the fair value hierarchy level 3) are measured at cost less impairments. A significant and prolonged decline in the fair value of a financial asset at fair value through other comprehensive income below its acquisition cost is considered as an indicator that the financial asset at fair value through other comprehensive income is impaired.

If any such evidence exists for a financial asset at fair value through other comprehensive income, the cumulative losses previously recognized in other comprehensive income is recognized in the profit or loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss.

Impairment financial instruments (including trade receivables)

Objective evidence may exist in circumstances in which a counterparty has been placed in bankruptcy,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. Critical accounting judgment, estimates and assumptions (continued)

or has failed on the repayments of principal and interest. In other circumstances the Group uses judgment to determine whether financial assets may be impaired. the Group uses judgment to determine whether an impairment can be reversed, an assumption in doing so might be an improvement in the debtor's credit rating or receipt of payments due. For listed equity securities in the financial assets at fair value through other comprehensive income category, the Group uses the assumption that if the market value declined by more than 25 percent and more than 6 months, the asset is assumed to be impaired.

For unlisted equity securities in the financial assets at fair value through other comprehensive income category, an impairment test is performed if objective evidence becomes available to the Group that the asset might be impaired.

For debt-securities, an impairment trigger exists when the counterpart fails to meet its contractual payment obligations or there is evidence that the counterpart has encountered financial difficulties. The impairment is determined based on the carrying amount and the recoverable amount.

The recoverable amount is determined as the present value of estimated future cash flows using the original effective interest rate.

Inventories

In determining the net realizable value of inventories, the Group estimates the selling prices in the ordinary course of business less cost to sell. In doing so, the Group makes estimates and assumptions based on current market prices, historical usage of various product categories versus current inventory levels and specific identified obsolescence risks (e.g. end of life of specific goods and spare parts and the impact of new environmental legislation). determining the net realizable value of inventories, the Group estimates the selling prices in the ordinary course of business, cost of completion and cost to sell.

Provisions

Recognition of provisions include significant estimates, assumptions and judgments. IFRS requires only those provisions to be recognized if there is an expected outflow of resources in the near future and if the cost of these outflows can be estimated reliably.

Accordingly, management exercises considerable judgment in determining whether it is more likely than not that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. These judgments are subject to change as new information becomes available. The required amount of a provision may change in the future due to new developments in the matter. Revisions to estimates may significantly impact future profit or loss. Upon resolution, the Group may incur charges in excess of the recorded provisions for such matters.

Provisions for asset retirement obligations, represent estimated costs of decommissioning. Due to the long time period over which future cash outflows are expected to occur, including the respective interest accretion, assumptions are required to be made. Amongst others, the estimated cash outflows could alter significantly if, and when, political developments affect future laws and regulation with respect to asset retirements. The Group has not recognized any asset retirement obligations because a reliable estimate of the amount of the obligations cannot be made.

With respect to legal cases, the Group has to estimate the outcome. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. The Group periodically reviews the status of these proceedings with both the internal and external legal counsels.

Income taxes

The Group is subject to income taxes in several jurisdictions. Estimates are required in determining the group-wide provision for income taxes. There are some transactions and calculations for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognizes provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. The Group recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available for the deferred tax asset to be recovered. This is based on estimates of taxable future income by jurisdiction in which the Group operates and the period over which deferred tax assets are expected to be recoverable. In the event that actual results or new estimates differ from previous estimates and depending on the possible tax strategies that may be implemented, changes to the recognition of deferred tax assets could be required, which could impact the financial position and profit or loss.

Leases

The assessment of whether a contract is or contains a lease requires judgment with respect to whether the lessor has substantive substitution rights, who obtains economic benefits from use of the asset and who takes the 'how and for what purpose' decisions during the period of use.

Judgement is also applied in order to assess whether the entity will exercise any extension or cancelation options of a lease. The group applies judgments in order to determine the incremental borrowing rate in order to calculate the lease liability.

Liquidity risk

As part of the preparation of the financial statements, the Group has assessed its liquidity risk and going concern. Liquidity risk is the risk that the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group has made a number of assumptions in assessing its ability to meet its covenant requirements and satisfy obligations as they become due. Determining these assumptions requires significant judgment about future results and cash flows. Key assumptions include product pricing, gas pricing, utilization rates and the ability to arrange financing and obtain waivers for potential covenant breaches.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

6. Financial risk and capital management

Overview

The Group has exposure to credit, liquidity and market risks from financial instruments. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated company basis. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, additionally it also includes the Group's management of capital.

Risk management framework

The Board has oversight responsibility on the establishment and monitoring of the Group's risk management framework. Senior (local) management is responsible for the effective operation of the internal risk management and control systems.

The Finance department is responsible for the facilitation and supervision of the Risk Management function, compliance with the Group Internal Control Framework and supports the Board in the exercise of their risk management duties.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

6.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The Group mitigates the exposure to credit risk on outstanding cash balances by placing funds at multiple financial institutions with a sufficient credit rating. The Group's exposure to customer credit risk is monitored and mitigated by performing credit checks before selling any goods. No collateral is received.

The Group establishes an allowance, if needed, for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that are expected based on historical performance. IFRS 9 establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition.

As at 31 December 2019, management assessed any significant increase in credit risk based on internal and external factors related to the financial instruments and concluded no such significant credit risk was present. Hence, no allowance related to credit risk has been recognized.

With respect to transactions with financial institutions, the Group sets a minimum credit rating for the counterparties. The maximum exposure to credit risk is the carrying amount of financial instruments, for an overview reference is made to the tables financial instruments by category. There is no significant concentration of credit risk in trade and other receivables, financial assets at fair value through other comprehensive income or cash and cash equivalents.

The maximum exposure to credit risk at the reporting date is as follows:

$ millions	Note	2019	2018
Trade and other receivables	(9)	300.6	274.9
Cash and cash equivalents and restricted cash	(12)	424.6	323.1
Total		**725.2**	**598.0**

The maximum exposure to credit risk for trade and other receivables by geographic region is as follows:

$ millions	2019	2018
Middle East and Africa	122.4	79.1
Asia and Oceania	86.7	30.4
Europe	105.8	142.6
Americas	2.6	22.6
Total	**317.5**	**274.7**

6.2 Liquidity risk

6.2.1 General

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities of financial liabilities, including estimated interest payments and exclude the impact of netting agreements:

At 31 December 2019 $ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Financial liabilities						
Cash outflows:						
Loans and borrowings	(16)	882.2	1,223.4	225.9	436.7	560.8
Loans and borrowings from related parties	(26)	-	-	-	-	-
Lease obligations		100.2	117.4	12.2	43.8	61.4
Trade and other payables	(18)	421.8	421.8	407.6	14.2	-
Trade and other payables to related parties		1.3	1.3	1.3	-	-
Derivatives		-	-	-	-	-
Total		**1,405.5**	**1,763.9**	**647.0**	**494.7**	**622.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

6. Financial risk and capital management (continued)

At 31 December 2018 $ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Financial liabilities						
Cash outflows:						
Loans and borrowings	(16)	1,022.2	1,322.6	222.5	873.1	227.0
Loans and borrowings from related parties		1,011.5	1,021.1	1,021.1	-	-
Trade and other payables	(18)	223.3	223.3	220.4	2.9	-
Trade and other payables to related parties		199.3	199.3	199.3	-	-
Derivatives	(18)	5.5	5.5	5.5	-	-
Total		**2,461.8**	**2,771.8**	**1,668.8**	**876.0**	**227.0**

The interest on floating rate loans and borrowings is based on forward interest rates at period-end. This interest rate may change as the market interest rate changes.

Callable loan amounts are classified as 'Less than one year'. The future obligations will be managed by the future incoming cash from operations, currently available non-restricted cash and cash equivalents of USD 408.1 million and unused amounts on credit facility agreements, reference is made to note 16.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This is also safeguarded by using multiple financial institutions in order to mitigate any concentration of liquidity risk.

The liquidity risk is monitored internally at Group level. On an ongoing basis the Group prepares liquidity forecasts to verify whether the Group is able to meet its future debt obligations. The Group has also carefully evaluated the funding of its Business Plan for at least the next 12 months from the date of issuance of the financial statements, taking into account the measures mentioned below and has applied sensitivities to the forecast level of liquidity headroom available. Key assumptions include product pricing, natural gas pricing and utilization rates. Management has applied these assumptions to the forecasts, which would leave sufficient liquidity headroom.

6.3 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to foreign currency risk arising in separate ways:

Foreign exchange translation risk

Due to the Group's international presence, the Group is exposed to foreign exchange fluctuations as these affect the translation of the Group's business entities presented in foreign currencies that are different from the US dollar (which is the Group's functional currency). The currencies concerned are mainly the Euro and the Algerian dinar. Foreign exchange translation exposure is considered a part of doing business on an international level; this risk is not hedged. The Group seeks to mitigate translation risk to our credit metrics by broadly matching the currency of debt with cashflows.

Foreign exchange transaction risk

The Group entities predominantly execute their activities in their respective functional currencies. The Group is however exposed to foreign exchange transaction risk to the extent that there is a mismatch between the currencies in which sales, purchases, investments and borrowings are denominated and the respective functional currencies of the Group entities. The Group monitors the exposure to foreign currency risk arising from operating activities and enters selectively into foreign exchange contracts to hedge foreign currency exposures. The functional currencies of the Group entities are primarily the US dollar, the Algerian dinar and the Euro. EFC and EBIC have exposure to fluctuations in the USD/EGP exchange rates.

The summary of balances of the Group's exposure to foreign exchange transaction, where the main exposure currencies are different from the functional currencies, including intercompany balances, is as follows:

At 31 December 2019 $ millions	USD	EUR	EGP
Trade and other receivables	7.3	6.4	77.8
Trade and other receivables intercompany	1.090.3	3.4	0.1
Trade and other payables	(4.7)	(0.8)	(16.3)
Trade and other payables intercompany	(8.8)	(1.0)	(0.2)
Loans and borrowings	-	-	(51.4)
Loans and borrowings intercompany	(1,082.4)	-	-
Provisions	-	-	(118.7)
Cash and cash equivalents	224.2	19.0	23.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. Financial risk and capital management (continued)

At 31 December 2018 $ millions	USD	EUR	EGP
Trade and other receivables	44.6	6.3	68.0
Trade and other receivables intercompany	16.4	-	0.7
Trade and other payables	-	(4.2)	(7.8)
Trade and other payables intercompany	(4.6)	(6.1)	(1.2)
Loans and borrowings	-	-	(59.9)
Loans and borrowings intercompany	-	-	-
Provisions	-	-	(106.5)
Cash and cash equivalents	185.5	18.8	22.6

The Algerian dinar is not included in the above table of foreign exchange transaction exposure, since there are no entities in the Group which have monetary items denominated in Algerian dinar, except for Sorfert, which has the Algerian dinar as its functional currency.

Significant rates

The following significant exchange rates applied during the year:

	Average 2019	Average 2018	Closing 2019	Closing 2018
Euro	1.1193	1.1813	1.1213	1.1428
Egyptian pound	0.0596	0.0562	0.0623	0.0559
Algerian dinar	0.0084	0.0086	0.0084	0.0085

The following tables demonstrate the sensitivity to a reasonably possible change in EUR, EGP and DZD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

31 December 2019 $ millions	Change in FX rate	Effect on profit before tax	Effect on equity
EUR - USD	5 percent	0.5	-
	(5) percent	(0.5)	-
EGP - USD	3 percent	(2.6)	-
	(3) percent	2.6	-
DZD - USD	3 percent	(6.9)	-
	(3) percent	6.9	-

31 December 2018 $ millions	Change in FX rate	Effect on profit before tax	Effect on equity
EUR - USD	7 percent	(1.1)	-
	(7) percent	1.1	-
EGP - USD	3 percent	(3.4)	-
	(3) percent	3.4	-
DZD - USD	3 percent	(7.0)	-
	(3) percent	7.0	-

The figures in the above overview are determined based on the currency volatility of the respective years. A significant part of the Group's exposure to foreign currency transaction risk relates to intercompany balances.

Interest rate risk

The Group's cash flow interest rate risks arise from the exposure to variability in future cash flows of floating rate financial instruments and refinancing fixed rate borrowings. The Group regularly reviews its exposure to the global interest rate environment. The Group has not entered into any interest rate derivatives.

The Group analyses its interest rate exposure on a dynamic basis. The Group calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings plus refinancing of fixed rate borrowings, as follows:

$ millions	In basis points	2019	2018
Effect on profit before tax for the coming year	+100 bps	(5.4)	(6.4)
	- 100 bps	5.4	6.4

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market data, showing a lower volatility compared to prior years. The interest rate sensitivity calculation is based on the interest-bearing liabilities, reference is made to note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. Financial risk and capital management (continued)

Categories of financial instruments:

31 December 2019 $ millions	Note	Loans and receivables / payables at amortized cost	Derivatives at fair value
Assets			
Trade and other receivables	(9)	317.5	-
Cash and cash equivalents and restricted cash	(12)	424.6	-
Total		**742.1**	**-**
Liabilities			
Loans and borrowings	(16)	882.2	-
Trade and other payables	(18)	423.1	-
Total		**1,305.3**	**-**

31 December 2018 $ millions	Note	Loans and receivables / payables at amortized cost	Derivatives at fair value
Assets			
Trade and other receivables	(9)	274.9	-
Cash and cash equivalents and restricted cash	(12)	323.1	-
Total		**598.0**	**-**
Liabilities			
Loans and borrowings	(16)	2,033.7	-
Trade and other payables	(18)	422.6	5.5
Total		**2,456.3**	**5.5**

The Group has limited financial instruments carried at fair value. For derivative financial instruments, the fair value is calculated within hierarchy category level 2.

In 2019 and 2018, there were no transfers between the fair value hierarchy categories. The fair value of loans and borrowings and receivables are disclosed in notes 16 and 9, respectively.

6.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings, reserves and non-controlling interest of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group is required by external financial institutions to maintain certain capital requirements compared to its debt. Reference is made to note 16 for a description of financial covenants.

The Group's net debt to equity ratio at the reporting date was as follows:

$ millions	Note	2019	2018
Loans and borrowings	(16)	882.2	2,033.7
Less: cash and cash equivalents	(12)	424.6	323.1
Net debt		**457.6**	**1,710.6**
Total equity		2,959.1	126.2
Net debt to equity ratio at 31 December		**0.1**	**13.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

7.1 Property, plant and equipment

$ millions	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Cost	148.1	3,009.1	15.4	6.7	3,179.3
Accumulated depreciation	(39.3)	(1,145.1)	(13.0)	-	(1,197.4)
At 1 January 2018	**108.8**	**1,864.0**	**2.4**	**6.7**	**1,981.9**
Movements in the carrying amount:					
Additions	-	3.4	1.2	13.9	18.5
Disposals	-	-	-	-	-
Depreciation	(6.2)	(167.4)	(1.1)	-	(174.7)
Transfers	-	9.1	2.4	(11.5)	-
Effect of movement in exchange rates	(2.5)	(34.1)	-	(0.1)	(36.7)
At 31 December 2018	**100.1**	**1,675.0**	**4.9**	**9.0**	**1,789.0**
Cost	144.9	2,970.1	18.8	9.0	3,142.8
Accumulated depreciation	(44.8)	(1,295.1)	(13.9)	-	(1,353.8)
At 31 December 2018	**100.1**	**1,675.0**	**4.9**	**9.0**	**1,789.0**
Movements in the carrying amount:					
Additions	0.1	31.2	2.8	16.4	50.5
Business combination Fertiglobe	103.8	1,714.5	2.0	23.2	1,843.5
Disposals	-	(1.3)	(0.2)	(2.0)	(3.5)
Depreciation	(7.2)	(210.6)	(1.6)	-	(219.4)
Transfers	-	-	-	-	-
Effect of movement in exchange rates	(0.8)	(10.7)	-	(0.1)	(11.6)
At 31 December 2019	**196.0**	**3,198.1**	**7.9**	**46.5**	**3,448.5**
Cost	298.7	5,427.9	43.2	46.5	5,816.3
Accumulated depreciation	(102.7)	(2,229.8)	(35.3)	-	(2,367.8)
At 31 December 2019	**196.0**	**3,198.1**	**7.9**	**46.5**	**3,448.5**

As at 31 December 2019, the Group has land with a carrying amount of USD 22.2 million (2018: USD 22.2 million).

The additions of USD 50.5 million mainly relate to Sorfert for USD 26.4 million, Fertil for USD 11.7 million and EFC for USD 10.2 million. The effect of movement in exchange rates in 2019 mainly relates to Sorfert, which has a different functional currency (Algerian dinar), to the Group's presentation currency. The Algerian dinar decreased by 1.2% against the US dollar in 2019.

The difference between the additions in the above schedule and the investments in property, plant and equipment mentioned in the consolidated statement of cash flows is mainly caused by changes in capital expenditure creditors not yet paid and capitalized borrowing costs, which are presented as part of interest expenses under cash flows from operating activities in the consolidated statement of cash flows.

7.2 Right-of-use assets

$ millions	Land and buildings	Fixtures and fittings	Total
Impact of adoption of IFRS 16	12.8	-	12.8
At 1 January 2019	**12.8**	**-**	**12.8**
Movement in the carrying amount:			
Additions	-	0.8	0.8
Business combination Fertiglobe	36.4	48.5	84.9
Depreciation	(1.1)	(2.2)	(3.3)
Disposals	(0.5)	-	(0.5)
Effect of movement in exchange rates	-	-	-
At 31 December 2019	**47.6**	**47.1**	**94.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

8. Goodwill

$ millions	Goodwill
Cost	1,777.6
Accumulated impairment	(1,337.6)
At 1 January 2018	**440.0**
Cost	1,777.6
Accumulated impairment	(1,337.6)
At 31 December 2018	**440.0**
Movements in the carrying amount:	
Business combination Fertiglobe	164.8
At 31 December 2019	**604.8**
Cost	1,942.4
Accumulated impairment	(1,337.6)
At 31 December 2019	**604.8**

Goodwill

Goodwill has been allocated to the cash generating units as follows:

Cash generating units $ millions	2019	2018
Egyptian Fertilizers Company ('EFC')	440.0	440.0
Ruwais Fertilizer Industries Ltd. ('Fertil')	164.8	-
Total	**604.8**	**440.0**

The business combination of Fertil was established per 30 September 2019 (refer to note 2.2), as such no impairment test was performed in 2019 for this cash generating unit.

Goodwill impairment testing

The determination of the recoverable amount for the cash generating unit EFC requires significant judgments and estimates, including projections of future cash flows from the businesses. The recoverable amounts have been estimated based on value in use.

The tests were carried out by discounting future cash flows to be generated from the continuing use of the cash-generating units to which the goodwill applies and on the assumption of an indefinite life. Key assumptions used in the calculation of recoverable amounts are the discount rate, the terminal value growth rate, selling price outlook per product, natural gas prices and the number of expected operating days per plant. Selling prices assumptions are based on a published independent price outlook prepared by global experts. The other assumptions used are based on past experience and external sources, but that are unpredictable and inherently uncertain.

The impairment tests are based on specific estimates for the US dollar cash flow projections for the years 2020 to 2024 (this period captures the cyclical nature of the industry). For the subsequent years the residual values were calculated based on the average EBITDA margin of the projection period and whereby a perpetual growth rate of 2.0% was taken into account. The estimated pre-tax cash flows are discounted to their present value using pre-tax discount rates.

The following rates were applied in performing the impairment test:

	2019	2018
Percentage	EFC	EFC
Pre-tax discount rate	9.9%	14.0%
Perpetual growth rate	2.0%	1.5%

Result of the impairment test

For all cash generating units the recoverable values significantly exceed the carrying amounts. In 2019 the headroom of EFC is USD 313.0 million, compared to a headroom USD 162.0 million in 2018.

Impairment of EFC goodwill would occur if sales prices would be consistently more than 12.0% lower in the period 2020-2024 compared to the prices assumed in the impairment model.

9. Trade and other receivables

$ millions	2019	2018
Trade receivables	108.9	100.0
Trade receivables (net) from related parties	3.6	14.8
Loans to related parties (note 26)	63.1	32.5
Prepayments	16.9	14.3
Other tax receivables	79.6	71.7
Supplier advanced payments	17.3	17.6
Other receivables	28.1	24.0
Total	**317.5**	**274.9**
Non-current	0.4	0.4
Current	317.1	274.5
Total	**317.5**	**274.9**

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9. Trade and other receivables (continued)

As per 31 December 2019 an amount of USD 9.6 million (2018: USD 19.6 million) of trade receivables were transferred by OFT under a securitization agreement to sell certain trade receivables to an external financial institution. Upon transfer of the balances, OFT derecognizes the trade receivables, since substantially all risks and rewards of ownership are transferred. The transferred trade receivables are pledged as security under the securitization program.

The other tax receivable contains an amount of EGP 900 million (USD 56.1 million) relating to a payment made to the Egyptian Tax Authorities as part of the tax claim which will be refunded upon settlement of the tax claim. Reference is made to note 24 'OCI S.A.E. tax dispute'.

Non-current trade and other receivables have not been discounted as the effect is immaterial to the consolidated financial statements.

The carrying amount of 'Trade and other receivables' as at 31 December 2019 approximates its fair value.

The aging of current trade receivables at the reporting date were as follows:

$ millions	2019	2018
Neither past due nor impaired	112.5	101.7
Past due 1 - 30 days	-	13.0
Past due 31 - 90 days	-	-
Past due 91 - 360 days	-	0.1
More than 360 days	-	-
Total	**112.5**	**114.8**

Management believes that the unimpaired amounts that are past due by more than 30 days are collectible in full, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available. The Group has not recognized any allowance for trade receivables.

10. Income taxes

10.1 Income tax in the statement of profit or loss and other comprehensive income

$ millions	2019	2018
Current tax	(3.8)	7.6
Deferred tax	(11.3)	(37.9)
Total income tax in profit or loss	**(15.1)**	**(30.3)**

10.2 Reconciliation of effective tax rate

The Group's operations are subject to income taxes in various foreign jurisdictions. The statutory income tax rates vary from 0.0% to 25.0%, which results in a difference between the weighted average statutory income tax rate and the UAE's statutory income tax rate of 25.0%.

Reconciliation of the statutory income tax rate in the UAE with the effective tax rate can be summarized as follows:

$ millions	2019	%	2018	%
Profit / (loss) before income tax	53.5		247.2	
Enacted income tax rate	25%		25%	
Tax calculated at the enacted tax rate	**(13.4)**	**25.0**	**(61.8)**	**25.0**
Effect of tax rates in foreign jurisdictions	12.4	(23.2)	7.6	(3.1)
Income not subject to tax	14.5	(27.1)	57.0	(23.1)
Expenses non-deductible	(19.3)	36.1	(4.8)	2.0
Dividend withholding tax not recoverable	(2.6)	4.9	(9.7)	3.9
Unrecognized tax assets	(5.4)	10.1	(18.9)	7.7
Recognition of previously unrecognized tax assets	-	-	0.4	(0.2)
Change in tax rates	-	-	-	-
Uncertain tax positions	4.1	(7.7)	-	-
Expired	(5.4)	10.1	(0.1)	-
Total income tax in profit or loss	**(15.1)**	**(28.2)**	**(30.3)**	**12.2**

The effective tax rate is 28.2% (2018: 12.2%), mainly due to (i) income not subject to tax for an amount of USD 14.5 million and (ii) expenses non-deductible for an amount of USD (19.3) million. The income not subject to tax mainly relate to the tax-free status of some entities in the Group. The unrecognized tax assets mainly relate to the unrecognized losses of OCI SAE.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10.3 Deferred income tax assets and liabilities

Changes in deferred tax asset and liabilities (net):

$ millions	2019	2018
At 1 January	**(157.5)**	**(164.8)**
Profit or loss	(3.8)	7.6
Business combination Fertiglobe	(287.4)	-
Effect of movement in exchange rates	0.7	(0.3)
At 31 December	**(448.0)**	**(157.5)**

Recognized deferred tax assets and liabilities:

	Assets		Liabilities		Net	
$ millions	2019	2018	2019	2018	2019	2018
Intangible assets	-	-	(62.6)	(62.6)	(62.6)	(62.6)
Property, plant and equipment	-	-	(359.5)	(86.4)	(359.5)	(86.4)
Investment in partnership	-	-	-	(8.5)	-	(8.5)
Loans and borrowings	0.9	-	-	-	0.9	-
Trade and other payables	3.8	-	-	-	3.8	-
Uncertain tax positions	-	-	(27.2)	-	(27.2)	-
Provision for withholding tax	-	-	(3.4)	-	(3.4)	-
Total	**4.7**	**-**	**(452.7)**	(157.5)	**(448.0)**	(157.5)
Netting of fiscal positions	(4.7)	-	4.7	-	-	-
Amounts recognized in the Statement of Financial Position	**-**	**-**	**(448.0)**	(157.5)	**(448.0)**	(157.5)

Deferred tax liabilities relating to intangible assets mainly consist of goodwill of EFC for USD 62.6 million. This deferred tax liability will be reversed when the asset is impaired. Deferred tax liabilities recognized in relation to property, plant and equipment will be realized over the depreciation period of the related asset, and mainly relate to Fertil for USD 284.8 million and EFC for USD 74.7 million.

The unrecognized operating losses carry forward of USD 21.6 million (2018: USD 33.9 million) mainly relate to OCI S.A.E.

Expiration scheme of unrecognized carry forward tax losses, tax credits and deferred temporary tax assets:

2019 $ millions	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	Unlimited	Total
Unrecognized operating losses carry forward, tax credits and temporary differences	-	21.3	0.3	-	-	-	**21.6**

2018 $ millions	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	Unlimited	Total
Unrecognized operating losses carry forward, tax credits and temporary differences	-	33.9	-	-	-	-	**33.9**

10.4 Income tax receivables and payables

Changes in income tax recoverable and payables:

$ millions	2019	2018
At 1 January	**(40.4)**	**(2.6)**
Profit or loss	(11.3)	(37.9)
Payments	51.8	0.1
At 31 December	**0.1**	**(40.4)**
Income tax recoverable	0.8	-
Income tax payables	(0.7)	(40.4)
Total	**0.1**	**(40.4)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

11. Inventories

$ millions	2019	2018
Finished goods	32.2	16.2
Raw materials and consumables	15.4	23.5
Spare parts, fuels and others	52.8	35.9
Total	**100.4**	**75.6**

During 2019, the total write-downs amount to USD 2.8 million (2018: USD 4.3 million). During 2019 there were USD 2.0 million reversals of write downs (2018: USD 2.9 million). The amount of finished goods written down is USD 1.5 million.

12.1 Cash and cash equivalents

$ millions	2019	2018
Cash on hand	0.2	0.1
Bank balances	407.9	306.1
Restricted cash	16.5	16.9
Total	**424.6**	**323.1**

12.2 Restricted cash

The restricted balances of USD 16.5 million (2018: USD 16.9 million) are held as collateral against letters of credit and letters of guarantees issued.

13. Equity attributable to owners of the Company

The movements in the number of shares can be summarized as follows:

	2019
Number of shares at 1 January	-
Number of issued shares	3,328.2
On issue at 31 December - fully paid	**3,328.2**
Par value per share	**1.00**
At 31 December (in millions of USD)	**3,328.2**

The authorized capital of the Group amounts to USD 3,328.2 million. The authorized capital is divided into 3,328.2 million shares, with a nominal value of USD 1.0 each.

Movements in equity attributable to owners of the Company in 2019:

- Impact difference in profit sharing non-controlling interest: In the partnership agreement of Sorfert between the Group and the partner, a profit sharing arrangement is agreed, where the other investor will receive a relatively higher portion of dividends in compensation for lower natural gas prices arranged for by the partner. As a result of this agreement the non-controlling interest increased by USD 10.5 million during 2019.
- Total dividends declared to non-controlling interest amounted to USD 143.3 million, of which USD 137.2 million is related to Sorfert.
- The contribution in kind relates to the contribution of loans and payable balances with related parties to equity.
- The business combination Fertiglobe is a share issuance of USD 1,397.8 million

Movements in equity attributable to owners of the Company in 2018:

- Impact difference in profit sharing non-controlling interest: In the partnership agreement of Sorfert between the Group and the partner, a profit sharing arrangement is agreed, where the other investor will receive a relatively higher portion of dividends in compensation for lower natural gas prices arranged for by the partner. As a result of this agreement the non-controlling interest increased by USD 36.1 million during 2018.
- The distributions to related parties relates to a USD 9.0 million dividend to a related party and a USD 191.8 million distribution in kind of the shareholdings in OCI Mepco and OCI Special Finance Limited to a related party.

14. Reserves

$ millions	Other reserves	Currency translation reserve	Total
At 1 January 2018	**-**	**(480.3)**	**(480.3)**
Currency translation differences	-	(10.4)	(10.4)
At 31 December 2018	**-**	**(490.7)**	**(490.7)**
Capital contribution	(1,930.4)	-	(1,930.4)
Contribution in kind	1,224.9	-	1,224.9
Currency translation differences	-	(4.2)	(4.2)
At 31 December 2019	**(705.5)**	**(494.9)**	**(1,200.4)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. Non-controlling interest

2019 $ millions	Egyptian Basic Industries Corporation	Sorfert Algeria Spa	Other	Total
Non-controlling interest	40.00%	49.01%	-	-
Non-current assets	121.4	452.7	1.5	575.7
Current assets	26.0	203.1	0.1	229.2
Non-current liabilities	(2.9)	(218.8)	(0.4)	(222.2)
Current liabilities	(23.4)	(193.2)	(0.2)	(216.8)
Net assets	**121.1**	**243.8**	**1.0**	**365.9**
Revenues	61.3	168.7	0.4	230.4
Profit	(0.6)	35.1	-	34.5
Other comprehensive income	-	(4.4)	-	(4.4)
Total comprehensive income	**(0.6)**	**30.7**	**-**	**30.1**
Dividend cash flows	**-**	**-**	**(6.1)**	**(6.1)**

2018 $ millions	Egyptian Basic Industries Corporation	Sorfert Algeria Spa	Other	Total
Non-controlling interest	40.00%	49.01%	-	-
Non-current assets	130.5	489.6	3.0	623.1
Current assets	25.9	160.1	6.2	192.2
Non-current liabilities	-	(262.5)	(1.2)	(263.7)
Current liabilities	(34.7)	(48.1)	(0.2)	(83.0)
Net assets	**121.7**	**339.1**	**7.8**	**468.6**
Revenues	80.5	236.3	0.4	317.2
Profit	14.7	120.1	0.1	134.9
Other comprehensive income	-	(6.9)	-	(6.9)
Total comprehensive income	**14.7**	**113.2**	**0.1**	**128.0**
Dividend cash flows	**(5.0)**	**(6.5)**	**(11.9)**	**(23.4)**

16. Loans and borrowings

$ millions	2019	2018
At 1 January	**2,033.7**	**2,171.8**
Impact of adoption of IFRS 9	-	6.1
Restated balance at 1 January	**2,033.7**	**2,177.9**
Proceeds from loans	70.0	449.0
Proceeds from loans from related parties	0.7	6.0
Redemptions of loans	(211.7)	(598.3)
Redemptions of loans to related parties	-	(27.0)
Proceeds from loans from related parties in kind	7.4	-
Redemptions of loans to related parties in kind	(1,029.5)	-
Amortization of transaction costs / (bond) premiums	2.8	(1.1)
Incurred transaction costs	-	(7.9)
Effect of movement in exchange rates	(0.8)	(23.3)
Accrued interest on related party loans	9.6	52.4
Reclass from other payables	-	6.0
At 31 December	**882.2**	**2,033.7**
Non-current	713.3	867.6
Current	168.9	1,166.1
Total	**882.2**	**2,033.7**

The effect of movement in exchange rate mainly relates to EUR and DZD denominated loans, which are different from the Group's presentation currency.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in the financial risk and capital management paragraph in note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

16. Loans and borrowings (continued)

Borrowing company	Type of loan	Principal amount ($ millions)	Interest rate	Date of maturity	Carrying amount[1] ($ millions)	Long-term portion ($ millions)	Short-term portion ($ millions)	Fair value ($ millions)	Collateral / Guarantee given (if applicable)
Sorfert Algeria SPA ('Sorfert')	Secured	USD 961.3 (DZD 114,440.0)	Algerian bank interest rate plus rate of 1.95% per annum	June 2026	539.9	439.8	100.1	n/a	Debt service reserve account, ban for any disposal or decrease of the Company share and assets
Egyptian Fertilizers Company ('EFC')	Secured	USD 60.0 USD 100.0 USD 69.8 (EGP 1,120.0) USD 220.0	LIBOR + 3.75% LIBOR + 3.75% CBE Mid Corridor + 0.75% margin for EGP denominated borrowings LIBOR + 3.75%	June 2025 June 2026 June 2025 June 2025	49.9 82.6 50.6 126.5	44.3 72.5 44.6 112.1	5.6 10.1 6.0 14.4	51.0 84.3 51.4 127.5	Pledge EFC shares 99.9% owned by 'Orascom Fertilizer Plant Maintenance'. Power of Attorney for perfection of commercial and real estate mortgages. OCI will pay for shortfalls
OCI Fertilizer Trading Ltd. ('OFT') and OCI Fertilizers Trade & Supply Ltd. ('OFTS')	Revolver	USD 75.0	LIBOR + 2.50%	Renewed annually	32.7	-	32.7	32.7	n/a
Total 31 December 2019					**882.2**	**713.3**	**168.9**	**n/a**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

16. Loans and borrowings (continued)

Borrowing company	Type of loan	Principal amount ($ millions)	Interest rate	Date of maturity	Carrying amount[1] ($ millions)	Long-term portion ($ millions)	Short-term portion ($ millions)	Fair value ($ millions)	Collateral / Guarantee given (if applicable)
Sorfert Algeria SPA ('Sorfert')	Secured	USD 972.7 (DZD 114,440.0)	Algerian bank interest rate plus rate of 1.95% per annum	June 2026	606.8	525.8	81.0	n/a	Debt service reserve account, ban for any disposal or decrease of the Company share and assets
Egyptian Fertilizers Company ('EFC')	Secured	USD 60.0 USD 100.0 USD 62.6 (EGP 1,120.0) USD 220.0	LIBOR + 3.75% LIBOR + 3.75% CBE Mid Corridor + 0.75% margin for EGP denominated borrowings LIBOR + 3.75%	June 2025 June 2026 June 2025 June 2025	56.0 92.8 59.5 168.9	50.0 82.3 55.6 153.9	6.0 10.5 3.9 15.0	57.0 94.8 59.9 172.5	Pledge EFC shares 99.9% owned by 'Orascom Fertilizer Plant Maintenance'. Power of Attorney for perfection of commercial and real estate mortgages. OCI will pay for shortfalls
OCI Fertilizer Trading Ltd. ('OFT') and OCI Fertilizers Trade & Supply Ltd. ('OFTS')	Revolver	USD 75.0	LIBOR + 2.50%	Renewed annually	38.2	-	38.2	38.2	n/a
OCI S.A.E.	Related party	USD 1,100.0	LIBOR + 3.25%	December 2020	615.1	-	615.1	615.1	n/a
OCI S.A.E.	Related party	USD 500.0	LIBOR + 3.25%	February 2021	344.8	-	344.8	344.8	n/a
OCI S.A.E.	Related party	USD 100.0	LIBOR + 3.25%	December 2020	51.6	-	51.6	51.6	n/a
Total 31 December 2018					**2,033.7**	**867.6**	**1,166.1**	**n/a**	

[1] As at 31 December 2019 the carrying amount of loans and borrowings excluded interest of USD 36.9 million (2018: USD 25.9 million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

16. Loans and borrowings (continued)

Covenants
Certain loan agreements include financial covenants. The definitions for calculating the financial covenants applicable to the facilities within the Group can be summarized as follows:

- Debt Service Coverage Ratio: Income Available (revenue earned less operating expenses) to Debt Service (net finance charges including the capital element of finance leases) or gross profit less change in working capital to interest and principal payments.
- Debt to Equity Ratio: Gross Debt (current and long-term debt obligations) to total Equity (the sole capital of the borrower).

As per 31 December 2019 all financial covenants were met.

In the event the Group would not comply with the covenant requirements, the loans would become immediately due. Refer to note 6.2 for additional discussion of the Group's liquidity risk. The external borrowings include change in control clauses that enable the lenders to call the financing provided.

Fair value measurement loans and borrowings
Except for the loan of Sorfert, the fair value of all other loans and facilities is calculated within hierarchy category level 2. The fair value of the loan of Sorfert cannot be determined as no observable market data is available.

Proceeds from borrowings
Proceeds from borrowings from third parties in 2019 totalled an amount of USD 70.0 million, which consisted of changes in the credit facilities of EFC.

Undrawn bank facilities
As of 31 December 2019, the Group had not drawn external bank facilities in the amount of USD 121.6 million.

17. Lease obligations

The Group leases a number of office spaces, warehouses, land, employee accommodation, computers, machinery and vehicles. Lease terms vary from 1 year up to 100 years.

Lease obligations:

$ millions	Non-current lease obligations	Current lease obligations	Total
Impact of adoption of IFRS 16	11.4	1.4	12.8
At 1 January 2019	**11.4**	**1.4**	**12.8**
Movement in the carrying amount:			
Payments	-	(1.4)	(1.4)
Accretion of interest	0.9	1.0	1.9
Additions	0.6	0.2	0.8
Transfers	(1.4)	1.4	-
Business combination Fertiglobe	76.4	10.0	86.4
Disposals	(0.2)	(0.1)	(0.3)
Effect of movement in exchange rates	-	-	-
At 31 December 2019	**87.7**	**12.5**	**100.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

18. Trade and other payables

$ millions	2019	2018
Trade payables	72.1	68.7
Trade payables due to related parties (note 30)	0.1	0.1
Other payables to related parties	1.2	203.3
Amounts payable under the securitization programme	9.6	17.0
Accrued dividends	141.2	10.5
Accrued expenses	132.3	90.1
Accrued interest	36.9	25.9
Employee benefits	11.2	-
Other payables	16.7	5.1
Other tax payable	1.8	1.9
Derivative financial instruments	-	5.5
Total	**423.1**	**428.1**
Non-current	14.2	2.9
Current	408.9	425.2
Total	**423.1**	**428.1**

Information about the Group's exposure to currency and liquidity risk is included in note 6. Non-current trade and other payables have not been discounted as the effect would be immaterial. The carrying amount of 'Trade and other payables' approximates its fair value.

19. Provisions

$ millions	Claims and other provisions	Donation provision	Total
At 1 January	**10.9**	**106.5**	**117.4**
Provision made during the year	6.4	-	6.4
Provision used during the year	-	-	-
Provisions reversed	(7.1)	-	(7.1)
Effect of movement in exchange rates	-	12.2	12.2
At 31 December	**10.2**	**118.7**	**128.9**
Non-current	-	-	-
Current	10.2	118.7	128.9
Total	**10.2**	**118.7**	**128.9**

Claims and other provisions

The Group is involved in various litigations and arbitrations. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized. Reference is made to note 24 for detailed information with respect to major ongoing litigations and claims for which no provision has been recognized.

Donation provision

On 13 November 2014, the Group announced that it had decided to transfer the rights to the amounts receivable from the first installment already paid to the Egyptian Tax Authority in 2013 of EGP 2,500 million (approximately USD 360.0 million) to the Tahya Misr ('Long Live Egypt') Fund (reference is made to note 24). No formal agreement has been drafted with the Tahya Misr Fund yet and no payments have been made to the fund. The transfer of rights has been approved by OCI's Board of Directors on 12 November 2014.

Following the guidance under IAS 37 (constructive obligations) the Group has presented the transfer of rights to the Tahya Misr Fund as a donation provision. The timing of the outflow of resources is uncertain.

In March 2015, the Group received a cheque for EGP 1,904 million (approximately USD 266.2 million) from the Egyptian Authorities. At year end 2019 the carrying amount in US dollars had reduced to USD 118.7 million, due to the devaluation and weakening of the EGP since March 2015.

20. Revenues

The key performance obligation of the Group is always the supply of products as specified in the contracts with customers, possible additional performance obligations included are transportation and related cost of insurance, depending on the incoterms. The Group has one revenue streams from contracts with customers which is the supply of Nitrogen based products. No impairment losses on receivables are recognized.

Based on the IFRS 15 accounting policies adopted, the following modifications to the contracts are allowed: discounts and rebates. They are all taken into account when presenting the segment revenues. Time value of money is not considered to be relevant for the amendment of the revenue amount, as the payment terms are short. Also, there are no non-cash considerations that would need to be disclosed separately.

Major customers

Revenue from one customer of the Group represented USD 117.6 million (2018: USD 154.1 million) of the Group's total revenues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

21. Development of cost of sales and selling, general and administrative expenses

a. Expenses by nature

$ millions	2019	2018
Raw materials and consumables and finished goods	554.2	641.3
Employee benefit expenses (b)	101.7	75.7
Depreciation and amortization	222.7	174.7
Consultancy expenses	3.2	4.0
Other	34.2	20.5
Total	**916.0**	**916.2**
Cost of sales	858.9	878.3
Selling, general and administrative expenses	57.1	37.9
Total	**916.0**	**916.2**

b. Employee benefit expenses

$ millions	2019	2018
Wages and salaries	72.6	60.5
Employee profit sharing	14.8	11.3
Pension cost	2.1	2.6
Other employee expenses	12.2	1.3
Total	**101.7**	**75.7**

During the financial year ended 31 December 2019, the average number of staff employed in the Group converted into full-time equivalents aggregating to 2,571 employees (2018: 1,862 employees).

22. Other income

$ millions	2019	2018
Insurance claim	-	51.8
Other	4.6	0.8
Total	**4.6**	**52.6**

Insurance claim

Insurance proceeds in 2018 of USD 51.8 million relate to the recognition of the insurance refund for the business interruption caused by an incident that resulted in the shutdown of one of the Ammonia lines at Sorfert in 2017.

23. Net finance cost

$ millions	2019	2018
Interest income on loans and receivables	2.7	2.4
Interest income related parties	1.2	0.4
Foreign exchange gain	11.5	5.9
Finance income	**15.4**	**8.7**
Interest expense and other financing costs on financial liabilities measured at amortized cost	(74.7)	(80.9)
Interest expense related parties	(9.8)	(52.4)
Foreign exchange loss	(19.5)	(2.0)
Finance cost	**(104.0)**	**(135.3)**
Net finance cost recognized in profit or loss	**(88.6)**	**(126.6)**

24. Contingencies

Contingent liabilities

Letter of guarantee / letters of credit

OFT has performance guarantees and tender guarantees provided by HSBC amounting to USD 8.7 million. Fertil's bankers have issued letters of credit and labour guarantees of USD 1.6 million on behalf of Fertil. There are no other outstanding letters of credit as at 31 December 2019 (uncovered portion).

Litigations and claims

In the normal course of business, the Group entities and joint ventures are involved in some arbitration or court cases as defendants or claimants. These litigations are carefully monitored by the entities' management and legal counsels, and are regularly assessed with due consideration for possible insurance coverage and recourse rights on third parties. The Group does not expect these proceedings to result in liabilities that have a material effect on the Group's financial position. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized in the consolidated financial statements which is disclosed in note 19 'Provisions'. It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs. At this point in time, the Group cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialize, they are typically paid over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

24. Contingencies (continued)

Sorfert legal case

On 5 March 2018, the lower criminal court of Oran (Tribunal du pôle pénal spécialisé d'Oran) issued a judgment against Sorfert regarding an alleged violation of exchange control regulations as well as the regulation of public markets and public service delegations. The lower court ordered Sorfert to pay a fine in the amount of 5.5 billion Algerian dinars (about USD 46.2 million) and an officer of the company received a fine of DZD 2.8 billion (about USD 23.5 million). On 7 March 2018, Sorfert lodged an appeal with the Court of Appeal of Oran, Algeria who upheld the verdict against Sorfert in its judgment rendered on 28 November 2018. In January 2019, Sorfert lodged an appeal against this judgment with the Supreme Court. Sorfert disputes the validity of the judgment and continues to vigorously defend its case. To date, no Supreme Court hearing has been schedule and during the appeal period the enforcement of the judgment is suspended. Various renowned local and international law firms have examined OCI's legal position. No provision has been recorded by the Group related to this matter.

EBIC free zone status

On 20 April 2013, the Administrative Court ruled in favour of EBIC for the reinstatement of EBIC to its previous status as a free zone entity in Egypt. The General Authority for Investment and Free Zones ('GAFI') filed an appeal before the Administrative Court. The Court has not yet rendered a decision. OCI concluded to release the (deferred) tax liabilities totalling USD 138.2 million at 31 December 2015 and no tax filings have been done by EBIC since the filing for the year 2011. On 4 January 2018, GAFI issued an executive decision that allows for the enforcement of the Administrative Court's judgment in favour of EBIC and EBIC received the Free Zone Status tax card. EBIC's free zone status will remain subject to the outcome of the Appeal before the Administrative Court.

OCI S.A.E. tax dispute

In October 2012, the Egyptian Tax Authority ('ETA') raised a tax evasion claim against our Egyptian subsidiary, Orascom Construction Industries S.A.E. ('OCI S.A.E.'). The tax dispute related to the sale of OCI S.A.E.'s cement business to Lafarge SA in 2007. This was filed against OCI S.A.E. despite there being no official investigation. Although OCI S.A.E. and its legal and tax advisors believed that the aforementioned transaction was exempted of tax, management entered into a settlement agreement whereby EGP 7.1 billion would be paid over a 5-year period.

The agreement was followed by payment of a first installment of EGP 2.5 billion in 2013. Following the change in government, the company was exonerated from the tax claim by the Egyptian Public Prosecutor on 18 February 2014 and subsequently by the ETA's Independent Appeals Committee on 4 November 2014. The ETA appealed this decision without including new facts or documents. The appeal is ongoing. OCI S.A.E. and its local counsel believe the likelihood of a judgment in favor of the ETA is not probable. On 13 November 2014 OCI S.A.E. announced that it would transfer its rights to EGP 1.9 billion undue paid tax amounts to the Tahya Misr Fund and recorded a provision for this amount, reference is made to note 19.

Despite the ETA Independent Appeals Committee ruling in favour of OCI S.A.E., OCI S.A.E. was still held to pay EGP 900 million. OCI S.A.E. has lodged a reimbursement claim for this amount.

As this dispute occurred prior to the demerger of the Engineering and Construction Group that formed Orascom Construction PLC ('OC') in 2015, any liabilities and any recoveries are shared on a 50:50 basis between OCI N.V. and OC. Should the ETA win their appeal, OCI N.V.'s maximum share of the tax claim would be EGP 2.3 billion, which equates to approximately USD 143.3 million.

Asset retirement obligations

Sorfert has a contractual asset retirement obligation in connection with the lease of its land. This asset retirement obligation is being disclosed as a contingent liability because it is not possible to determine a reliable estimate in both timing and value of this obligation.

Fertil entered into an agreements with ADNOC for the lease of the land on which it operates its plant. The agreement has an indefinite term and includes an asset dismantling obligation and the obligation to clean up environmental pollution occurred after decommissioning. This obligation has not been accounted for, since the company has no plans to end its business activities in the foreseeable future as such the financial impact is assessed as not material by the company management.

25. Capital commitments

$ millions	2019	2018
Fertil	8.9	-
Sorfert	32.7	-
EFC	3.5	-
Total	**45.1**	**-**

Capital commitments mainly relate to future costs on turnarounds and maintenance at these plants.

26. Related party transactions

Transactions with related parties – Normal course of business

Transactions with related parties occur when a relationship exists between the Company, its participating interest and their directors and key management personnel. In the normal course of business, the Company buys and sells goods and services from and to various related parties (including associates) within the Group.

The OCI Group used to own construction operations until 7 March 2015 when the Engineering & Construction business was divested into a separate legal entity incorporated under the name Orascom Construction PLC ('OC') in the United Arab Emirates. The Sawiris Family, the majority shareholders of the OCI Group, also owns the majority of the outstanding shares of OC, which qualifies OC and its subsidiaries to be classified as related parties. The Group has ongoing construction contracts with OC Group. The transactions with the following entities of the OCI Group are presented in the financial statements as related party transactions:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

26. Related party transactions (continued)

- Orascom Construction Egypt
- OCI N.V.
- OCI Fertilizer B.V.
- OCI Overseas Holding
- OCI MENA Fertilizers Ltd
- OCI Nitrogen
- OCI Fertilizers USA
- OCI Personnel B.V.
- N-7 LLC

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2019:

Related party	Relation	Revenue transactions during the year	AR outstanding at year end	AP outstanding at year end	Net recharges	Loans receivables	Loans payables	Interest income	Interest expense and other financing charges
OCI NV	OCI Group	-	0.5	0.8	(0.9)	-	-	-	3.3
OCI Fertilizer BV	OCI Group	-	-	-	-	63.1	-	0.1	0.5
OCI Overseas Holding	OCI Group	-	0.1	-	(0.3)	-	-	1.1	5.9
OCI MENA Fertilizers Ltd	OCI Group	-	0.2	0.1	-	-	-	-	-
OCI Intermediate BV	OCI Group	-	0.8	-	-	-	-	-	-
OCI Nitrogen	OCI Group	49.6	3.8	0.2	0.8	-	-	-	-
N-7 LLC	OCI Group	39.6	-	-	-	-	-	-	-
OCI Personnel BV	OCI Group	-	-	-	(1.0)	-	-	-	-
Orascom Construction Egypt	OC group company	-	-	0.3	-	-	-	-	-
Total		**89.2**	**5.4**	**1.4**	**(1.4)**	**63.1**	**-**	**1.2**	**9.7**

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2018:

Related party	Relation	Revenue transactions during the year	AR outstanding at year end	Purchase transactions during the year	AP outstanding at year end	Recharges	Loans receivables	Loans payables	Interest income	Interest expense and other financing charges
Orascom Construction Egypt	OC group company	-	-	-	4.0	-	-		-	-
OCI N.V.	OCI Group	-	-	-	12.0	1.2	-	344.8	-	18.1
OCI Fertilizer B.V.	OCI Group	-	-	-	-	-	-	51.6	-	2.7
OCI Overseas Holding	OCI Group	-	0.7	-	0.1	(0.4)	32.5	615.1	0.4	31.6
OCI MENA Fertilizers Ltd	OCI Group	-	-	-	183.0		-	-	-	-
OCI Nitrogen	OCI Group	69.7	4.8	-	0.1	1.0	-	-	-	-
OCI Fertilizers USA	OCI Group	13.0	-	-	-		-	-	-	-
OCI Personnel B.V.	OCI Group	-	-	-	4.1	(1.3)	-	-	-	-
N-7 LLC	OCI Group	10.3	10.3	-	-	-	-	-	-	-
Total		**93.0**	**15.8**	**-**	**203.3**	**0.5**	**32.5**	**1,011.5**	**0.4**	**52.4**

In addition to the related party transactions in the table above, the Company incurs certain operating expenses for immaterial amounts in relation to services provided by related parties.

Due to the related party nature of above transactions, the terms and conditions may not necessarily be the same as transactions negotiated between third parties. Management believes that the terms and conditions of all transactions with our related parties are generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar services.

Key management personnel compensation

The Board of Directors of the Company exists of 10 executive board members appointed by the shareholders. Although the board members are considered key management personnel, both shareholders agreed that each shareholder will be responsible for payment of all remuneration due to,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER CONTINUED

and for reimbursing all out-of-pocket expenses incurred by the appointed directors on their behalf. Therefore, no amount of board remuneration is incurred by the company.

Furthermore, the CFO and COO are considered as key management personnel, as Fertiglobe was incorporated on 30 September 2019 the total remuneration for 2019 amounted to less than USD 1 million for each component (short-term, post-employment and other long-term components) (2018: nil). No termination benefits and/or share-based benefits have been rewarded to the key management personnel in 2019.

27. Subsequent events

Covid-19 impact

The recent outbreak of Covid-19 (Coronavirus) continues to impact the global economy and markets. At this time, the impact of the outbreak on our business has been limited as production at our plants is uninterrupted, and we have currently not witnessed significant changes in demand, whereas supply chains and distribution channels are intact and our liquidity remains healthy.

However, going forward the Covid-19 outbreak may negatively impact amongst others our supply chain, workforce, operations of our plants, end market demand and liquidity. Accordingly, the Group has set up a Covid-19 taskforce to develop and implement contingency plans, and we are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders.

Waiver agreement on intercompany receivable loan with OCI

On 31 March 2020, OFT waived its right on a USD 26.8 million portion of an USD 63.6 million intercompany receivable loan with OCI.

28. List of principal subsidiaries as per 31 December 2019

Companies	Country	Percentage of interest	Consolidation method
Sorfert Algérie Spa	Algeria	50.99	Full
Ruwais Fertilizers Industries Ltd (Fertil)	UAE	100.00	Full
Fertiglobe Distribution Limited	UAE	100.00	Full
OCI Fertilizer Trading Limited	UAE	100.00	Full
Orascom Construction Industries S.A.E.	Egypt	99.96	Full
Egypt Basic Industries Corporation	Egypt	60.00	Full
Egyptian Fertilizers Company	Egypt	99.96	Full

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Independent Auditors' Report

To the Shareholders of Fertiglobe Holding Limited and its subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fertiglobe Holding Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Directors' report set out on pages 2 to 3.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Abu Dhabi Global Market Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Further, as required by the provisions of the Abu Dhabi Global Market Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015, we report that:

i) the consolidated financial statements, in all material respects, have been properly prepared in accordance with the requirements of the Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015, issued by the Abu Dhabi Global Market;

ii) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

iii) adequate accounting records have been kept by the Group; and

iv) the Group's accounts are in agreement with the accounting records and returns.

KPMG Lower Gulf Limited

Saif Fayez Shawer
Registration No: 1131
Abu Dhabi, United Arab Emirates

Date: **06 July 2020**

Fertiglobe
An ADNOC and OCI Company

Fertiglobe Financial Statements 2020

A vital catalyst for growth

DIRECTOR'S REPORT

Company overview

Fertiglobe Holding Limited was established on December 23rd, 2018 pursuant to ADGM Company Regulations of 2015. In March 2019 OCI N.V. contributed its nitrogen fertilizer production and distribution assets in Egypt, Algeria and UAE to Fertiglobe and on June 26th, 2019 OCI and ADNOC signed a contribution agreement to combine ADNOC's fertilizer business into the Company. With the completion of the transaction on September 30th, 2019, Fertiglobe became the largest export-focused nitrogen fertilizer platform globally, and the largest producer in the MENA region with a production capacity of 6.5 million tons per annum of urea and sellable ammonia. OCI N.V. is the majority stakeholder with 58% ownership, and ADNOC the minority stakeholder with 42% ownership.

Key assets within the Company perimeter include:

Egyptian Fertilizer Company (EFC): The largest private sector granular urea producer in Egypt, with a capacity to produce 1.65 million tons per annum of urea and 0.9 million tons per annum of ammonia.

Egypt Basic Industries Corporation (EBIC): Fertiglobe has 60% stake in the Egypt based ammonia plant EBIC, which has capacity of 0.73 million tons per annum.

Sorfert Algeria S.P.A: Fertiglobe has 51% stake in Sorfert, an Algerian producer of ammonia and urea with capacity of 1.6 million tons per annum and 1.26 million tons per annum respectively.

Fertiglobe Distribution limited (FDL) and OCI Fertilizer Trading Ltd (OFT): Fertiglobe established trading platform based in U.A.E. supported by export logistics network, strategic partnerships / relationships in Brazil, Spain, and USA.

Ruwais Fertilizers Industries LLC (Fertil): Headquartered in Abu Dhabi, Fertil is manufacturing Ammonia and Urea through two plants (Fertil 1 and Fertil 2). The business has a capacity to produce 2.1 million tons per annum of urea and 1.2 million tons per annum of ammonia.

Fertiglobe aims at achieving value through synergies which include:

Commercial synergies: Timing of sales and increased premiums over benchmark prices, reduced reliance on traders through a wider distribution network and access to key end markets (inc. Brazil, India and East Africa), re-routing of volumes through freight and logistics optimization, reduced freight rates, and sharing of best practices across the Fertiglobe platform.

Technical synergies: Shared maintenance expertise, coordinated turnarounds, procurement optimization and spare parts pooling.

Members of the Board of Directors:

The number of Directors on the Board of Fertiglobe is initially set to be 10 members with ADNOC appointing 4 members and OCI appointing 6 members as follows:

ADNOC Members

H.E. Dr. Sultan Ahmed Al Jaber - Chairperson

Abdulaziz Abdulla Ismail Mohamed AlHajri - Director

Mohamed Saif Ali Abed Alaryani – Director

Wafa Ibrahim Ali Mohamed Al Hammadi - Director

OCI Members

Nassef Onsi Sawiris - Director

Hassan Badrawi - Director

Hesham Abdel Samie - Director

David Welch - Director

Philippe Ryckaert - Director

Ahmed El Hoshy - Director replacing Eric Bowles who resigned on 30th June, 2020

Current year's results:

In 2020, Fertiglobe has shown its resilience towards the pandemic. The company achieved USD 1,550.8 million in revenues by selling 5.1 million tons of Urea and 1.0 million tons of Ammonia resulting in a total net profit of USD 127.1 million on consolidated basis vs 2019 revenue of USD 1,055.5 million and sales volumes of 2.9 million tons of Urea and 1.1million tons of Ammonia and total net profit of USD 38.4 million. Fertiglobe consolidated 12 months of Fertil performance in 2020 vs 3 months in 2019. The company has also signed two major contracts with Ethiopia and India achieving a higher netback compared to market prices by utilizing the strategic existence of Fertiglobe production facilities to better meet the customer demand.

Total assets reached USD 4,797.3 million vs USD 4,991.9 million last year.

Statement of disclosure to auditors:

The Directors of Fertiglobe certify that as far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board,

Hesham Abdel Samie
Board member

Fertiglobe

An ADNOC and OCI Company

Financial Statements

A vital catalyst for growth

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT

$ millions	Note	31 December 2020	31 December 2019 Restated*	1 January 2019 Restated*
Assets				
Non-current assets				
Property, plant and equipment	(7)	3,172.0	3,448.5	1,789.0
Right-of-use assets	(17)	85.5	94.7	-
Goodwill	(8)	604.8	604.8	440.0
Trade and other receivables	(9)	0.3	0.4	0.4
Equity-accounted investees		-	0.6	0.7
Total non-current assets		**3,862.6**	**4,149.0**	**2,230.1**
Current assets				
Inventories	(11)	125.9	100.4	75.6
Trade and other receivables	(9)	273.9	317.1	274.5
Income tax receivables	(10)	-	0.8	-
Cash and cash equivalents	(12)	534.9	424.6	323.1
Total current assets		**934.7**	**842.9**	**673.2**
Total assets		**4,797.3**	**4,991.9**	**2,903.3**

The notes on pages 10 to 40 are an integral part of these consolidated financial statements.
*2019 Restated Financial statement (See note 2)

H. Abdel Samie (Board Member)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED
AS AT

$ millions	Note	31 December 2020	31 December 2019 Restated*	1 January 2019 Restated*
Equity				
Share capital	(13)	3,328.2	3,328.2	-
Reserves	(14)	(1,229.4)	(1,200.4)	(490.7)
Retained earnings *		436.1	491.5	124.7
Equity attributable to owners of the Company		**2,534.9**	**2,619.3**	**(366.0)**
Non-controlling interest	(15)	527.5	365.9	468.6
Total equity		**3,062.4**	**2,985.2**	**102.6**
Liabilities				
Non-current liabilities				
Loans and borrowings	(16)	544.7	713.3	867.6
Lease obligations	(17)	80.9	87.7	-
Trade and other payables	(18)	15.9	14.2	2.9
Provisions	(19)	-	-	7.1
Deferred tax liabilities	(10)	467.1	448.0	157.5
Total non-current liabilities		**1,108.6**	**1,263.2**	**1,035.1**
Current liabilities				
Loans and borrowings	(16)	125.8	168.9	1,166.1
Lease obligations	(17)	12.4	12.5	-
Trade and other payables	(18)	324.0	408.9	425.2
Provisions*	(19)	155.4	152.5	133.9
Income tax payables	(10)	8.7	0.7	40.4
Total current liabilities		**626.3**	**743.5**	**1,765.6**
Total liabilities		**1,734.9**	**2,006.7**	**2,800.7**
Total equity and liabilities		**4,797.3**	**4,991.9**	**2,903.3**

The notes on pages 10 to 40 are an integral part of these consolidated financial statements.
*2019 Restated Financial statement (See note 2)

H. Abdel Samie (Board Member)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

$ millions	Note	2020	2019
Revenues	(20)	1,550.8	1,055.5
Cost of sales	(21)	(1,278.5)	(858.9)
Gross profit		**272.3**	**196.6**
Other income	(22)	-	4.6
Selling, general and administrative expenses	(21)	(89.4)	(57.1)
Other expenses		(1.3)	(1.9)
Operating profit		**181.6**	**142.2**
Finance income	(23)	33.5	15.4
Finance cost	(23)	(47.0)	(104.0)
Net finance cost		**(13.5)**	**(88.6)**
Share of loss from equity-accounted investees (net of tax)		(0.1)	(0.1)
Profit before income tax		**168.0**	**53.5**
Income tax	(10)	(40.9)	(15.1)
Profit for the year		**127.1**	**38.4**
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		(56.9)	(8.6)
Other comprehensive income, net of tax		**(56.9)**	**(8.6)**
Total comprehensive income		**70.2**	**29.8**
Profit attributable to:			
Owners of the Company		74.3	3.9
Non-controlling interest		52.8	34.5
Profit for the year		**127.1**	**38.4**
Total comprehensive income attributable to:			
Owners of the Company		45.3	(0.3)
Non-controlling interest		24.9	30.1
Total comprehensive income		**70.2**	**29.8**
Earnings per share (in USD)			
Basic earnings per share	(25)	0.022	0.002
Diluted earnings per share	(25)	0.022	0.002

The notes on pages 10 to 40 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER

$ millions	Note	Share capital (13)	Reserves (14)	Retained earnings*	Equity attributable to owners of the Company	Non- controlling interest (15)	Total equity
Balance at 1 January 2019 as previously reported		**-**	**(490.7)**	**148.3**	**(342.4)**	**468.6**	**126.2**
Restatement	(2)	-	-	(23.6)	(23.6)	-	(23.6)
Restated Balance at 1 January 2019*		-	**(490.7)**	**124.7**	**(366.0)**	**468.6**	**102.6**
Net profit		-	-	3.9	3.9	34.5	38.4
Other comprehensive income		-	(4.2)	-	(4.2)	(4.4)	(8.6)
Total comprehensive income		**-**	**(4.2)**	**3.9**	**(0.3)**	**30.1**	**29.8**
Impact difference in profit sharing non-controlling interest		-	-	-	-	10.5	10.5
Dividend to non-controlling interest		-	-	-	-	(143.3)	(143.3)
OCI Mena restructuring	(14)	1,930.4	(1,930.4)	-	-	-	-
Contribution in kind	(14)	-	1,224.9	-	1,224.9	-	1,224.9
Business combination Fertil	(2)	1,397.8	-	370.4	1,768.2	-	1,768.2
Distributions to related parties		-	-	(7.5)	(7.5)	-	(7.5)
Balance at 31 December 2019*		**3,328.2**	**(1,200.4)**	**491.5**	**2,619.3**	**365.9**	**2,985.2**
Net profit		-	-	74.3	74.3	52.8	127.1
Other comprehensive income		-	(29.0)	-	(29.0)	(27.9)	(56.9)
Total comprehensive income		**-**	**(29.0)**	**74.3**	**45.3**	**24.9**	**70.2**
Impact difference in profit sharing non-controlling interest	(15)	-	-	-	-	17.4	17.4
Reversal of dividends to non-controlling interest	(15)	-	-	-	-	119.3	119.3
Dividends to shareholders	(13)	-	-	(129.7)	(129.7)	-	(129.7)
Balance at 31 December 2020		**3,328.2**	**(1,229.4)**	**436.1**	**2,534.9**	**527.5**	**3,062.4**

The notes on pages 10 to 40 are an integral part of these consolidated financial statements.
*2019 Restated Financial statement (See note 2)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

$ millions	Note	2020	2019
Profit for the year		**127.1**	38.4
Adjustments for:			
Depreciation and amortization	(21)	268.0	222.7
Interest income	(23)	(1.9)	(3.9)
Interest expense	(23)	37.9	84.5
Net foreign exchange (gain)/loss and others	(23)	(22.5)	8.0
Share of loss of equity-accounted investees (net of tax)		0.1	0.1
Impact difference in profit-sharing non-controlling interest	(15)	17.4	10.5
Income tax expense	(10)	40.9	15.1
Changes in:			
Inventories	(11)	(31.7)	(0.3)
Trade and other receivables	(9)	69.1	(9.7)
Trade and other payables	(18)	97.9	(1.3)
Provisions	(19)	2.0	(0.7)
Cash flows:			
Interest paid		(64.3)	(59.2)
Interest received		1.4	2.7
Income taxes paid		(20.6)	(51.8)
Cash flows from operating activities		**520.8**	**255.1**
Investments in property, plant and equipment	(7)	(67.1)	(50.8)
Dividends from equity accounted investee		0.5	-
Business combination, net of cash acquired		-	45.8
Cash used in investing activities		**(66.6)**	**(5.0)**

The notes on pages 10 to 40 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED
FOR THE YEARS ENDED 31 DECEMBER

$ millions	Note	2020	2019
Proceeds from borrowings third parties	(16)	339.5	70.0
Proceeds from borrowings related parties	(16)	-	0.7
Repayment of borrowings third parties	(16)	(504.0)	(211.7)
Payment of finance lease obligations	(17)	(12.9)	(1.4)
Transaction costs of new borrowings	(16)	(5.3)	-
Dividends paid to non-controlling interest	(15)	-	(6.1)
Dividends paid to shareholders	(13)	(129.7)	-
Cash used in financing activities		**(312.4)**	**(148.5)**
Net cash flow		**141.8**	**101.6**
Net increase in cash and cash equivalents		141.8	101.6
Cash and cash equivalents at 1 January		424.6	323.1
Effect of exchange rate fluctuations on cash held		(31.5)	(0.1)
Cash and cash equivalents at 31 December		**534.9**	**424.6**

The notes on pages 10 to 40 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER

1. General

Fertiglobe Holding Limited ('Fertiglobe' or 'the Company') was established on 23 December 2018 as Private Company Limited by Shares pursuant to Abu Dhabi Global Markets (ADGM) Companies Regulations 2015. It's registered office is located at 2475-2476, 20th floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company is registered in the ADGM commercial register under no. 000001911. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group').

The Company was previously registered under the names OCI Fertilizers Exports holding limited and OCI Fertilizers Exports Holding RSC limited and then later changed to Fertiglobe Holding Limited during the business combination of Fertil.

The Group is consolidated under OCI.N.V ("ultimate Parent") that holds 58% of the shares and voting rights in the Company.

The principal activity of the Group is the production and sale of nitrogen based products.

These consolidated financial statements were approved and authorized for issuance on 20 June 2021 by the Board of Directors.

2. Basis of preparation and main events

2.1 General

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and in compliance with the applicable provisions of the Group's Article of Association and the requirements of the Abu Dhabi Global Market Companies Regulation of 2020.

The consolidated financial statements have been prepared on the historical cost convention, except when otherwise indicated.

The financial year of the Group commences on 1st January and ends on 31 December.

These consolidated financial statements are presented in US Dollar ('USD'), which is the Group's functional and reporting currency. All amounts have been recorded to the nearest million, unless otherwise stated.

2.2 Main events

Covid- 19

The year 2020 has been strongly impacted by the pandemic (Covid-19) which had far-reaching economic consequences beyond the spread of the disease itself. While most sectors of the world economy faced heavy losses specially the oil & gas and services sectors, the Fertilizer business was much less impacted with a relatively modest decline in prices (-3% and -10% in Urea and Ammonia average sales price respectively).

Neither the demand nor the supply chain were significantly impacted given the importance of fertilizers to the continuity of Worldwide food production. Despite the global lockdown, the Group's facilities continued operation at close to normal levels and in accordance with plans.

Based on the recent strong recovery of the market, management expects this will not impact the long term outlook of the business and the valuation of the assets. Global urea and ammonia prices have increased in the first four months of 2021.

Although the long-term effects of COVID-19 are still unclear, our current outlook is that our financial and operating performance remains solid. We have operated our business in a remote working environment and could continue to do so for an extended period of time, if necessary. Developments in each jurisdiction are being closely monitored and protocols are flexible to allow for rapid adjustments as needed. The impressive resilience of our staff throughout the period gives all local management teams confidence to revert to a work-from-home policy again if needed, without interruptions to our operations and supply chain.

Business combinations

On 30 September 2019, the Group OCI NV and Abu Dhabi National Oil Company ('ADNOC') completed a transaction to combine ADNOC's fertilizer business into OCI's Middle East and North Africa ('OCI MENA') nitrogen fertilizer platform.

As part of the transaction, the Group acquired 100% of the voting powers and economic returns from Ruwais Fertilizer Industries LLC. ('Fertil'), a previously wholly owned subsidiary of ADNOC. Fertil is consolidated by the Group from 30 September 2019. Fertil is based out of the Emirate of Abu Dhabi, United Arab Emirates and is engaged in processing feedstock gas to produce nitrogen fertilizers. In exchange the Group transferred 42% of the total share capital of Fertiglobe to ADNOC. With the acquisition of Fertil, Fertiglobe has become the largest producer of nitrogen fertilizers in the MENA region.

For the three months ended 31 December 2019, Fertil contributed revenue (before intercompany revenue elimination) of USD 131 million and a loss before tax of USD 4 million to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been USD 1,436 million and the consolidated profit before tax USD 71 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

2. Basis of preparation and main events (continued)

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Fertil as at the date of acquisition were:

$ millions	Fair value recognised on acquisition
Assets	
Property, plant and equipment	1,843.4
Right-of-use assets	84.9
Inventories	25.7
Trade and other receivables*	33.9
Cash and bank equivalents	45.8
Total assets	**2,033.7**
Liabilities	
Employees benefits	(11.0)
Lease obligations	(86.4)
Trade and other payables	(45.5)
Deferred tax liabilities	(287.4)
Total Liabilities	**(430.3)**
Total identifiable net assets at fair value	**1,603.4**

* The receivables acquired have a gross contractual amount approximately equal to their fair value.

In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

Goodwill

Goodwill arising from the acquisition has been recognized as follows:

$ millions	
Consideration transferred**	1,768.2
Fair value of identifiable net assets	(1,603.4)
Goodwill	164.8

** The consideration transferred was determined equivalent to 42% of the share capital of Fertilgobe Holding Limited, measured by applying a discounted earnings technique.

No further contingencies were recognized as part of the transaction. Although based on the land lease of the production facility, Fertil has the obligation to restore the site upon decommissioning. The Group has not recorded a liability for this conditional asset retirement obligation, as it does not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability.

Considering that maintenance, turnarounds and any other upgrades will be conducted on a regular basis as was done in the past, this can extend the physical life of the production facility (also taken into account the possible changes in technology and availability of raw materials). The deferred tax liabilities comprise the tax effect of the accelerated depreciation for tax purposes of tangible assets and are relating to the fair value step-up applied on PP&E as part of the business combination.

The goodwill of USD 164.8 million comprises the value of expected synergies, future benefits from the assembled workforce and the high profitability of the acquired business. None of the goodwill recognized is expected to be deductible for income tax purposes.

No transaction costs were incurred at Fertiglobe level related to this transaction.

Adjustment of prior year consolidated statements of financial position and changes in equity

During 2020, the Company became aware of information that the Group's exposure to historical indemnities provided to other parties was understated in the consolidated financial statements, if this information was known then it should have been considered in estimating the potential cash outflows as from financial year 2017.

As the first period presented in these financial statements is 2019, the error is corrected in the opening balance of 2019. Potential outflows of economic resources related to these indemnities contain inherent uncertainties for which the Group engaged renowned local and international law firms to examine Fertiglobe's legal position.

The following financial statement line items as of 1 January 2019 are affected by the error:

	1 January 2019			31 December 2019	
$ millions	Amount prior to restatement	Restatement*	Restated amount	Amount prior to restatement	Restated amount
Retained earnings	148.3	(23.6)	124.7	515.1	491.5
Total equity	**126.2**	**(23.6)**	**102.6**	**3,008.8**	**2,985.2**
Provisions	117.4	23.6	141.0	128.9	152.5
Total liabilities	**2,777.1**	**23.6**	**2,800.7**	**1,983.1**	**2,006.7**

* Same restatement amount reflected on the year ended 31 December 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

3. Summary of significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise in note 4.

3.1 Consolidation

The consolidated financial statements include the financial statements of the Group, its subsidiaries and the Group's interests in associates and joint ventures.

Subsidiaries

Subsidiaries are all companies to which the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee, generally accompanying a shareholding of more than half of the shares issued and related voting power. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. When the Group ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any investment retained in the former subsidiary is recognized at fair value. The fair value shall be regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Any resulting gain or loss is recognized in profit or loss including related cumulative translation adjustments accumulated in other comprehensive income. The principal subsidiaries are listed in note 28.

Transactions eliminated in the consolidated financial statements

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.2 Business combinations

The group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and sustantive process and whether the acquired set has the ability to produce outputs.

The group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date, fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the classification of particular financial assets and financial liabilities assumed as, at fair value through profit or loss, or at amortized cost or as a financial asset measured at fair value through other comprehensive income. The Group makes an assessment of whether embedded derivatives of the acquiree should be separates from their host contracts.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

3.3 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

3.3 Foreign currency (continued)

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into USD at the exchange rates at the reporting date.

The income and expenses of foreign operations are translated into USD at the average exchange rates of the transaction's period. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.4 Financial instruments

Financial assets
IFRS 9 contains three principal classification categories for financial assets:

- measured at amortized cost,

- at fair value through profit or loss ('FVTPL')

- and at fair value through other comprehensive income ('FVOCI').

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

Gas purchase contracts
The Group has purchase contracts in place to procure natural gas for its production activities. These contracts are not accounted for as financial instruments as they are excluded for the scope of IFRS 9 through the "own use exemption". The own use exemption applies to contracts that are entered into and continue to be held for the receipt of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements.

i. Classification and subsequent measurement

Amortized cost
Trade and other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the 'hold to collect' business model criteria for amortized cost measurement. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss on derecognition is recognized directly in profit or loss.

Debt instrument at FVOCI
The Group sells certain portfolios of trade receivables under a securitization agreement to a third party. For these selected debtors the Group uses the 'hold-to-collect-and-sell business model' as defined under IFRS 9 and measure these receivables at FVOCI.

ii. Derecognition

Financial asset
The group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial assets expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownerships of the financial asset are transferred; or
  - the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial liabilities, like loans and borrowings and trade and other payables, are measured at amortized cost.

iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date (original maturity) that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Restricted cash comprises cash balances where specific restrictions exist on the Group's ability to use this cash. Restricted cash includes cash deposited as collateral for letters of credit issued by the Group. Restricted funds include bank balances reserved by the lending institution for installments of loan payments to be made in the near future.

3.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognized in equity as a deduction, net of tax, from the proceeds.

3.7 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes cost of material, direct labour, other directly attributable cost incurred to bring the asset ready to its intended use, cost of asset retirement obligations and any capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance costs are expensed as incurred. Spare parts of property, plant and equipment are recognized under property, plant and equipment if the average turn-over exceeds 12 months or more, otherwise they are recognized within inventories.

Property, plant and equipment under construction

Expenditures incurred for purchasing and constructing property, plant and equipment are initially recorded as 'under construction' until the asset is completed and becomes ready for use. Upon the completion of the assets, the recognized costs are reclassified from 'under construction' to its final category of property, plant and equipment. Assets under construction are not depreciated and measured at cost less any impairment losses.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis through profit or loss over the estimated useful lives of each component, taking into account any residual values.

Land is not depreciated. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for intended use, or in respect of internally constructed assets, from the date that the asset is completed and ready for intended use.

The estimated useful lives for items of property, plant and equipment are as follows:	Years
Buildings	10 - 50
Plant and equipment	5 - 27
Fixtures and fittings	3 - 10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary by the Group.

3.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

3.8 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.9 Goodwill

Goodwill

Goodwill represents the excess of purchase price and related costs over the value assigned to the Groups' share of identifiable assets acquired and liabilities assumed of businesses acquired that were directly attributable to the legal entities comprising the Group. If on the date of acquisition the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

Goodwill on acquisition of entities that qualify as subsidiaries is presented under 'Goodwill'. Goodwill on acquisitions of entities that qualify as associates or joint ventures is included in 'Equity-accounted investees'. Goodwill on acquisition of subsidiaries is allocated to cash-generating units for the purpose of impairment testing.

The allocation is made to those cash-generating units or group of units that are expected to benefit from the business combination through which the goodwill arose, based on past experience.

After initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is tested annually for impairment; an impairment loss is recognized for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of the cash-generating unit is determined by the higher of its fair value less cost to sell and its value in use. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold. All other expenditures on internally generated goodwill and other intangible assets is recognized in profit or loss as incurred.

3.10 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories of raw materials, spare parts and supplies are based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

In case the net realisable value (NRV) is lower than the cost of inventory a write down is required. A write-down to NRV may be required when inventory is damaged; or becomes wholly or partially obsolete; or when the selling price for the product is reduced; or the estimated costs of completion, or the estimated costs to be incurred to make the sale, have increased;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

3.11 Impairment of assets

Non-derivative financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a non-derivative financial asset or a group of non-derivative financial assets is impaired. A non-derivative financial asset is considered to be impaired if the counterparty does not meet the agreed payment terms or when evidence exists that the counterpart will not be able to do so. The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is recognized for the amount by which the carrying amount of a non-derivative financial asset exceeds its estimated discounted future cash flows using the original interest rate. Impaired non-derivative financial assets are tested periodically to determine whether the estimated future cash flows have increased and the impairment has to be reversed. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

Non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortization but are tested annually for impairment or more frequently when indicators arise. Assets with a finite useful life are subject to depreciation or amortization and are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by continued use. For the purposes of assessing impairment, assets are grouped based on the lowest level for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognized in profit or loss.

They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis. Non-financial assets, which are impaired, are tested periodically to determine whether the recoverable amount has increased and the impairment be (partially) reversed. Impairment losses on goodwill are not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

3.12 Provisions

Provisions are recognized when a present legal or constructive obligation based on past events exists, and it is probable that an outflow of economic benefits is required to settle the obligation. If the outflow is probable, but cannot be determined reliably, the obligation is disclosed. The non-current part of provisions is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Asset retirement obligations

The Group recognizes a provision if the Group has an obligation to restore a leased asset in its original condition at the end of its lease term and in case of legal requirements with respect to cleanup of contamination of land, and the estimate can be made reliable. Based on the land lease of their production facilities, some entities have the obligation to restore their site upon decommissioning. The Group has not recorded a liability for this conditional asset retirement obligation, as it does not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability. Considering that maintenance, turnarounds and any other upgrades will be conducted on a regular basis as was done in the past, this can extend the physical life of the production facility indefinitely (also taken into account the possible changes in technology and availability of raw materials).

Claims and contingencies

The Group is subject to legal and regulatory proceedings in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties or disgorgements against the Group. If it is probable that an obligation to the Group exists, which will result in an outflow of resources and the amount of the outflow can be reliably estimated, a provision is recognized.

Donation provision

The donation provision is recognized as a constructive obligation, the amount is undiscounted as the Group does not know the exact settlement date.

3.13 Segment reporting

An operating segment is a component of an entity that engages in business activities for which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker ('CODM') to make decisions about resource allocation to the segment and to assess its performance and for which discrete financial information is available.The Group determines and presents operating segments on the basis of information that internally is provided to the CODM during the period. Operating segments are grouped into reporting segments based on similar economic environments and similar products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

3.14 Revenue from contracts with customers

Revenues are recognized to depict the transfer of goods or services to customers in the ordinary course of the Group's activities, in the amounts that reflect the considerations to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when the Group satisfies the performance obligations by transferring promised goods or services to customers. The main performance obligation of the Group is the transfer of Fertilizer products to customers.

Goods are transferred when the customer obtains control of the asset. The timing of when control transfers depends on the sales and shipping terms agreed. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 days.

Revenue is recognized net of expected discounts to customers. Accumulated experience and management judgement is used to estimate and provide for the discounts and revenue is only recognized to the extent that it is highly probably that a significant reversal will not occur. The Group does not have any contracts where the period of time between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, no adjustment is made to transaction prices for the time value of money.

3.15 Finance income and cost

Finance income comprises:

- interest income on funds invested (including on financial assets at fair value through other comprehensive income);
- gains on the disposal of financial assets at fair value through other comprehensive income;
- dividend income;
- fair value gains on financial assets at fair value through profit or loss;
- gains on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance cost comprises:

- interest expense on borrowings;
- unwinding of the discount on provisions and contingent consideration;
- interest expense related to lease obligations;
- losses on disposal of financial assets at fair value through other comprehensive income;
- fair value losses on financial assets at fair value through profit or loss;
- loss on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss and expensed as incurred.

3.16 Employee benefits

Defined contribution plan
Certain Group subsidiaries provide pension plans, end of service remuneration plans and long-term service benefits. These pension plans qualify as defined contribution plans. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits
The Group long-term employee benefits are recognized if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably to determine its present value. The discount rate is the yield at the balance sheet date on triple-A ('AAA') credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. Re-measurements are recognized in profit or loss in the period in which they arise.

Termination benefits
Employee termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or when the Group is providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3.17 Income tax

Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax payable also includes any tax liability arising from the declaration of dividends. Current income tax receivable and payable are offset when there is a legally enforceable right to offset and when the current income tax relates to the same fiscal authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

3.17 Income tax (continued)

Deferred tax

Deferred income tax liabilities are recognized for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements ('balance sheet' method). Deferred income tax assets are recognized for all deductible temporary differences, unused carry forward losses and unused carry forward tax credits, to the extent that it is probable that future taxable profit will be available against which the deferred income tax assets can be utilized.

Deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Also, no deferred income tax is recognized regarding the initial recognition of goodwill and regarding investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred income tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

In cases where it is concluded it is not probable that tax authorities will accept a tax treatment, the effect of the uncertainty is reflected in the recognition and measurement of tax assets and liabilities or, alternatively, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the company to change its judgment regarding the adequacy of existing tax assets and liabilities. Such changes to tax assets and liabilities will impact the income tax expense in the period during which such a determination is made.

3.18 Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared using the 'indirect' method. Cash flows in foreign currencies have been translated applying average exchange rates. Currency translation differences are shown separately in the consolidated statement of cash flows. Cash flows from investing activities consist mostly of investments and divestments in property, plant and equipment, intangible assets, and acquisitions insofar as these are paid for in cash. Acquisitions or disposals of subsidiaries are presented as acquisition of subsidiary, net of cash.

3.19 Earnings per share

Earnings per ordinary share are calculated by dividing the profit or loss (net) attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. In making this calculation the (ordinary) treasury shares are deducted from the number of ordinary shares outstanding.

4. New accounting standards and policies

On a regular basis, the IASB issues new accounting standards, amendments and revisions to existing standards and interpretations. These new accounting standards, amendments and revisions to existing standards and interpretations are subject to endorsement by the Abu Dhabi Global Market Companies Regulation of 2020.

4.1 Standards, amendments, revisions and interpretations that became effective to the Group during 2020

The standards and interpretations that became effective in 2020 do not have a material impact on Fertiglobe during 2020.

4.2 New revised IFRS in issue but not yet effective

IFRS standards and interpretations thereof not yet in force which may apply to the future Group's consolidated financial statements are being assessed for their potential impact. Currently there are no standards and interpretations not yet effective that would have a significant impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

5. Critical accounting judgment, estimates and assumptions

The preparation of the consolidated financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the revision period and future periods, if the changed estimates affect both current and future periods.

The most critical accounting policies, involving a higher degree of judgment and complexity in applying principles of valuation and for which changes in the assumptions and estimates could result in significantly different results than those recorded in the financial statements, are the following:

Goodwill and other intangible assets

Intangible assets with finite useful lives are carried at cost less cumulative amortization and any impairment. Amortization is calculated using the 'straight-line' method based on the estimated useful lives. Management makes estimates regarding the useful lives and residual values and assumes that amortization takes place on a 'straight-line' basis. The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. For intangible assets with finite useful lives, Fertiglobe assesses annually or more frequently whether indicators exist that suggest the intangible asset might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of intangible assets, Fertiglobe makes estimates and assumptions about future cash flows based on the value in use.

In doing so, Management also makes assumptions and estimates regarding the discount rates in order to calculate the net present value of the future cash flows. Management tests at least annually whether goodwill is impaired by comparing the recoverable amounts of cash-generating units with their carrying amounts. The recoverable amount is the higher of the fair value less cost of disposal and the value in use. In determining the recoverable amount, Management makes estimates and assumptions concerning future revenues, future costs, future working capital, future investments, Weighted Average Cost of Capital ('WACC') and future inflation rates. (Note 8)

Property, plant and equipment

Depreciation is calculated using the 'straight-line' method based on the estimated useful lives, taking into account any residual values. Management makes estimates regarding the useful lives and residual values and assumes that depreciation takes place on a 'straight-line' basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Management assesses annually, or more frequently, whether indicators exist that suggest that an item of property, plant and equipment might be impaired by comparing the recoverable amounts with their carrying amounts.

In determining the recoverable amounts of property, plant and equipment, management makes estimates and assumptions about future cash flows based on the value in use. The discount rate to be used in order to calculate the net present value of the future cash flows in the impairment analysis is based on the WACC. (Note 7)

Asset retirement obligations

The Group recognizes a provision if the Group has an obligation to restore a leased asset in its original condition at the end of its lease term and in case of legal requirements with respect to clean-up of contamination of land, and the estimate can be made reliable. Based on the land lease of their production facilities, some entities have the obligation to restore their site upon decommissioning.

The Group has not recorded a liability for this conditional asset retirement obligation, as it does not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability. Considering that maintenance, turnarounds and any other upgrades will be conducted on a regular basis as was done in the past, this can extend the physical life of the production facility (also taken into account the possible changes in technology and availability of raw materials).

Inventories

In determining the net realizable value of inventories, the Group estimates the selling prices in the ordinary course of business less cost to sell. In doing so, the Group makes estimates and assumptions based on current market prices, historical usage of various product categories versus current inventory levels and specific identified obsolescence risks (e.g. end of life of specific goods and spare parts and the impact of new environmental legislation). determining the net realizable value of inventories, the Group estimates the selling prices in the ordinary course of business, cost of completion and cost to sell. (Note 11)

Provisions

Recognition of provisions include significant estimates, assumptions and judgments. IFRS requires only those provisions to be recognized if there is an expected outflow of resources in the near future and if the cost of these outflows can be estimated reliably.

Accordingly, management exercises considerable judgment in determining whether it is more likely than not that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. These judgments are subject to change as new information becomes available.

The required amount of a provision may change in the future due to new developments in the matter. Revisions to estimates may significantly impact future profit or loss. Upon resolution, the Group may incur charges in excess of the recorded provisions for such matters. Provisions for asset retirement obligations, represent estimated costs of decommissioning. Due to the long time period over which future cash outflows are expected to occur, including the respective interest accretion, assumptions are required to be made. Amongst others, the estimated cash outflows could alter significantly if, and when, political developments affect future laws and regulation with respect to asset retirements. The Group has not recognized any asset retirement obligations because a reliable estimate of the amount of the obligations cannot be made.

With respect to legal cases, the Group has to estimate the outcome. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. The Group periodically reviews the status of these proceedings with both the internal and external legal counsels. (Note 19)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

5. Critical accounting judgment, estimates and assumptions (continued)

Income taxes

The Group is subject to income taxes in several jurisdictions. Estimates are required in determining the group-wide provision for income taxes. There are some transactions and calculations for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognizes provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. The Group recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available for the deferred tax asset to be recovered. This is based on estimates of taxable future income by jurisdiction in which the Group operates and the period over which deferred tax assets are expected to be recoverable. In the event that actual results or new estimates differ from previous estimates and depending on the possible tax strategies that may be implemented, changes to the recognition of deferred tax assets could be required, which could impact the financial position and profit or loss. (Note 10)

Leases

The assessment of whether a contract is or contains a lease requires judgment with respect to whether the lessor has substantive substitution rights, who obtains economic benefits from use of the asset and who takes the 'how and for what purpose' decisions during the period of use.

Judgement is also applied in order to assess whether the entity will exercise any extension or cancelation options of a lease. The group applies judgments in order to determine the incremental borrowing rate in order to calculate the lease liability. (Note 17)

Liquidity risk

As part of the preparation of the financial statements, the Group has assessed its liquidity risk and going concern. Liquidity risk is the risk that the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group has made a number of assumptions in assessing its ability to meet its covenant requirements (Note 16) and satisfy obligations as they become due. Determining these assumptions requires significant judgment about future results and cash flows.

Key assumptions include product pricing, gas pricing, utilization rates and the ability to arrange financing and obtain waivers for potential covenant breaches.

6. Financial risk and capital management

Overview

The Group has exposure to credit, liquidity and market risks from financial instruments. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated company basis. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, additionally it also includes the Group's management of capital.

Risk management framework

The Board has oversight responsibility on the establishment and monitoring of the Group's risk management framework. Senior (local) management is responsible for the effective operation of the internal risk management and control systems.

The Finance department is responsible for the facilitation and supervision of the Risk Management function, compliance with the Group Internal Control Framework and supports the Board in the exercise of their risk management duties.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

6.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The Group mitigates the exposure to credit risk on outstanding cash balances by placing funds at multiple financial institutions with a sufficient credit rating. The Group's exposure to customer credit risk is monitored and mitigated by performing credit checks before selling any goods. No collateral is received.

The Group establishes an allowance, if needed, for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that are expected based on historical performance. IFRS 9 establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition.

As at 31 December 2020, management assessed the credit risk based on internal and external factors related to the financial instruments and recognized an allowance related to credit risk. (Note 9)

With respect to transactions with financial institutions, the Group sets a minimum credit rating for the counterparties. The maximum exposure to credit risk is the carrying amount of financial instruments, for an overview reference is made to the tables financial instruments by category. There is no significant concentration of credit risk in trade and other receivables, financial assets at fair value through other comprehensive income or cash and cash equivalents. Significantly all of Fertiglobe trade and other receivables balances are with strategic customers that are collateralized by letters of credit, guarantees and securitization, or are due from government entities.

The maximum exposure to credit risk at the reporting date is as follows:

$ millions	Note	2020	2019
Trade and other receivables*	(9)	227.4	283.3
Cash and cash equivalents	(12)	534.9	424.6
Total		**762.3**	**707.9**

* Excluding prepayments and supplier advance payments

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FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

6. Credit risk (continued)

The maximum exposure to credit risk for trade and other receivables* by geographic region is as follows:

$ millions	2020	2019
Middle East and Africa	129.8	89.5
Asia and Oceania	16.7	86.3
Europe	76.0	104.9
Americas	4.9	2.6
Total	**227.4**	**283.3**

* Excluding prepayments and supplier advance payments

6.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest payments and exclude the impact of netting agreements:

At 31 December 2020 $ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Financial liabilities						
Cash outflows:						
Loans and borrowings	(16)	670.5	843.2	243.2	563.0	37.0
Lease obligations	(17)	93.3	333.2	17.0	40.3	275.9
Trade and other payables*	(18)	296.5	296.5	293.0	3.5	-
Trade and other payables to related parties	(18)	31.0	31.0	31.0	-	-
Total		**1,091.3**	**1,503.9**	**584.2**	**606.8**	**312.9**

* Excluding employee benefits

At 31 December 2019 $ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Financial liabilities						
Cash outflows:						
Loans and borrowings	(16)	882.2	1,223.4	225.9	436.7	560.8
Lease obligations	(17)	100.2	351.3	12.2	43.8	295.3
Trade and other payables*	(18)	401.6	401.6	398.6	3.0	-
Trade and other payables to related parties	(18)	10.3	10.3	10.3	-	-
Total		**1,394.3**	**1,986.6**	**647.0**	**483.5**	**856.1**

* Excluding employee benefits

The interest on floating rate loans and borrowings is based on forward interest rates at period-end. This interest rate may change as the market interest rate changes.

Callable loan amounts are classified as ‘Less than one year’. The future obligations will be managed by the future incoming cash from operations, currently available and unused amounts on credit facility agreements, reference is made to note 16.

The Group’s approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation. This is also safeguarded by using multiple financial institutions in order to mitigate any concentration of liquidity risk.

The liquidity risk is monitored internally at Group level. On an ongoing basis the Group prepares liquidity forecasts to verify whether the Group is able to meet its future debt obligations. The Group has also carefully evaluated the funding of its Business Plan for at least the next 12 months from the date of issuance of the financial statements, taking into account the measures mentioned below and has applied sensitivities to the forecast level of liquidity headroom available. Key assumptions include product pricing, natural gas pricing and utilization rates. Management has applied these assumptions to the forecasts, which would leave sufficient liquidity headroom.

6.3 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices that will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to foreign currency risk arising in separate ways:

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FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

6. Market risk (continued)

Foreign exchange translation risk

Due to the Group's international presence, the Group is exposed to foreign exchange fluctuations as these affect the translation of the Group's business entities presented in foreign currencies that are different from the US dollar (which is the Group's functional currency). The currencies concerned are mainly the Euro and the Algerian dinar. Foreign exchange translation exposure is considered a part of doing business on an international level; this risk is not hedged. The Group seeks to mitigate translation risk to our credit metrics by broadly matching the currency of debt with cashflows.

Foreign exchange transaction risk

The Group entities predominantly execute their activities in their respective functional currencies. The Group is however exposed to foreign exchange transaction risk to the extent that there is a mismatch between the currencies in which sales, purchases, investments and borrowings are denominated and the respective functional currencies of the Group entities. The Group monitors the exposure to foreign currency risk arising from operating activities and enters selectively into foreign exchange contracts to hedge foreign currency exposures. The functional currencies of the Group entities are primarily the US dollar, the Algerian dinar and the Euro. EFC and EBIC have exposure to fluctuations in the USD/EGP exchange rates.

The summary of balances of the Group's exposure to foreign exchange transaction, where the main exposure currencies are different from the functional currencies, including intercompany balances, is as follows:

At 31 December 2020 $ millions	USD	EUR	EGP
Trade and other receivables	8.9	4.8	87.6
Trade and other receivables intercompany	1,123.8	0.7	0.8
Trade and other payables	-	(4.1)	(7.6)
Trade and other payables intercompany	(3.8)	(1.1)	-
Loans and borrowings	-	-	-
Loans and borrowings intercompany	(1,118.3)	-	-
Provisions	-	-	(120.9)
Cash and cash equivalents	233.1	8.8	26.5

At 31 December 2019 $ millions	USD	EUR	EGP
Trade and other receivables	7.3	6.4	77.8
Trade and other receivables intercompany	1,090.3	3.4	0.1
Trade and other payables	(4.7)	(0.8)	(16.3)
Trade and other payables intercompany	(8.8)	(1.0)	(0.2)
Loans and borrowings	-	-	(51.4)
Loans and borrowings intercompany	(1,082.4)	-	-
Provisions	-	-	(118.7)
Cash and cash equivalents	224.2	19.0	23.4

The Algerian dinar is not included in the above table of foreign exchange transaction exposure, since there are no entities in the Group which have monetary items denominated in Algerian dinar, except for Sorfert, which has the Algerian dinar as its functional currency.

Significant rates

The following significant exchange rates applied during the year:

	Average 2020	Average 2019	Closing 2020	Closing 2019
Euro	1.1418	1.1193	1.2225	1.1213
Egyptian pound	0.0632	0.0596	0.0635	0.0623
Algerian dinar	0.0079	0.0084	0.0076	0.0084

The following tables demonstrate the sensitivity to a reasonably possible change in USD foreign exchange rate against EUR, EGP and DZD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

31 December 2020 $ millions	Change in FX rate	Effect on profit before tax	Effect on other comprehensive income
EUR - USD	8 percent	0.5	-
	(8) percent	(0.5)	-
EGP - USD	3 percent	(0.4)	-
	(3) percent	0.4	-
DZD - USD	3 percent	7.2	-
	(3) percent	(7.2)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

6.3 Market risk (continued)

31 December 2019 $ millions	Change in FX rate	Effect on profit before tax	Effect on other comprehensive income
EUR - USD	5 percent	0.5	-
	(5) percent	(0.5)	-
EGP - USD	3 percent	(2.6)	-
	(3) percent	2.6	-
DZD - USD	3 percent	6.9	-
	(3) percent	(6.9)	-

The figures in the above overview are determined based on the currency volatility of the respective years. A significant part of the Group's exposure to foreign currency transaction risk relates to intercompany balances.

Interest rate risk

The Group's cash flow interest rate risks arise from the exposure to variability in future cash flows of floating rate financial instruments and refinancing fixed rate borrowings. The Group regularly reviews its exposure to the global interest rate environment. The Group has not entered into any interest rate derivatives.

The Group analyses its interest rate exposure on a dynamic basis. The Group calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings plus refinancing of fixed rate borrowings, as follows:

$ millions	In basis points	2020	2019
Effect on profit before tax for the coming year	+100 bps	(2.7)	(5.4)
	- 100 bps	2.7	5.4

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market data, showing a lower volatility compared to prior years. The interest rate sensitivity calculation is based on the interest-bearing liabilities, reference is made to note 16.

Categories of financial instruments:

31 December 2020 $ millions	Note	Loans and receivables / payables at amortized cost	Derivatives at fair value
Assets			
Trade and other receivables*	(9)	227.4	-
Cash and cash equivalents	(12)	534.9	-
Total		**762.3**	**-**
Liabilities			
Loans and borrowings	(16)	670.5	-
Trade and other payables**	(18)	327.5	-
Total		**998.0**	**-**

* Excluding prepayments and supplier advance payments

** Excluding employee benefits

31 December 2019 $ millions	Note	Loans and receivables / payables at amortized cost	Derivatives at fair value
Assets			
Trade and other receivables*	(9)	283.3	-
Cash and cash equivalents	(12)	424.6	-
Total		**707.9**	**-**
Liabilities			
Loans and borrowings	(16)	882.2	-
Trade and other payables**	(18)	411.9	-
Total		**1,294.1**	**-**

* Excluding prepayments and supplier advance payments

** Excluding employee benefits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

6. Financial risk and capital management (continued)

6.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings, reserves and non-controlling interest of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group is required by external financial institutions to maintain certain capital requirements compared to its debt. Reference is made to note 16 for a description of financial covenants.

The Group's net debt to equity ratio at the reporting date was as follows:

$ millions	Note	2020	2019
Loans and borrowings	(16)	670.5	882.2
Less: cash and cash equivalents	(12)	534.9	424.6
Net debt		**135.6**	**457.6**
Total equity		3,062.4	2,985.2
Net debt to equity ratio at 31 December		**0.04**	**0.15**

7. Property, plant and equipment

As at 31 December 2020, the Group has land with a carrying amount of USD 22.2 million (2019: USD 22.2 million).

The additions of USD 66.5 million mainly relate to Sorfert for USD 23.9 million, Fertil for USD 24.1 million, EBIC for USD 15.5 million and EFC for USD 3.0 million. The effect of movement in exchange rates in 2020 mainly relates to Sorfert, which has a different functional currency (Algerian dinar), to the Group's presentation currency. The Algerian dinar decreased by 9.5% against the US dollar in 2020.

$ millions	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Cost	144.9	2,970.1	18.8	9.0	3,142.8
Accumulated depreciation	(44.8)	(1,295.1)	(13.9)	-	(1,353.8)
At 1 January 2019	**100.1**	**1,675.0**	**4.9**	**9.0**	**1,789.0**
Movements in the carrying amount:					
Additions	0.1	31.2	2.8	16.4	50.5
Business combination - Cost	154.8	2,443.3	24.1	23.2	2,645.4
Business combination - accumulated depreciation	(51.0)	(728.8)	(22.1)		(801.9)
Disposals	-	(1.3)	(0.2)	(2.0)	(3.5)
Depreciation	(7.2)	(210.6)	(1.6)	-	(219.4)
Effect of movement in exchange rates	(0.8)	(10.7)	-	(0.1)	(11.6)
At 31 December 2019	**196.0**	**3,198.1**	**7.9**	**46.5**	**3,448.5**
Cost	298.7	5,427.9	43.2	46.5	5,816.3
Accumulated depreciation	(102.7)	(2,229.8)	(35.3)	-	(2,367.8)
At 31 December 2019	**196.0**	**3,198.1**	**7.9**	**46.5**	**3,448.5**
Movements in the carrying amount:					
Additions	5.1	24.0	1.9	35.5	66.5
Depreciation	(9.2)	(246.0)	(2.2)	-	(257.4)
Transfers	3.0	6.3	0.4	(9.7)	-
Effect of movement in exchange rates	(5.5)	(77.7)	(0.7)	(1.7)	(85.6)
At 31 December 2020	**189.4**	**2,904.7**	**7.3**	**70.6**	**3,172.0**
Cost	298.0	5,314.1	43.5	70.6	5,726.2
Accumulated depreciation	(108.6)	(2,409.4)	(36.2)	-	(2,554.2)
At 31 December 2020	**189.4**	**2,904.7**	**7.3**	**70.6**	**3,172.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

8. Goodwill

$ millions	Goodwill
Cost	1,777.6
Accumulated impairment	(1,337.6)
At 1 January 2019	**440.0**
Movements in the carrying amount:	
Business combination	164.8
At 31 December 2019	**604.8**
Cost	1,942.4
Accumulated impairment	(1,337.6)
At 31 December 2019	**604.8**
Cost	1,942.4
Accumulated impairment	(1,337.6)
At 31 December 2020	**604.8**

Goodwill has been allocated to the cash generating units as follows:

Cash generating units $ millions	2020	2019
Egyptian Fertilizers Company ('EFC')	440.0	440.0
Ruwais Fertilizer Industries LLC. ('Fertil')	164.8	164.8
Total	**604.8**	**604.8**

Goodwill impairment testing

The determination of the recoverable amount for the cash generating unit EFC and Fertil requires significant judgments and estimates, including projections of future cash flows from the businesses. The recoverable amounts have been estimated based on value in use.

The tests were carried out by discounting future cash flows to be generated from the continuing use of the cash-generating units to which the goodwill applies and on the assumption of an indefinite life. Key assumptions used in the calculation of recoverable amounts are the discount rate, the terminal value growth rate, selling price outlook per product, natural gas prices and the number of expected operating days per plant.

Selling prices assumptions are based on a published independent price outlook prepared by global experts. The other assumptions used are based on past experience and external sources, but that are unpredictable and inherently uncertain.

The impairment tests are based on specific estimates for the US dollar cash flow projections for the years 2021 to 2025 (this period captures the cyclical nature of the industry). For the subsequent years the residual values were calculated based on the average EBITDA margin of the projection period and whereby a perpetual growth rate of 1.23% was taken into account. The estimated pre-tax cash flows are discounted to their present value using pre-tax discount rates.

The following rates were applied in performing the impairment test:

	2020		2019	
Percentage	Fertil	EFC	Fertil	EFC
Pre-tax discount rate	9.7%	12.1%	-	12.5%
Perpetual growth rate	1.23%	1.23%	-	2.0%

Result of the impairment test

For all cash generating units the recoverable values exceed their carrying amounts. No reasonably possible change in a key assumption would cause the cash generating unit's carrying amount to exceed the recoverable amount.

9. Trade and other receivables

In 2018, the Group entered into a securitization agreement to sell without recourse certain portfolios of trade receivables to an external financial institution. By doing so, the Group is able to receive cash flows from selected debtors sooner than would normally be the case. Fertiglobe derecognizes the trade receivables, since substantially all risks and rewards of ownership are transferred. Further the Group has pass through arrangement with financial institution as per which all the amounts collected from customer are paid back to financial institution without material delay. During the year ended 31 December 2020 an amount of USD 13.2 million (2019: USD 9.6 million) of trade receivables were transferred under the securitization agreement. As of the reporting date, trade receivables outstanding to be transferred for securitization amounted to USD 6.8 million (2019 USD 0.0 million). Furthermore, the total amount charged by securitization company amounted to USD 0.6 million during the year (2019: USD 0.6 million). The portfolio of Trade receivable which is held for collect and sale at reporting date amounted to USD 6.8 million (2019 USD 0.0 million).

The other tax receivable contains an amount of EGP 900 million (USD 57.2million) relating to a payment made to the Egyptian Tax Authorities as part of the tax claim which will be refunded upon settlement of the tax claim. Reference is made to note 27 'OCI S.A.E. tax dispute'.

Non-current trade and other receivables have not been discounted as the effect is immaterial to the consolidated financial statements.

The carrying amount of 'Trade and other receivables' as at 31 December 2020 approximates its fair value.

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FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

9. Trade and other receivables (continued)

$ millions	2020	2019
Trade receivables net	93.7	107.6
Trade receivables (net) from related parties (note 26)	9.1	4.9
Loans to related parties (note 26)	-	63.1
Prepayments	25.1	16.9
Other tax receivables	92.1	79.6
Supplier advance payments	21.7	17.3
Other receivables net	32.5	23.6
Other receivables related parties (note 26)	-	4.5
Total	**274.2**	**317.5**
Non-current	0.3	0.4
Current	273.9	317.1
Total	**274.2**	**317.5**

The aging of current trade receivables at the reporting date were as follows:

$ millions	2020	2019
Neither past due nor impaired	101.4	112.5
Past due 1 - 30 days	-	-
Past due 31 - 90 days	1.3	-
Past due 91 - 360 days	-	-
More than 360 days	-	-
Total	**102.7**	**112.5**

Management believes that the unimpaired amounts that are past due by more than 30 days are collectible in full, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect if trade receivables during the year was as follows:

$ millions	2020	2019
At 1 January	-	-
Addition	(0.2)	-
At 31 December	**(0.2)**	**-**

10. Income taxes

10.1 Income tax in the statement of profit or loss and other comprehensive income

$ millions	2020	2019
Current tax	(21.8)	(3.8)
Deferred tax	(19.1)	(11.3)
Total income tax in profit or loss	**(40.9)**	**(15.1)**

10.2 Reconciliation of effective tax rate

The Group's operations are subject to income taxes in various foreign jurisdictions. The statutory income tax rates vary from 0.0% to 25.0%, which results in a difference between the weighted average statutory income tax rate and the UAE's statutory income tax rate of 25.0%.

Reconciliation of the statutory income tax rate in the UAE with the effective tax rate can be summarized as follows:

$ millions	2020	%	2019	%
Profit before income tax	168.0		53.5	
Enacted income tax rate	25%		25%	
Tax calculated at the enacted tax rate	**(42.0)**	**25.0**	**(13.4)**	**25.0**
Effect of tax rates in foreign jurisdictions	10.4	(6.2)	12.4	(23.2)
Income not subject to tax	14.6	(8.7)	14.5	(27.1)
Expenses non-deductible	(16.1)	9.6	(19.3)	36.1
Dividend withholding tax	7.8	(4.6)	(2.6)	4.9
Unrecognized tax assets	(9.8)	5.8	(5.4)	10.1
Uncertain tax positions	(5.7)	3.4	4.1	(7.7)
Other adjustments	(0.1)	0.1	(5.4)	10.1
Total income tax in profit or loss	**(40.9)**	**24.4**	**(15.1)**	**28.2**

The effective tax rate is 24.4% (2019: 28.2%), mainly due to (i) income not subject to tax for an amount of USD 14.6 million and (ii) expenses non-deductible for an amount of USD (16.1) million. The income not subject to tax mainly relates to the tax-free status of some entities in the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

10.3 Deferred income tax assets and liabilities

Changes in deferred tax asset and liabilities (net):

$ millions	2020	2019
At 1 January	**(448.0)**	**(157.5)**
Profit or loss	(19.1)	(3.8)
Business combination Fertil	-	(287.4)
Effect of movement in exchange rates	-	0.7
At 31 December	**(467.1)**	**(448.0)**

Recognized deferred tax assets and liabilities:

	Assets		Liabilities		Net	
$ millions	2020	2019	2020	2019	2020	2019
Intangible assets	-	-	(62.6)	(62.6)	(62.6)	(62.6)
Property, plant and equipment	-	-	(335.5)	(359.5)	(335.5)	(359.5)
Loans and borrowings	-	0.9	-	-	-	0.9
Trade and other payables	4.2	3.8	-	-	4.2	3.8
Uncertain tax positions	-	-	(57.6)	(27.2)	(57.6)	(27.2)
Provision for withholding tax	-	-	(15.6)	(3.4)	(15.6)	(3.4)
Total	**4.2**	**4.7**	**(471.3)**	**(452.7)**	**(467.1)**	**(448.0)**
Netting of fiscal positions	(4.2)	(4.7)	4.2	4.7	-	-
Amounts recognized in the Statement of Financial Position	**-**	**-**	**(467.1)**	**(448.0)**	**(467.1)**	**(448.0)**

Deferred tax liabilities relating to intangible assets mainly consist of goodwill of EFC for USD 62.6 million. This deferred tax liability will be reversed when the asset is impaired. Deferred tax liabilities recognized in relation to property, plant and equipment will be realized over the depreciation period of the related asset, and mainly relate to Fertil for USD 265.8 million and EFC for USD 69.7 million.

The unrecognized operating losses carry forward of USD 54.0 million (2019: USD 21.6 million) mainly relate to OCI S.A.E.

Uncertain tax positions

The group is subject to the application of complex tax laws in multiple jurisdictions. Application of these complex tax laws may lead to uncertainties in determining tax positions. We aim to resolve these uncertainties in discussions with the tax authorities. The financial effect of the existing uncertainties per balance sheet date are determined in accordance with IAS 12 and IFRIC 23, which requires us to estimate the potential outcome of any tax position. Our estimate for the potential outcome of any uncertain tax position is judgmental.

As of 31 December 2020, the Group recorded uncertain tax positions to an amount of USD 57.6 million which is classified as a deferred tax liability. Expected interest and penalties related to uncertain income tax liabilities have been accrued for and are included in the uncertain tax positions and in the income tax expense. In addition to the uncertain tax liability, the Group also has a contingent tax asset that currently does not meet the recognition criteria of IFRIC 23. For more information we refer to note 27.

Expiration scheme of unrecognized carry forward tax losses, tax credits and deferred temporary tax assets:

$ millions	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	Unlimited	Total
Unrecognized operating losses carry forward, tax credits and temporary differences in 2020	-	53.8	0.2	-	-	-	**54.0**
Unrecognized operating losses carry forward, tax credits and temporary differences in 2019	-	21.3	0.3	-	-	-	**21.6**

10.4 Income tax receivables and payables

Changes in income tax receivables and payables:

$ millions	2020	2019
At 1 January	**0.1**	**(40.4)**
Profit or loss	(21.8)	(11.3)
Payments	20.6	51.8
Withholding tax not recoverable	(7.8)	-
Effect of movement in exchange rates	0.2	-
At 31 December	**(8.7)**	**0.1**
Income tax receivable	-	0.8
Income tax payables	(8.7)	(0.7)
Total	**(8.7)**	**0.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

10. Income taxes (continued)

Sorfert reinvestment case

The Large Multinationals Directorate of the Algerian Tax Authorities (DGE) issued to Sorfert a letter in which its initial claim of DZD 7,296 million (USD 55.4 million) related to the alleged non-compliance of the requirements for the tax exemption granted by the Agency Nationale de Developpement de l'Investissement (ANDI) was maintained. The DGE is of the opinion that Sorfert did not timely carry out the reinvestment obligations as required under ANDI exemption.

As a result, the DGE requires Sorfert to repay the full assumed tax benefit it enjoyed in relation herewith. Sorfert is of the opinion that it has complied with its reinvestment obligations as well as that the basis of any claim should in any case be limited to the source of income that is taxable (local sales only as export sales are exempted under domestic Algerian tax law) and as such Sorfert recorded a provision of USD 1.7 million. This position was examined by various reputable tax advisors who concurred with the opinion of Sorfert.

11. Inventories

	2019		
$ millions	**Gross**	**Write down**	**Net**
Finished goods	33.7	(1.5)	32.2
Raw materials and consumables	15.6	(0.2)	15.4
Spare parts, fuels and others	57.6	(4.8)	52.8
Total	**106.9**	**(6.5)**	**100.4**

	2020		
$ millions	**Gross**	**Write down**	**Net**
Finished goods	38.4	(0.3)	38.1
Raw materials and consumables	21.4	(0.1)	21.3
Spare parts, fuels and others	69.1	(2.6)	66.5
Total	**128.9**	**(3.0)**	**125.9**

The movement in the allowance during the year was as follows:

$ millions	2020	2019
At 1 January	(6.5)	(2.6)
Provision recorded	(1.0)	(2.7)
Fertil impact	-	(3.2)
Reversal of provision	4.5	2.0
At 31 December	**(3.0)**	**(6.5)**

12. Cash and cash equivalents

$ millions	2020	2019
Cash on hand	0.2	0.2
Bank balances	528.3	407.9
Restricted cash	6.4	16.5
Total	**534.9**	**424.6**

The restricted balances of USD 6.4 million (2019: USD 16.5 million), included in the cash and cash equivalents for the consolidated statement of cash flows, are held as collateral against letters of credit and letters of guarantees issued, therefore not available for general use by the Group.

13. Equity attributable to owners of the Company

The movements in the number of shares can be summarized as follows:

$ millions	2020	2019
Number of shares at 1 January	3,328.2	0.0
Number of issued shares	-	3,328.2
On issue at 31 December - fully paid	**3,328.2**	**3,328.2**
Par value per share (in $)	**1.00**	**1.00**
At 31 December	**3,328.2**	**3,328.2**

The authorized capital of the Group amounts to USD 3,328.2 million. The authorized capital is divided into 3,328.2 million shares, with a nominal value of USD 1.0 each.

Fertiglobe distributed a dividend of USD 129.7 million to shareholders in 2020.

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14. Reserves

$ millions	Other reserves	Currency translation reserve	Total
At 1 January 2019	**-**	**(490.7)**	**(490.7)**
Capital contribution*	(1,930.4)	-	(1,930.4)
Contribution in kind*	1,224.9	-	1,224.9
Currency translation differences	-	(4.2)	(4.2)
At 31 December 2019	**(705.5)**	**(494.9)**	**(1,200.4)**
Currency translation differences	-	(29.0)	(29.0)
At 31 December 2020	**(705.5)**	**(523.9)**	**(1,229.4)**

* In March 2019 OCI N.V. contributed its OCI MENA assets to Fertiglobe under common control (since OCI MENA and Fertiglobe were ultimately owned by the same shareholder). Due to the contribution of OCI MENA to the Group, in the 2019 consolidated financial statements the Group re-presented its comparatives and adjusted its 2019 financial information from before the date of the transaction (i.e. the contribution of the OCI MENA entities in Fertiglobe) as if the combination had occurred before the start of the earliest period presented. For the contribution of the OCI MENA assets to Fertiglobe, the Group applied predecessor value (accounting for the assets and liabilities of the acquired business using the existing carrying values).The total contribution of OCI Mena to Fertiglobe at fair value (legal requirement) amounted to USD 1,930.4 million. The USD 1,224.9 million contribution in kind during 2019 is related to the conversion of loans totaling to USD 1029.3 million, payable balances of USD 11.9 million and an investment in other OCI group entities of USD 183.7 million into equity, which was transferred to Fertiglobe at carrying amount.

15. Non-controlling interest

2020 $ millions	Egyptian Basic Industries Corporation	Sorfert Algeria Spa	Mepco Caymen & EFC	Total
Non-controlling interest	40.00%	49.01%	25% - 0.04%	-
Non-current assets	119.0	384.1	30.4	533.5
Current assets	29.0	211.9	2.4	243.3
Non-current liabilities	(2.9)	(162.9)	(0.3)	(166.1)
Current liabilities	(65.9)	(14.8)	(2.5)	(83.2)
Net assets	**79.2**	**418.3**	**30.0**	**527.5**
Revenues	34.8	94.0	0.1	128.9
Profit/loss	(7.0)	59.7	0.1	52.8
Other comprehensive income	-	(27.9)	-	(27.9)
Total comprehensive income	**(7.0)**	**31.8**	**0.1**	**24.9**
Dividend cash flows	**-**	**-**	**-**	**-**

2019 $ millions	Egyptian Basic Industries Corporation	Sorfert Algeria Spa	Mepco Caymen & EFC	Total
Non-controlling interest	40.00%	49.01%	25% - 0.04%	-
Non-current assets	121.4	452.7	1.5	575.6
Current assets	26.0	203.1	0.1	229.2
Non-current liabilities	(2.9)	(218.8)	(0.4)	(222.1)
Current liabilities	(23.4)	(193.2)	(0.2)	(216.8)
Net assets	**121.1**	**243.8**	**1.0**	**365.9**
Revenues	61.3	168.7	0.4	230.4
Profit	(0.6)	35.1	-	34.5
Other comprehensive income	-	(4.4)	-	(4.4)
Total comprehensive income	**(0.6)**	**30.7**	**-**	**30.1**
Dividend cash flows	**-**	**-**	**(6.1)**	**(6.1)**

- Impact difference in profit sharing non-controlling interest: In the partnership agreement of Sorfert between the Group and the partner, a profit sharing arrangement is agreed, where the other investor will receive a relatively higher portion of dividends in compensation for lower natural gas prices arranged for by the partner. As a result of this agreement the non-controlling interest increased by USD 17.4 million during 2020 (the increase in 2019 was USD 10.5 million).
- The reduction of declared dividends to non-controlling interests of USD 119.3 million is mainly explained by:
  - a reversal of USD 125.3 million of the dividends declared by Sorfert related to 2018, these dividends were cancelled by a resolution of the general meeting of shareholders of Sorfert in December 2020.
  - a payment of dividends of USD (6.0) million by Mepco Caymen and EBIC.

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16. Loans and borrowings

$ millions	2020	2019
At 1 January	**882.2**	**2,033.7**
Proceeds from loans	339.5	70.0
Proceeds from loans from related parties	-	0.7
Redemptions of loans	(504.0)	(211.7)
Proceeds from loans from related parties in kind	-	7.4
Redemptions of loans to related parties in kind	-	(1,029.5)
Amortization of transaction costs / (bond) premiums	5.0	2.8
Incurred transaction costs	(5.3)	-
Effect of movement in exchange rates	(46.9)	(0.8)
Accrued interest on related party loans	-	9.6
At 31 December	**670.5**	**882.2**
Non-current	544.7	713.3
Current	125.8	168.9
Total	**670.5**	**882.2**

On 26 October 2020, Fertiglobe completed a USD 385 million refinancing USD 310 million term loan and USD 75 million Revolving Credit Facility maturing in 2025 at an interest rate of LIBOR + 2.00%. This facility replaced the existing credit facilities at EFC that would mature in 2025.

The effect of movement in exchange rate mainly relates to DZD denominated loans, which are different from the Group's presentation currency (note 6).

Covenants

Fertiglobe Holding Ltd. and Sorfert loan agreements include financial covenants. The definitions for calculating the financial covenants applicable to the facilities within the Group can be summarized as follows:

- Debt Service Coverage Ratio: Income Available (revenue earned less operating expenses) to Debt Service (net finance charges including the capital element of finance leases) or gross profit less change in working capital to interest and principal payments.
- Debt to Equity Ratio: Gross Debt (current and long-term debt obligations) to total Equity (the sole capital of the borrower).

As per 31 December 2020 all financial covenants were met.

In the event the Group would not comply with the covenant requirements, the loans would become immediately due. Refer to note 6.2 for additional discussion of the Group's liquidity risk. The external borrowings include change in control clauses that enable the lenders to call the financing provided.

Proceeds from borrowings

Proceeds from borrowings from third parties in 2020 totalled an amount of USD 339.5 million vs USD 70.0 million in 2019, which consisted of changes in the credit facilities of EFC and Fertiglobe holding Ltd.

Undrawn bank facilities

As of 31 December 2020, the Group has the following undrawn facilities:

- Revolving cash facility of USD 75 million
- Trade Finance Facility of USD 75 million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

16. Loans and borrowings (continued)

Borrowing company	Type of loan	Principal amount ($ millions)	Interest rate	Date of maturity	Carrying amount ($ millions)	Long-term portion ($ millions)	Short-term portion ($ millions)	Fair value ($ millions)	Collateral / Guarantee given (if applicable)
Sorfert Algeria SPA ('Sorfert')	Secured	USD 961.3 (DZD 114,440.0)	Algerian bank interest rate plus rate of 1.95% per annum	June 2026	398.2	325.7	72.5	n/a	Debt service reserve account, ban for any disposal or decrease of the Company share and assets Collateral against the production facility in case of non-payment
Egyptian Fertilizers Company ('EFC')	Secured	USD 150.0	LIBOR + 2.0%	June 2025	134.2	108.4	25.8	136.7	The loan is guaranteed, jointly and severally, by Fertiglobe Holding Ltd, Egyptian Fertilizers Company S.A.E., Ruwais Fertilizer Industries LLC, OCI Fertilizer Trading Ltd, Fertiglobe, Distribution Limited and OCI Fertilizer Trade & Supply B.V.
Fertiglobe Holding Ltd.	Secured	USD 160.0	LIBOR + 2.0%	June 2025	138.1	110.6	27.5	140.7	The loan is guaranteed, jointly and severally, by Fertiglobe Holding Ltd, Egyptian Fertilizers Company S.A.E., Ruwais Fertilizer Industries LLC, OCI Fertilizer Trading Ltd, Fertiglobe, Distribution Limited and OCI Fertilizer Trade & Supply B.V.
Fertiglobe Holding Ltd.	Secured	USD 75.0	LIBOR + 2.0%	October 2025	-	-	-	-	n/a
OCI Fertilizer Trading Ltd. ('OFT')	Revolver	USD 75.0	LIBOR + 2.50%	Renewed annually	-	-	-	-	n/a
Total 31 December 2020					**670.5**	**544.7**	**125.8**	**n/a**	

Borrowing company	Type of loan	Principal amount ($ millions)	Interest rate	Date of maturity	Carrying amount ($ millions)	Long-term portion ($ millions)	Short-term portion ($ millions)	Fair value ($ millions)	Collateral / Guarantee given (if applicable)
Sorfert Algeria SPA ('Sorfert')	Secured	USD 961.3 (DZD 114,440.0)	Algerian bank interest rate plus rate of 1.95% per annum	June 2026	539.9	439.8	100.1	n/a	Debt service reserve account, ban for any disposal or decrease of the Company share and assets
Egyptian Fertilizers Company ('EFC')	Secured	USD 60.0 USD 100.0 USD 69.8 (EGP 1,120.0) USD 220.0	LIBOR + 3.75% LIBOR + 3.75% CBE Mid Corridor + 0.75% margin for EGP denominated borrowings LIBOR + 3.75%	June 2025 June 2026 June 2025 June 2025	49.9 82.6 50.6 126.5	44.3 72.5 44.6 112.1	5.6 10.1 6.0 14.4	51.0 84.3 51.4 127.5	Pledge EFC shares 99.9% owned by 'Orascom Fertilizer Plant Maintenance'. Power of Attorney for perfection of commercial and real estate mortgages. Fertiglobe will pay for shortfalls
OCI Fertilizer Trading Ltd. ('OFT') and OCI Fertilizers Trade & Supply Ltd. ('OFTS')	Revolver	USD 75.0	LIBOR + 2.50%	Renewed annually	32.7	-	32.7	32.7	n/a
Total 31 December 2019					**882.2**	**713.3**	**168.9**	**n/a**	

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FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

17. Leases

The Group leases a number of office spaces, warehouses, land and employee accommodation. Lease terms vary from 1 year up to 100 years.

17.1 Lease obligations:

$ millions	Non-current lease obligations	Current lease obligations	Total
Impact of adoption of IFRS 16	11.4	1.4	12.8
At 1 January 2019	**11.4**	**1.4**	**12.8**
Movement in the carrying amount:			
Payments	-	(1.4)	(1.4)
Accretion of interest	0.9	1.0	1.9
Additions	0.6	0.2	0.8
Transfers	(1.4)	1.4	-
Business combination Fertil	76.4	10.0	86.4
Disposals	(0.2)	(0.1)	(0.3)
At 31 December 2019	**87.7**	**12.5**	**100.2**

$ millions	Non-current lease obligations	Current lease obligations	Total
At 1 January 2020	**87.7**	**12.5**	**100.2**
Movement in the carrying amount:			
Payments	-	(12.9)	(12.9)
Accretion of interest	4.6	-	4.6
Additions	1.6	0.3	1.9
Transfers	(12.5)	12.5	-
Effect of movement in exchange rates	(0.5)	-	(0.5)
At 31 December 2020	**80.9**	**12.4**	**93.3**

At 31 December 2019 $ millions	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Lease obligations	100.2	351.3	12.2	43.8	295.3
Total	**100.2**	**351.3**	**12.2**	**43.8**	**295.3**

At 31 December 2020 $ millions	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
Lease obligations	93.3	333.2	17.0	40.3	275.9
Total	**93.3**	**333.2**	**17.0**	**40.3**	**275.9**

17.2 Right-of-use assets

$ millions	Land and buildings	Fixtures and fittings	Total
Impact of adoption of IFRS 16	12.8	-	12.8
At 1 January 2019	**12.8**	**-**	**12.8**
Movement in the carrying amount:			
Additions	-	0.8	0.8
Business combination Fertil	36.4	48.5	84.9
Depreciation	(1.1)	(2.2)	(3.3)
Disposals	(0.5)	-	(0.5)
At 31 December 2019	**47.6**	**47.1**	**94.7**

$ millions	Land and buildings	Fixtures and fittings	Total
At 1 January 2020	**47.6**	**47.1**	**94.7**
Movement in the carrying amount:			
Additions	1.9	-	1.9
Depreciation	(2.6)	(8.0)	(10.6)
Disposals	(0.2)	-	(0.2)
Effect of movement in exchange rates	(0.3)	-	(0.3)
At 31 December 2020	**46.4**	**39.1**	**85.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18. Trade and other payables

$ millions	2020	2019
Trade payables	99.6	68.1
Trade payables due to related parties (Note 26)	18.8	4.1
Other payables to related parties (Note 26)	12.2	1.2
Amounts payable under the securitization program	9.8	9.6
Accrued dividends	12.2	141.2
Accrued expenses	160.1	127.3
Accrued expenses - related parties (Note 26)	-	5.0
Accrued interest	0.9	36.9
Employee benefits	12.4	11.2
Other payables	13.2	16.7
Other tax payable	0.5	1.8
Total	**339.9**	**423.1**
Non-current	15.9	14.2
Current	324.0	408.9
Total	**339.9**	**423.1**

The trade payables include amounts due to securitization company amounted to USD 9.8 million (2019 USD 8.1 million). Information about the Group's exposure to currency and liquidity risk is included in note 6. Non-current trade and other payables have not been discounted as the effect would be immaterial. The carrying amount of 'Trade and other payables' approximates its fair value.

19. Provisions

$ millions	Claims and other provisions	Donation provision	Total
At 1 January 2019	**10.9**	**106.5**	**117.4**
Restatement	23.6	-	23.6
At 1 January 2019*	**34.5**	**106.5**	**141.0**
Recorded during the year	6.4	-	6.4
Reversed	(7.1)	-	(7.1)
Effect of movement in exchange rates	-	12.2	12.2
At 31 December 2019	**33.8**	**118.7**	**152.5**
Non-current	-	-	-
Current	33.8	118.7	152.5
Total	**33.8**	**118.7**	**152.5**

* 2019 Restated Financial statement (See note 2)

$ millions	Claims and other provisions	Donation provision	Total
At 1 January 2020	**33.8**	**118.7**	**152.5**
Recorded during the year	2.0	-	2.0
Effect of movement in exchange rates	(1.3)	2.2	0.9
At 31 December 2020	**34.5**	**120.9**	**155.4**
Non-current	-	-	-
Current	34.5	120.9	155.4
Total	**34.5**	**120.9**	**155.4**

Claims and other provisions

The Group is involved in various litigations and arbitrations. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized. Reference is made to note 27 for detailed information with respect to major ongoing litigations and claims for which no provision has been recognized.

Donation provision

On 13 November 2014, the Group announced that it had decided to transfer the rights to the amounts receivable from the first installment already paid to the Egyptian Tax Authority in 2013 of EGP 2,500 million (approximately USD 360.0 million) to the Tahya Misr ('Long Live Egypt') Fund (reference is made to note 27). No formal agreement has been drafted with the Tahya Misr Fund yet and no payments have been made to the fund. The transfer of rights has been approved by OCI SAE's Board of Directors on 12 November 2014.

Following the guidance under IAS 37 (constructive obligations) the Group has presented the transfer of rights to the Tahya Misr Fund as a donation provision. The timing of the outflow of resources is uncertain.

In March 2015, the Group received a cheque for EGP 1,904 million (approximately USD 266.2 million) from the Egyptian Authorities. At year end 2020 the carrying amount in US dollars had decreased to USD 120.9 million, due to the devaluation of the EGP since March 2015.

Provision for indemnifications

As part of historical transactions, the Group has agreed with the transaction parties on certain indemnities related to potential tax and legal exposures for both parties. Potential outflows of economic resources related to these indemnities contain inherent uncertainties for which the Group engaged renowned local and international law firms to examine Fertiglobe's legal position. On one of the outstanding indemnifications, the Group has agreed on a settlement with the counterparty for an amount which is in line with the recorded provision. The Group estimates that the outstanding exposure on the remaining indemnities is not exceeding USD 4 million. No information is provided on the specific assumptions included in the estimate of outflows as it would prejudice the Group's position in these disputes.

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20. Segment reporting

In the governance structure within Fertiglobe, the CODM is responsible for assessing the performance of the Group and its operating segments as well as for allocating resources. The CODM reviews monthly the performance of the following operating segments:

1. Egypt Basic Industries Corporation (EBIC)
2. Egyptian Fertilizers Company (EFC)
3. Sorfert Algerie (Sorfert)
4. Ruwais Fertilizers LLC (Fertil)
5. Trading entities - Own produced volumes
6. Trading entities - Third party sales

The production and marketing of own produced volumes are sharing the same characteristics:

- The nature of the products produced, the production processes (technology applied), output generated, pricing applied (based on international benchmark pricing), customers services are similar for all production plants within Fertiglobe;
- All entities are producing ammonia using gas as key input material. The largest part of this ammonia is used for the production of Urea. Both Ammonia and Urea are nitrogen-based Fertilizers and are belonging to the same product group. These products are sold into the international market and are subject to similar pricing conditions and market developments. The end customers for each of the plant are largely the same;
- Majority of the volumes produced by the Fertiglobe production entities are centrally marketed by the trading entities. As a result of the central marketing strategy, the cashflow and performance of each of the production entities is largely depended on the ability of trading entities to market the products;
- The production and marketing of own produced volumes have similar economic characteristics as the high margin production and marketing of own produced volumes are bifurcated from the (lower) margin trading activities;
- The production entities are all exposed to the same international fertilizer market on the sell side;
- The production entities all benefit from long term gas offtake agreements with no/limited price exposure on the supply of natural gas. In addition, other raw materials used for production largely consist of utilities, which are widely available in all production locations;
- All production locations are located close to one or more international sea ports which improves sourcing raw materials and/or ship products to customers;
- Although the production entities are subject to local laws and regulations from a legal/environmental perspective, these environments per country are largely based on the same fundamentals;

In the view of the above , aggregation will take place in two main reportable segments:

1. Production and Marketing of own produced volumes; comprises the operating segments EBIC, EFC, Sorfert, Fertil and trading entities – own produced volumes.
2. Third party trading (buy and sell of third-party volumes) comprises trading entities – third party sales.

Fertiglobe's reportable segments are consistent with how the Chief Operating Decision Maker ('CODM') manages the business operations and views the markets it serves. This segmentation will provide investors further insight on product mix and price impact.

Segment policy

The Company derives the results of the business segments directly from its internal management reporting system. Both segments are reviewed separately by the management as they require different strategies and generate different margins. The entities grouped together in each segment have similar regulatory environments, macroeconomic conditions as they are trading is the global commodity market. The Group has one revenue stream from contracts with customers which is the sales of Fertilizers products (Ammonia and Urea).

A summary description of each reportable segment is as follows:

Production and Marketing of own produced volumes

This segment includes the performance of all the manufacturing and trading Operating companies that are producing Urea and Ammonia, but it excludes the third party trading activities (see, second segment) as the own-produced volumes are limited by the production capacity of the plants, and their pricing strategy and margins are different. Also the level of assets and investments are high for production activities and generally low for trading activities (limited to working capital).

Third party trading (buy and sell of third-party volumes)

The third party trading segment includes the fertilizer products that are bought from third parties and sold to third parties. This segment generates generally low margins there is no volume limit on production capacity, and there is no need for material capital investments if any.

Other (corporate and other entities)

This segment consists of all remaining entities of the Group.

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20. Segment reporting (continued)

2020 $ millions	Production and Marketing of own produced volumes	Third Party Trading	Other	Eliminations	Total
Total external revenues	**1,385.2**	**165.6**	**-**	**-**	**1,550.8**
Adjusted EBITDA*	470.6	(1.9)	(15.4)	-	453.3
Share of loss from equity-accounted investees (net of tax)	-	-	(0.1)	-	(0.1)
Depreciation and Amortization	(268.0)	-	(0.1)	-	(268.1)
Finance Income	63.8	0.2	3.1	(33.6)	33.5
Finance expense	(42.1)	(0.7)	(37.8)	33.6	(47.0)
Income tax	(36.4)	(0.1)	(4.4)	-	(40.9)
Profit for the year	**184.5**	**(2.5)**	**(54.9)**	**-**	**127.1**
Capital expenditures	66.4	-	0.1	-	66.5
Total assets	**4,697.4**	**15.0**	**84.9**	**-**	**4,797.3**

2019 $ millions	Production and Marketing of own produced volumes	Third Party Trading	Other	Eliminations	Total
Total external revenues	**1,026.8**	**28.7**	**-**	**-**	**1,055.5**
Adjusted EBITDA*	369.8	1.8	(0.6)	-	371.0
Share of loss from equity-accounted investees (net of tax)	-	-	(0.1)	-	(0.1)
Depreciation and Amortization	(222.6)	-	(0.1)	-	(222.7)
Finance Income	52.1	0.1	10.8	(47.6)	15.4
Finance expense	(81.6)	(0.1)	(69.9)	47.6	(104.0)
Income tax	(12.5)	(0.1)	(2.5)	-	(15.1)
Profit for the year	**100.7**	**1.7**	**(64.0)**	**-**	**38.4**
Capital expenditures	50.6	-	-	-	50.6
Total assets	**4,900.5**	**0.2**	**91.2**	**-**	**4,991.9**

*Fertiglobe uses Alternative Performance Measures ('APM') to provide a better understanding of the underlying developments of the performance of the business. The APMs are not defined in IFRS and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. Adjusted EBITDA is defined as EBITDA (total net profit before interest, income tax expenses, depreciation and amortization, foreign exchange gains and losses and income from equity accounted investees), adjusted for additional items and costs that management considers not reflective of our core operations.

Geographical information of continuing operations

The geographic information below analyses the Group's revenue (by destination of the goods) and noncurrent assets (by the Company where the activities are being operated).

	Revenue		Non-current assets	
$ millions	2020	2019	2020	2019
Europe	374.0	337.8	0.5	0.2
North America	118.5	173.7	0.1	-
South America	133.4	140.2	-	-
Africa	203.9	62.1	783.7	1,227.1
Middle East	80.9	94.4	3,078.3	2,921.7
Asia and Oceania	640.1	247.3	0	-
Total	**1,550.8**	**1,055.5**	**3,862.6**	**4,149.0**
Related parties (note 26)	74.0	89.1	-	-
Third parties	1,476.8	966.4	3,862.6	4,149.0
Total	**1,550.8**	**1,055.5**	**3,862.6**	**4,149.0**

Revenue to individual countries does not exceed 10% of the total Group revenue, except for India.

The key performance obligation of the Group is always the supply of products as specified in the contracts with customers, possible additional performance obligations included are transportation and related cost of insurance, depending on the incoterms. The Group has one revenue stream from contracts with customers which is the supply of Fertilizers products and all revenue is recognised point in time.

Time value of money is not considered to be relevant for the amendment of the revenue amount, as the payment terms are short. Also, there are no non-cash considerations that would need to be disclosed separately.

Major customers

Revenue from one major customer of the group belongs to the production and marketing of own produced volumes segment and represents USD 102.2 million in 2020 (2019: USD 117.6 million) of the Group's total external revenues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

21. Development of cost of sales and selling, general and administrative expenses

a. Expenses by nature

$ millions	2020	2019
Raw materials and consumables and finished goods	667.7	513.6
Raw materials and consumables and finished goods - related parties (note 26)	184.4	40.6
Employee benefit expenses (b)	186.6	101.7
Depreciation and amortization	268.0	222.6
Depreciation and amortization - related parties (note 26)	-	0.1
Consultancy expenses	8.1	3.2
Other - related parties (note 26)	3.5	1.9
Other	49.6	32.3
Total	**1,367.9**	**916.0**
Cost of sales	1,278.5	858.9
Selling, general and administrative expenses	89.4	57.1
Total	**1,367.9**	**916.0**

b. Employee benefit expenses

$ millions	2020	2019
Wages and salaries	121.8	72.6
Employee profit sharing	25.0	14.8
Pension cost	8.1	2.1
Other employee expenses	31.7	12.2
Total	**186.6**	**101.7**

During the financial year ended 31 December 2020, the average number of staff employed in the Group converted into full-time equivalents amount to 2,581 employees (2019: 2,571 employees).

22. Other income

$ millions	2020	2019
Other	-	4.6
Total	**-**	**4.6**

23. Net finance cost

$ millions	2020	2019
Interest income on loans and receivables	1.4	2.7
Interest income related parties (note 26)	0.5	1.2
Foreign exchange gain	31.6	11.5
Finance income	**33.5**	**15.4**
Interest expense and other financing costs on financial liabilities measured at amortized cost	(34.2)	(73.7)
Interest expense related parties (note 26)	(3.7)	(10.8)
Foreign exchange loss	(9.1)	(19.5)
Finance cost	**(47.0)**	**(104.0)**
Net finance cost recognized in profit or loss	**(13.5)**	**(88.6)**

24. Capital commitments

$ millions	2020	2019
Fertil	8.5	8.9
Sorfert	19.9	32.7
EFC	1.3	3.5
Total	**29.7**	**45.1**

Capital commitments mainly relate to future costs on turnarounds and maintenance at these plants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

25. Earnings per share

$ millions	2020	2019
i.Basic		
Net profit attributable to shareholders	74.3	3.9
Weighted average number of ordinary share (Basic)	3,328.2	1,891.3
Basic earnings per ordinary share in $	**0.022**	**0.002**
ii.Diluted		
Net profit attributable to shareholders	74.3	3.9
Weighted average number of ordinary shares (Basic)	3,328.2	1,891.3
Diluted earnings per ordinary share in $	**0.022**	**0.002**

Weighted average number of ordinary shares calculation:

$ millions	2020	2019
Issued ordinary shares at 1st January	3,328.2	0.0
Shares issued during the year	-	3,328.2
Ordinary shares outstanding as per 31 December	3,328.2	3,328.2

There are no potential dilutive shares.

26. Related party transactions

Transactions with related parties – Normal course of business

Transactions with related parties occur when a relationship exists between the Company, its participating interest and their directors and key management personnel. In the normal course of business, the Company buys and sells goods and services from and to various related parties (including associates) within the Group.

Fertiglobe group has related party transactions with its shareholders OCI group and also with ADNOC group through Ruwais Fertilizers Industries LLC (Fertil). Fertil uses ADNOC gas to produce its fertilizers, and sells a small portion of its products to other subsidiaries.

The transactions with the following entities of ADNOC group are presented in the financial statements as related party transactions:

- Abu Dhabi National Oil Company - 'ADNOC'
- Abu Dhabi Oil Refining Company - ADNOC refining
- Abu Dhabi National Oil Company Gas Processing - ADNOC Gas processing
- Abu Dhabi Polymers Company Ltd. (Borouge)
- Abu Dhabi National Oil Company Logistics and Services
- Abu Dhabi National Oil Company LNG
- Abu Dhabi Petroleum Ports Operating Company (IRSHAD)
- Abu Dhabi National Oil Company Sour Gas (Al Hosn)
- Abu Dhabi Company for Onshore Petroleum Operations Ltd

The Group applied IAS 24 exemption with regards to disclosure of transactions with Abu Dhabi Government, being the beneficial owner of ADNOC. During the year there was no significant transactions with the Government related entities (2019: no significant transactions).

The transactions with the following entities of the OCI Group are presented in the financial statements as related party transactions:

- Orascom Construction Egypt
- OC PLC
- OCI N.V.
- OCI Fertilizer B.V.
- OCI Overseas Holding
- OCI MENA Fertilizers Ltd
- OCI Nitrogen
- OCI Fertilizers USA
- OCI Personnel B.V.
- N-7 LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

26. Related party transactions (continued)

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2020:

2020 Related party $ millions	Relation	Revenue transactions during the year	AR outstanding at year end	AP outstanding at year end	Net recharges	Loans receivables	Interest income	Interest expense and other financing charges
OCI N.V.	OCI Group	-	-	0.2	(2.1)	-	-	-
OCI USA	OCI Group	-	-	0.1	-	-	-	-
OCI Overseas Holding	OCI Group	-	-	0.1	-	-	-	-
OCI Fertilizer BV		-	-	-	-	-	0.5	-
OCI Intermediate BV	OCI Group	-	-	-	(0.8)	-	-	-
OCI Personnel BV	OCI Group	-	-	0.1	(0.3)	-	-	-
OCI Nitrogen	OCI Group	59.8	7.8	0.8	(0.3)	-	-	-
N-7 LLC	OCI Group	12.2	-	-	-	-	-	-
OC PLC	OCI Group	-	-	0.2	-	-	-	-
Orascom Construction Egypt	OCI group	-	-	0.9	-	-	-	-
ADNOC	ADNOC	-	-	24.2	(145.8)	-	-	(3.7)
Abu Dhabi Polymers Ltd.	ADNOC	2.0	1.2	-	-	-	-	-
ADNOC refining	ADNOC	-	-	4.3	(37.2)	-	-	-
ADNOC Gas processing	ADNOC	-	-	0.1	(1.4)	-	-	-
ADNOC subsidiaries*	ADNOC	-	0.1	-	-	-	-	-
Total		**74.0**	**9.1**	**31.0**	**(187.9)**	**-**	**0.5**	**(3.7)**

* full list is disclosed in the previous paragraph

The Group leases land, office space and employee accommodation from Abu Dhabi National Oil Company - 'ADNOC', the lease obligation amount is USD 79.6 million in 2020 (USD 87.4 million in 2019).

In addition to the related party transactions in the table above, the Company incurs certain operating expenses for immaterial amounts in relation to services provided by related parties.

Due to the related party nature of above transactions, the terms and conditions may not necessarily be the same as transactions negotiated between third parties. Management believes that the terms and conditions of all transactions with our related parties are generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar services.

2019 Related party $ millions	Relation	Revenue transactions during the year	AR outstanding at year end	AP outstanding at year end	Net recharges	Loans receivables	Interest income	Interest expense and other financing charges
OCI N.V.	OCI Group	-	0.5	0.8	(0.9)	-	-	(3.3)
OCI Fertilizer BV	OCI Group	-	-	-	-	63.1	0.1	(0.5)
OCI Overseas Holding	OCI Group	-	0.1	-	(0.3)	-	1.1	(6.0)
OCI MENA Fertilizers Ltd	OCI Group	-	0.2	0.0	-	-	-	-
OCI Intermediate BV	OCI Group	-	0.8	-	-	-	-	-
OCI Nitrogen	OCI Group	49.5	3.8	0.2	0.3	-	-	-
N-7 LLC	OCI Group	39.6	-	-	-	-	-	-
OCI Personnel B.V.	OCI Group	-	-	-	(1.0)	-	-	-
Orascom Construction Egypt	OCI Group	-	-	0.3	-	-	-	-
ADNOC	ADNOC	-	2.6	1.7	(35.7)	-	-	(1.0)
ADNOC refining	ADNOC	-	-	6.8	(9.2)	-	-	-
Abu Dhabi Polymers Ltd.	ADNOC	-	1.3	-	-	-	-	-
ADNOC Gas processing	ADNOC	-	-	0.2	(0.4)	-	-	-
ADNOC subsidiaries*	ADNOC	-	0.1	0.3	-	-	-	-
Total		**89.1**	**9.4**	**10.3**	**(47.2)**	**63.1**	**1.2**	**(10.8)**

* full list is disclosed in the previous paragraph

Key management personnel compensation

The Board of Directors of the Company consists of 10 executive board members appointed by the shareholders. Although the board members are considered key management personnel, both shareholders agreed that each shareholder will be responsible for payment of all remuneration due to, and for reimbursing all out-of-pocket expenses incurred by the appointed directors on their behalf. Therefore, no amount of board remuneration is incurred by the company.

Furthermore, the CFO, COO, and the management team are considered as key management personnel. Their total remuneration including short term and long term benefits is USD 1.98 million vs less than USD 1 million in 2019.

No termination benefits and/or share-based benefits have been rewarded to the key management personnel in 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

27. Contingencies

Contingent liabilities

Letter of guarantee / letters of credit

The main trading entities of the Group have performance bonds and letter of guarantee provided by HSBC and Mashreq bank amounting to USD 18.8 million for its strategic customers, and they have performance bonds with governments issued by local banks for an amount of USD 0.4 million as at 31 December 2020.

Litigations and claims

In the normal course of business, the Group entities and joint ventures are involved in some arbitration or court cases as defendants or claimants. These litigations are carefully monitored by the entities' management and legal counsels, and are regularly assessed with due consideration for possible insurance coverage and recourse rights on third parties. The Group does not expect these proceedings to result in liabilities that have a material effect on the Group's financial position. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized in the consolidated financial statements which is disclosed in note 19 'Provisions'. It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs. At this point in time, the Group cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialize, they are typically paid over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

EBIC free zone status

On 20 April 2013, the Administrative Court ruled in favor of EBIC for the reinstatement of EBIC to its previous status as a free zone entity in Egypt. The General Authority for Investment and Free Zones ('GAFI') filed an appeal before the Administrative Court. The Court has not yet rendered a decision.

EBIC concluded to release the (deferred) tax liabilities totaling USD 138.2 million at 31 December 2015 and no tax filings have been done by EBIC since the filing for the year 2011. On 4 January 2018, GAFI issued an executive decision that allows for the enforcement of the Administrative Court's judgment in favor of EBIC and EBIC received the Free Zone Status tax card. EBIC's free zone status will remain subject to the outcome of the Appeal before the Administrative Court.

Sorfert legal case

On 5 March 2018, the lower criminal court of Oran (Tribunal du pôle pénal spécialisé d'Oran) issued a judgment against Sorfert regarding an alleged violation of exchange control regulations as well as the regulation of public markets and public service delegations. The lower court ordered Sorfert to pay a fine in the amount of 5.5 billion Algerian dinars (about USD 42.1 million) and an officer of the company received a fine of DZD 2.8 billion (about USD 21.1 million). On 7 March 2018, Sorfert lodged an appeal with the Court of Appeal of Oran, Algeria who upheld the verdict against Sorfert in its judgment rendered on 28 November 2018. In January 2019, Sorfert lodged an appeal against this judgment with the Supreme Court. Sorfert disputes the validity of the judgment and continues to vigorously defend its case. To date, no Supreme Court hearing has been scheduled and during the appeal period the enforcement of the judgment is suspended. Various renowned local and international law firms have examined Sorfert legal position. No provision has been recorded by the Group related to this matter.

Asset retirement obligations

Sorfert has a contractual asset retirement obligation in connection with the lease of its land. This asset retirement obligation is being disclosed as a contingent liability because it is not possible to determine a reliable estimate in both timing and value of this obligation.

Fertil entered into an agreement with ADNOC for the lease of the land on which it operates its plant. The agreement has an indefinite term and includes an asset dismantling obligation and the obligation to clean up environmental pollution occurred after decommissioning. This obligation has not been accounted for, since the company has no plans to end its business activities in the foreseeable future as such the financial impact is assessed as not material by the company's management.

OCI S.A.E. tax dispute

In October 2012, the Egyptian Tax Authority ('ETA') raised a tax evasion claim against our Egyptian subsidiary, Orascom Construction Industries S.A.E. ('OCI S.A.E.'). The tax dispute related to the sale of OCI S.A.E.'s cement business to Lafarge SA in 2007. This was filed against OCI S.A.E. despite there being no official investigation. Although OCI S.A.E. and its legal and tax advisors believed that the aforementioned transaction was exempted of tax, management entered into a settlement agreement whereby EGP 7.1 billion would be paid over a 5-year period.

The agreement was followed by payment of a first installment of EGP 2.5 billion in 2013. Following the change in government, the company was exonerated from the tax claim by the Egyptian Public Prosecutor on 18 February 2014 and subsequently by the ETA's Independent Appeals Committee on 4 November 2014. The ETA appealed this decision without including new facts or documents. The appeal is ongoing. OCI S.A.E. and its local counsel believe the likelihood of a judgment in favor of the ETA is not probable. On 13 November 2014 OCI S.A.E. announced that it would transfer its rights to EGP 1.9 billion undue paid tax amounts to the Tahya Misr Fund and recorded a provision for this amount, reference is made to note 19 Provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER (CONTINUED)

27. Contingencies (continued)

Despite the ETA Independent Appeals Committee ruling in favor of OCI S.A.E., OCI S.A.E. was still held to pay EGP 900 million. OCI S.A.E. has lodged a reimbursement claim for this amount. As this dispute occurred prior to the demerger of the Engineering and Construction Group that formed Orascom Construction PLC ('OC') in 2015, any liabilities and any recoveries are shared on a 50:50 basis between OCI N.V. and OC. Should the ETA win their appeal, OCI SAE's maximum share of the tax claim would be EGP 2.3 billion, which equates to approximately USD 146.0 million.

Contingent assets

A sequence of historical transactions resulted in (gross) deductible temporary tax differences of USD 1.4 billion. However, due to a difference in interpretation of local tax regulations, the deductible temporary differences do currently not yet meet the recognition criteria of IAS 12/ IFRIC 23. The group company concerned is currently under examination of the tax authorities in the respective jurisdiction. A definitive conclusion on the treatment is not expected within a short timeframe.

28. List of principal subsidiaries as per 31 December 2020

Companies	Country	Percentage of interest	Consolidation method
Sorfert Algérie Spa	Algeria	50.99	Full
Ruwais Fertilizers Industries Llc (Fertil)	UAE	100.00	Full
Fertilizers 1 Holding Ltd	UAE-ADGM	100.00	Full
OCIFERT ME Holding	UAE-ADGM	100.00	Full
Fertilizers 2 Holding Ltd	UAE-ADGM	100.00	Full
Fertilizers Exports Holding	UAE-ADGM	100.00	Full
Fertiglobe Distribution Limited	UAE-ADGM	100.00	Full
OCI Fertilizer Trading Limited	UAE	100.00	Full
Middle East Petrochemical Corporation Limited -MEPCO (Cayman)	Cayman	75.00	Full
Orascom Construction Industries S.A.E.	Egypt	99.96	Full
Egypt Basic Industries Corporation	Egypt	60.00	Full
Egyptian Fertilizers Company	Egypt	99.96	Full

29. Subsequent events

OCI N.V. and Abu Dhabi National Oil Company (ADNOC) are considering an initial public offering (IPO) of their nitrogen partnership Fertiglobe.

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no other events requiring recognition or disclosure in the financial statements.

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Independent Auditors' Report

To the Shareholders of Fertiglobe Holding Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fertiglobe Holding Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report set out on page 2.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and their preparation in accordance with the applicable provisions of the Abu Dhabi Global Market Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Further, as required by the provisions of the Abu Dhabi Global Market Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015, we report that:

i) the consolidated financial statements, in all material respects, have been properly prepared in accordance with the requirements of the Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015 issued by the Abu Dhabi Global Market;

ii) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

iii) adequate accounting records have been kept by the Group; and

iv) the Group's accounts are in agreement with the accounting records and returns.

KPMG Lower Gulf Limited

Saif Fayez Shawer
Registration No.: 1131
Abu Dhabi, United Arab Emirates
Date 20 JUN 2021

Fertiglobe
An ADNOC and OCI Company

Fertiglobe

Semi-annual condensed consolidated interim financial statements

For the six month period ended 30 June 2021

A vital catalyst for growth

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT

$ millions	Note	30 June 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	(8)	3,033.7	3,172.0
Right-of-use assets		79.9	85.5
Goodwill	(9)	604.8	604.8
Trade and other receivables		0.3	0.3
Total non-current assets		**3,718.7**	**3,862.6**
Current assets			
Inventories		104.7	125.9
Trade and other receivables		304.3	273.9
Income tax receivables	(11)	16.6	-
Cash and cash equivalents	(10)	852.2	534.9
Total current assets		**1,277.8**	**934.7**
Total assets		**4,996.5**	**4,797.3**

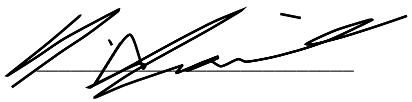
The notes on pages 8 to 14 are an integral part of these condensed consolidated interim financial statements.

H. Abdel Samie (Board Member)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED
AS AT

$ millions	Note	30 June 2021	31 December 2020
Equity			
Share capital	(17) (18)	1,328.2	3,328.2
Reserves	(17)	761.2	(1,229.4)
Retained earnings	(17)	449.6	436.1
Equity attributable to owners of the Company		**2,539.0**	**2,534.9**
Non-controlling interest		488.2	527.5
Total equity		**3,027.2**	**3,062.4**
Liabilities			
Non-current liabilities			
Loans and borrowings	(12)	460.7	544.7
Lease obligations		77.2	80.9
Trade and other payables	(13)	17.0	15.9
Deferred tax liabilities		475.7	467.1
Total non-current liabilities		**1,030.6**	**1,108.6**
Current liabilities			
Loans and borrowings	(12)	120.7	125.8
Lease obligations		12.5	12.4
Trade and other payables	(13)	654.7	324.0
Provisions		132.8	155.4
Income tax payables		18.0	8.7
Total current liabilities		**938.7**	**626.3**
Total liabilities		**1,969.3**	**1,734.9**
Total equity and liabilities		**4,996.5**	**4,797.3**

The notes on pages 8 to 14 are an integral part of these condensed consolidated interim financial statements.



H. Abdel Samie (Board Member)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

$ millions	Note	Six month period ended 30 June 2021	Six month period ended 30 June 2020	Three month period ended 30 June 2021	Three month period ended 30 June 2020
Revenues	(16)	1,260.0	737.5	716.6	374.2
Cost of sales	(14)	(818.0)	(626.8)	(463.8)	(326.1)
Gross profit		**442.0**	**110.7**	**252.8**	**48.1**
Other income		-	-	-	(0.2)
Selling, general and administrative expenses	(14)	(45.0)	(41.3)	(22.8)	(20.5)
Other expenses		-	(2.1)	-	(0.4)
Operating profit		**397.0**	**67.3**	**230.0**	**27.0**
Finance income	(15)	7.5	21.5	2.4	(11.4)
Finance cost	(15)	(23.9)	(15.5)	(13.3)	3.3
Net finance (cost)/income		**(16.4)**	**6.0**	**(10.9)**	**(8.1)**
Share of profit from equity-accounted investees (net of tax)		-	0.5	-	0.6
Profit before income tax		**380.6**	**73.8**	**219.1**	**19.5**
Income tax		(64.0)	(11.6)	(37.0)	(5.6)
Profit for the period		**316.6**	**62.2**	**182.1**	**13.9**
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations - foreign currency translation differences		(18.3)	(43.5)	(8.5)	(19.4)
Other comprehensive income, net of tax		**(18.3)**	**(43.5)**	**(8.5)**	**(19.4)**
Total comprehensive income/loss		**298.3**	**18.7**	**173.6**	**(5.5)**
Profit attributable to:					
Owners of the Company		198.5	23.0	113.3	8.8
Non-controlling interest		118.1	39.2	68.8	5.1
Profit for the period		**316.6**	**62.2**	**182.1**	**13.9**
Total comprehensive income attributable to:					
Owners of the Company		189.1	0.8	109.0	(1.1)
Non-controlling interest		109.2	17.9	64.6	(4.4)
Total comprehensive income/loss		**298.3**	**18.7**	**173.6**	**(5.5)**
Earnings per share (in USD)					
Basic earnings per share	(18)	0.149	0.017	0.085	0.007
Diluted earnings per share	(18)	0.149	0.017	0.085	0.007

The notes on pages 8 to 14 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 30 JUNE

$ millions	Notes	Share capital	Reserves	Retained earnings	Equity attributable to owners of the Company	Non- controlling interest	Total equity
Balance at 1 January 2020		3,328.2	(1,200.4)	491.5	2,619.3	365.9	2,985.2
Profit for the period		-	-	23.0	23.0	39.2	62.2
Other comprehensive income		-	(22.2)	-	(22.2)	(21.3)	(43.5)
Total comprehensive income		**-**	**(22.2)**	**23.0**	**0.8**	**17.9**	**18.7**
Impact difference in profit sharing non-controlling interest		-	-	-	-	13.5	13.5
Dividends to shareholders		-	-	(26.8)	(26.8)	-	(26.8)
Balance at 30 June 2020		**3,328.2**	**(1,222.6)**	**487.7**	**2,593.3**	**397.3**	**2,990.6**
Balance at 1 January 2021		**3,328.2**	**(1,229.4)**	**436.1**	**2,534.9**	**527.5**	**3,062.4**
Profit for the period		-	-	198.5	198.5	118.1	316.6
Other comprehensive income		-	(9.4)	-	(9.4)	(8.9)	(18.3)
Total comprehensive income		**-**	**(9.4)**	**198.5**	**189.1**	**109.2**	**298.3**
Impact difference in profit sharing non-controlling interest		-	-	-	-	33.3	33.3
Share capital reduction	(17)	(2,000.0)	2,000.0	-	-	-	-
Dividends to non-controlling interests	(13)	-	-	-	-	(181.8)	(181.8)
Dividends to shareholders	(17)	-	-	(185.0)	(185.0)	-	(185.0)
Balance at 30 June 2021		**1,328.2**	**761.2**	**449.6**	**2,539.0**	**488.2**	**3,027.2**

The notes on pages 8 to 14 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE

$ millions	Note	Six month period ended 30 June 2021	Six month period ended 30 June 2020
Profit for the period		**316.6**	62.2
Adjustments for:			
Depreciation and amortization		136.3	133.7
Interest income	(15)	(0.5)	(1.3)
Interest expense	(15)	21.4	8.7
Other expenses		-	0.8
Net foreign exchange gain and others	(15)	(4.5)	(13.4)
Share of loss of equity-accounted investees (net of tax)		-	(0.5)
Impact difference in profit-sharing non-controlling interest		33.3	13.5
Income tax expense		64.0	11.6
Changes in:			
Inventories		19.5	(3.2)
Trade and other receivables		(40.2)	121.7
Trade and other payables		12.1	21.8
Provisions		(22.3)	-
Cash flows:			
Interest paid		(19.1)	(39.3)
Interest received		0.5	0.6
Income taxes paid		(35.1)	(3.7)
Cash flows from operating activities		**482.0**	**313.2**
Investments in property, plant and equipment		(13.6)	(26.0)
Dividends from equity accounted investees		-	0.6
Cash used in investing activities		**(13.6)**	**(25.4)**

The notes on pages 8 to 14 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

FOR THE SIX MONTH PERIOD ENDED 30 JUNE

$ millions	Note	Six month period ended 30 June 2021	Six month period ended 30 June 2020
Proceeds from borrowings		-	34.6
Repayment of borrowings third parties	(12)	(80.4)	(143.9)
Lease obligations		(2.2)	(8.7)
Payment of lease liabilities		(3.5)	-
Dividends paid to shareholders*	(17) (13)	(55.0)	-
Cash used in financing activities		**(141.1)**	**(118.0)**
Net cash flow		**327.3**	**169.8**
Net increase in cash and cash equivalents		327.3	169.8
Cash and cash equivalents at 1 January		534.9	424.6
Effect of exchange rate fluctuations on cash held		(10.0)	(27.1)
Cash and cash equivalents at 30 June		**852.2**	**567.3**

*Represent the paid portion of the dividends approved as of 30 June 2021, see note 13 and note 17 for more details.

The notes on pages 8 to 14 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE SEMI-ANNUAL CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE

1. General

Fertiglobe Holding Limited ('Fertiglobe' or 'the Company') was established on 23 December 2018 as Private Company Limited by Shares pursuant to Abu Dhabi Global Markets (ADGM) Companies Regulations 2015. It's registered office is located at 2475-2476, 20th floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company is registered in the ADGM commercial register under no. 000001911. The semi-annual condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group').

The Company was previously registered under the names OCI Fertilizers Exports holding limited and OCI Fertilizers Exports Holding RSC limited and then later changed to Fertiglobe Holding Limited during the business combination of Fertil.

The Group is consolidated under OCI.N.V ("ultimate Parent") that holds 58% of the shares and voting rights in the Company.

The principal activity of the Group is the production and sale of nitrogen based products.

These semi-annual condensed consolidated interim financial statements were approved and authorized for issuance on 21 August 2021 by the Board of Directors.

2. Basis of preparation and main events

2.1 General

The Semi-annual condensed consolidated interim financial statements for the period ended 30 June

2021 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include all the information and disclosures required in the annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2020. The semi annual condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Abu Dhabi Global Market Companies Regulation of 2020.

The Semi-annual condensed consolidated interim financial statements as at and for the period ended 30 June 2021 are not audited and the Semi-annual condensed consolidated interim financial statements for the period ended 30 June 2020 were neither audited nor reviewed.

The Company's functional currency is the US Dollar ('USD'), because the Group's major foreign operations have the US dollar as their functional currency, the presentation currency of the Company is also the US dollar ('USD'). All values are rounded to the nearest tenth of a million (in millions of USD), except when stated otherwise.

2.2 Main events

Covid- 19 impact

Based on the recent strong recovery of the market, we expect the pandemic will not impact the long term outlook of our business and the valuation of our assets. Global urea and ammonia prices have increased significantly in the first six months of 2021.

Although the long-term effects of COVID-19 are still unclear, our current outlook is that our financial and operating performance remains solid. We have operated our business in a remote working environment and could continue to do so for an extended period of time, if necessary. Developments in each jurisdiction are being closely monitored and protocols are flexible to allow for rapid adjustments as needed. The impressive resilience of our staff throughout the period gives all local management teams confidence to revert to a work-from-home policy again if needed, without interruptions to our operations and supply chain.

Fertiglobe IPO

OCI N.V. and Abu Dhabi National Oil Company (ADNOC) decided to proceed with an initial public offering (IPO) of their nitrogen partnership Fertiglobe. The first filing for the securities and commodities authority (SCA) was submitted by end of June 2021.

3. Change in accounting policy

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

The change in accounting policies will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2021.

The Group has initially adopted Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 (the phase 2 amendments) from 1 January 2021.

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, including not providing additional disclosures for 2020. There is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset of finance liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- The change is necessary as a direct consequence of the reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately before the change).

NOTES TO THE SEMI-ANNUAL CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE (CONTINUED)

3. Change in accounting policy (Continued)

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform. There is no impact on opening equity balances as a result of retrospective application.

4. Seasonality of operations

Our product portfolio is diversified primarily by geography. The nitrogen fertilizer industry is inherently dependent on fundamental supply and demand drivers, including global population growth, crop yields, feedstock costs, and seasonality of crop planting and harvesting seasons. These and other long-term and short-term drivers result in cyclical nitrogen fertilizer pricing trends. The global sales mitigate the impact of any region's seasonal fluctuations.

5. Critical accounting judgment, estimates and assumptions

The preparation of the Semi-annual condensed consolidated interim financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect amounts reported in the Semi-annual condensed consolidated interim financial statements. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the revision period and future periods, if the changed estimates affect both current and future periods.

Compared to the consolidated financial statements for the year ended 31 December 2020 there were no significant changes to the critical accounting judgements, estimates and assumptions that could result in significantly different amounts than those recognized in the consolidated financial statements.

6. Significant rates

The following significant exchange rates applied during the period:

	Average during the six month period ended 30 June 2021	Average during the six month period ended 30 June 2020	Closing as at 30 June 2021	Closing as at 31 December 2020
Euro	1.2051	1.1019	1.1849	1.2225
Egyptian pound	0.0638	0.0632	0.0637	0.0635
Algerian dinar	0.0075	0.0081	0.0074	0.0076

7. Financial risk and capital management

7.1 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Equity consists of ordinary shares, retained earnings, reserves and non-controlling interest of the Group. The Board of Directors monitors the return on equity as well as the level of dividends to ordinary shareholders. The Group is required by external financial institutions to maintain certain capital requirements compared to its debt. Reference is made to note 12 for a description of financial covenants.

The Group's net debt to equity ratio at the reporting date was as follows:

$ millions	30 June 2021	31 December 2020
Loans and borrowings	581.4	670.5
Less: cash and cash equivalents	852.2	534.9
Net debt	**(270.8)**	**135.6**
Total equity	3,027.2	3,062.4
Net debt to equity ratio	**(0.09)**	**0.04**

7.2 Financial risk management

Categories of financial instruments:

Loans and receivables / payables at amortized cost in $ millions	30 June 2021	31 December 2020
Assets		
Trade and other receivables*	250.9	227.4
Cash and cash equivalents	852.2	534.9
Total	**1,103.1**	**762.3**
Liabilities		
Loans and borrowings	581.4	670.5
Trade and other payables**	658.3	327.5
Total	**1,239.7**	**998.0**

* Excluding prepayments and supplier advance payments

** Excluding employee benefits

The financial instruments have a gross contractual amount approximately equal to their fair value.

NOTES TO THE SEMI-ANNUAL CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE (CONTINUED)

7. Financial risk and capital management (continued)

Interest rate benchmark reform:

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBOR), with alternative nearly risk-free rates. The Group's main IBOR exposure at the reporting date is USD LIBOR on its loans. The alternative reference rate for LIBOR is the secured overnight financing rate (SOFR). The Group plans to finish the process of amending contractual terms in response to IBOR reform by the end of 2021.

8. Property, plant and equipment

$ millions	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Cost	298.7	5,427.9	43.2	46.5	5,816.3
Accumulated depreciation	(102.7)	(2,229.8)	(35.3)	-	(2,367.8)
At 1 January 2020	**196.0**	**3,198.1**	**7.9**	**46.5**	**3,448.5**
Movements in the carrying amount:					
Additions	5.1	24.0	1.9	35.5	66.5
Depreciation	(9.2)	(246.0)	(2.2)	-	(257.4)
Transfers	3.0	6.3	0.4	(9.7)	-
Effect of movement in exchange rates	(5.5)	(77.7)	(0.7)	(1.7)	(85.6)
At 31 December 2020	**189.4**	**2,904.7**	**7.3**	**70.6**	**3,172.0**
Cost	298.0	5,314.1	43.5	70.6	5,726.2
Accumulated depreciation	(108.6)	(2,409.4)	(36.2)	-	(2,554.2)
At 31 December 2020	**189.4**	**2,904.7**	**7.3**	**70.6**	**3,172.0**
Movements in the carrying amount:					
Additions	-	3.9	0.2	8.4	12.5
Depreciation	(4.5)	(125.3)	(1.0)	-	(130.8)
Transfers	-	0.7	-	(0.7)	-
Effect of movement in exchange rates	(1.3)	(18.1)	(0.1)	(0.5)	(20.0)
At 30 June 2021	**183.6**	**2,765.9**	**6.4**	**77.8**	**3,033.7**
Cost	295.7	5,286.6	43.4	77.8	5,703.5
Accumulated depreciation	(112.1)	(2,520.7)	(37.0)	-	(2,669.8)
At 30 June 2021	**183.6**	**2,765.9**	**6.4**	**77.8**	**3,033.7**

As at 30 June 2021, the Group has land with a carrying amount of USD 22.2 million (2020: USD 22.2 million).

In April 2021, during regular maintenance, a ship loader in Ruwais collapsed. The preliminary inspection report showed that the main components of the loader were severely impacted which put the ship loader in a halt position. An expense within the cost of sales was recorded for the full net book value of the ship loader of USD 9.2 million. Management is currently investigating the recoverable amount of the asset including any potential insurance proceeds. The Company expects that the final exposure will be recorded in the third quarter, potentially resulting in a (partial) reversal of the recorded expense.

The additions of USD 12.5 million mainly relate to Sorfert for USD 2.8 million, Fertil for USD 3.9 million, EBIC for USD 3.1 million and EFC for USD 2.7 million. The effect of movement in exchange rates in 2020 mainly relates to Sorfert, which has a different functional currency (Algerian dinar) than the Group's presentation currency. The Algerian dinar was depreciated by 2.6% against the US dollar per June 2021 compared to 31 December 2020.

9. Goodwill

No impairment test was performed for goodwill in the period, as no impairment triggers were identified.

The annual goodwill impairment test will be performed in the fourth quarter.

10. Cash and cash equivalents

$ millions	30 June 2021	31 December 2020
Cash on hand	0.2	0.2
Bank balances	845.5	528.3
Restricted cash	6.5	6.4
Total	**852.2**	**534.9**

11. Income tax receivables

$ millions	30 June 2021	31 December 2020
Income tax receivables - Current	16.6	-
Total	**16.6**	**-**

The amount of income tax receivable (USD 16.6 million) is related to the Sorfert reinvestment case and represents the payment of 30% of the initial amount claimed by the Algerian Tax Authorities (ATA) in December 2020 for DZD 7,296 million (USD 55.4 million). The payment was made as part of the appeals process started by Sorfert to contest the claim. This position was examined by various reputable tax advisors who concurred with the position of Sorfert.

NOTES TO THE SEMI-ANNUAL CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE (CONTINUED)

12. Loans and borrowings

$ millions	30 June 2021	31 December 2020
At 1 January	**670.5**	**882.2**
Proceeds from loans	-	339.5
Redemptions of loans	(80.4)	(504.0)
Amortization of transaction costs / (bond) premiums	1.0	5.0
Incurred transaction costs	-	(5.3)
Effect of movement in exchange rates	(9.7)	(46.9)
At 30 June / 31 December	**581.4**	**670.5**
Non-current	460.7	544.7
Current	120.7	125.8
Total	**581.4**	**670.5**

The effect of movement in exchange rate mainly relates to DZD denominated loans, which are different from the Group's presentation currency.

The carrying amount of loans and borrowings approximates its fair value.

Covenants

In the event the Group would not comply with the covenant requirements, the loans would become immediately due. As per 30 June 2021 all financial covenants were met.
The external borrowings include change in control clauses that enable the lenders to call the financing provided.

13. Trade and other payables

$ millions	30 June 2021	31 December 2020
Trade payables	101.3	99.6
Trade payables due to related parties (Note 19)	18.5	18.8
Other payables to related parties* (Note 19)	139.9	12.2
Amounts payable under the securitization program	36.1	9.8
Dividends payable to non controlling interests**	191.9	12.3
Accrued expenses	138.7	160.1
Accrued interest	-	0.9
Employee benefits	13.4	12.4
Other payables***	31.6	13.3
Other tax payable	0.3	0.5
Total	**671.7**	**339.9**

$ millions	30 June 2021	31 December 2020
Non-current	17.0	15.9
Current	654.7	324.0
Total	**671.7**	**339.9**

* The other payables incude mainly payable dividends of USD 130 million to ADNOC Fertilizers – Sole Proprietorship L.L.C. and OCI Fertilizers BV, paid in full on the 5th July 2021.

**On 22 April 2021, Sorfert's Shareholders approved, the distribution of dividends to non controlling interests of USD 181.8 million (DZD 24.246 million), not paid during the period, the remaining amount is related to dividends to non-controlling interests of EBIC.

*** In June 2021, OCI SAE reached an agreement related to one of its indemnifications, as a result the historical provision of USD 23.6 million was reclassed to other payables as timing of payment is certain and due in July. The excess provision amounting to USD 1.1million was released to the profit or loss and other comprehensive income.

The carrying amount of 'Trade and other payables' approximates its fair value.

14. Development of cost of sales and selling, general and administrative expenses

Expenses by nature

$ millions	Six month 30 June 2021	Six month 30 June 2020	Three month 30 June 2021	Three month 30 June 2020
Raw materials and consumables and finished goods	507.1	333.8	299.2	175.6
Raw materials and consumables and finished goods - related party (Note 19)	94.5	88.8	48.1	47.6
Maintenance and repair	13.7	7.5	9.3	4.6
Employee benefit expenses	95.7	89.9	48.6	44.3
Depreciation and amortization	136.3	133.7	72.5	66.9
Consultancy expenses	3.2	3.4	1.7	1.8
Other	12.5	11.0	7.2	5.8
Total	**863.0**	**668.1**	**486.6**	**346.6**
Cost of sales	818.0	626.8	463.8	326.1
Selling, general and administrative expenses	45.0	41.3	22.8	20.5
Total	**863.0**	**668.1**	**486.6**	**346.6**

NOTES TO THE SEMI-ANNUAL CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE (CONTINUED)

15. Net finance cost

$ millions	Six month 30 June 2021	Six month 30 June 2020	Three month 30 June 2021	Three month 30 June 2020
Interest income on loans and receivables	0.5	0.8	0.3	0.4
Interest income related parties (note 19)	-	0.5	-	-
Foreign exchange gain	7.0	20.2	2.1	(11.8)
Finance income	**7.5**	**21.5**	**2.4**	**(11.4)**
Interest expense and other financing costs on financial liabilities measured at amortized cost	(19.7)	(6.8)	(11.0)	(15.0)
Interest expense related rarties (Note 19)	(1.7)	(1.9)	(0.8)	(1.0)
Foreign exchange loss	(2.5)	(6.8)	(1.5)	19.3
Finance cost	**(23.9)**	**(15.5)**	**(13.3)**	**3.3**
Net finance cost/income recognized in profit or loss	**(16.4)**	**6.0**	**(10.9)**	**(8.1)**

16. Segment reporting

30 June 2021 $ millions	Production and marketing of own produced volumes	Third party trading	Other	Eliminations	Total
Total external revenues	**1,054.8**	**205.2**	**-**	**-**	**1,260.0**
Adjusted EBITDA**	531.8	7.2	(6.8)	-	532.2
Depreciation and amortization	(136.1)	-	(0.2)	-	(136.3)
Finance income	15.8	-	1.7	(10.0)	7.5
Finance expense	(19.9)	(0.9)	(13.1)	10.0	(23.9)
Income tax	(56.8)	(0.1)	(7.1)	-	(64.0)
Profit /(loss) for the period	**334.8**	**6.2**	**(24.4)**	**-**	**316.6**
Capital expenditures	12.5	-	-	-	12.5
Total assets	**4,727.0**	**38.6**	**230.9**	**-**	**4,996.5**

30 June 2020 $ millions	Production and marketing of own produced volumes	Third party trading	Other	Eliminations	Total
Total external revenues	**661.3**	**76.2**	**-**	**-**	**737.5**
Adjusted EBITDA**	211.3	(0.2)	(5.6)	-	205.5
Share of profit from equity-accounted investees (net of tax)	-	-	0.5	-	0.5
Depreciation and amortization	(133.7)	-	-	-	(133.7)
Finance income	39.6	0.1	1.4	(19.6)	21.5
Finance expense	(8.6)	(0.5)	(26.0)	19.6	(15.5)
Income tax	(8.2)	(0.1)	(3.3)	-	(11.6)
Profit /(loss) for the period	**96.9**	**(0.6)**	**(34.1)**	**-**	**62.2**
Capital expenditures*	66.4	-	0.1	-	66.5
Total assets*	**4,697.4**	**15.0**	**84.9**	**-**	**4,797.3**

* as at 31 December 2020

** Fertiglobe uses Alternative Performance Measures ('APM') to provide a better understanding of the underlying developments of the performance of the business. The APMs are not defined in IFRS and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. Adjusted EBITDA is defined as EBITDA (total net profit before interest, income tax expenses, depreciation and amortization, foreign exchange gains and losses and income from equity accounted investees), adjusted for additional items and costs that management considers not reflective of our core operations.

NOTES TO THE SEMI-ANNUAL CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE (CONTINUED)

17. Reserves and retained earnings

$ millions	Other reserves	Currency translation reserve	Total reserves	Retained earnings
At 1 January 2020	(705.5)	(494.9)	(1,200.4)	491.5
Profit for the period	-	-	-	74.3
Dividends to share holders	-	-	-	(129.7)
Currency translation differences	-	(29.0)	(29.0)	-
At 31 December 2020	(705.5)	(523.9)	(1,229.4)	436.1
Share capital reduction	2,000.0	-	2,000.0	-
Profit for the period	-	-	-	198.5
Dividends to shareholders	-	-	-	(185.0)
Currency translation differences	-	(9.4)	(9.4)	-
At 30 June 2021	**1,294.5**	**(533.3)**	761.2	449.6

Reduction of share capital

On 28 June 2021, the Company's Shareholders approved, through a special resolution, the reduction of the share capital by USD 2 billion from USD 3,328,211,028 to USD 1,328,211,028 by cancelling and extinguishing 2,000,000,000 ordinary shares in proportion to the number of shares held by each shareholder. Furthermore the Shareholders approved crediting the capital reduction to other distributable reserve as proposed on 28 June 2021 by the Company's Board of Directors.

The par value per share remained 1 USD per share subsequent to the capital reduction.

Dividends to shareholders

The Board of Directors approved on 31 March 2021 the declaration of interim dividends to shareholders of USD 55 million, which have been fully paid during the period, and on 28 June 2021 the declaration of USD 130 million, which have been paid in full subsequent to the reporting period. Both declarations have been approved by the Shareholders on 28 June 2021.

18. Earnings per share

$ millions	Six month 30 June 2021	Six month 30 June 2020	Three month 30 June 2021	Three month 30 June 2020
i.Basic				
Net profit attributable to shareholders	198.5	23.0	113.3	8.8
Weighted average number of ordinary share (Basic)*	1,328.2	1,328.2	1,328.2	1,328.2
Basic earnings per ordinary share in USD	**0.149**	**0.017**	**0.085**	**0.007**
ii.Diluted				
Net profit attributable to shareholders	198.5	23.0	113.3	8.8
Weighted average number of ordinary shares (Basic)*	1,328.2	1,328.2	1,328.2	1,328.2
Diluted earnings per ordinary share in USD	**0.149**	**0.017**	**0.085**	**0.007**

Weighted average number of ordinary shares calculation:

$ millions	30 June 2021	31 December 2020*
Issued ordinary shares at 1st January	3,328.2	3,328.2
Reduction of share capital (Note 17)	(2,000.0)	(2,000.0)
Ordinary shares outstanding	**1,328.2**	1,328.2

There are no potential dilutive shares.

*Given that the capital reduction, at the date of the transaction, adjusted the number of shares without a corresponding change in resources, such reduction in number of shares has been treated retrospectively, hence the weighted average number of share was adjusted effective from the beginning of 2020.

NOTES TO THE SEMI-ANNUAL CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE (CONTINUED)

19. Related party transactions

The following is a list of significant related party transactions and outstanding amounts as at 30 June 2021:

Related party $ millions	Relation	Revenue transactions during the period	Receivables outstanding at 30 June 2021	Payables outstanding at 30 June 2021	Net recharges	Interest income	Interest expense
OCI Fertilizer BV	OCI Group	-	-	75.4	-	-	-
N-7 LLC	OCI Group	13.0	-	-	-	-	-
OCI Nitrogen	OCI Group	30.3	0.5	0.5	0.5	-	-
ADNOC	ADNOC	-	-	22.0	(75.2)	-	(1.7)
ADNOC Fertilizers	ADNOC	-	-	54.6	-	-	-
ADNOC refining	ADNOC	-	-	3.9	(18.9)	-	-
Other subsidiaries*		0.9	0.6	2.0	(0.9)	-	-
Total		**44.2**	**1.1**	**158.4**	**(94.5)**	**-**	**(1.7)**

* the list of other ADNOC and OCI group subsidiaries is disclosed in 2020 financial statements

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2020 for balance sheet positions and as at 30 June 2020 for profit or loss positions:

Related party $ millions	Relation	Revenue transactions during the period**	Receivables outstanding at year end***	Payables outstanding at year end***	Net recharges**	Interest income**	Interest expense**
OCI Nitrogen	OCI Group	21.1	7.8	0.8	0.2	-	-
N-7 LLC	OCI Group	12.3	-	-	-	-	-
ADNOC	ADNOC	-	-	24.2	(69.5)	-	(1.9)
ADNOC refining	ADNOC	-	-	4.3	(17.2)	-	-
other subsidiaries*		1.2	1.2	1.7	(2.3)	0.5	-
Total		**34.6**	**9.0**	**31.0**	**(88.8)**	**0.5**	**(1.9)**

* the list of other ADNOC and OCI group subsidiaries is disclosed in 2020 consolidated financial statements

** for the six month period ended 30 June 2020

*** as at 31 December 2020

The Group leases land, office space and employee accommodation from Abu Dhabi National Oil Company ('ADNOC'). The corresponding lease obligation amounts to USD 76.6 million as at 30 June 2021 (USD 79.6 million as at 31 December 2020).

20. Contingencies

There have been no significant changes in contingencies compared to the situation as described in the consolidated financial statements for the year ended 31 December 2020, excluding EBIC free zone status.

EBIC free zone status

On 20 April 2013, the Administrative Court ruled in favor of EBIC for the reinstatement of EBIC to its previous status as a free zone entity in Egypt. The General Authority for Investment and Free Zones ('GAFI') filed an appeal before the Administrative Court. In May 2021, the Administrative Court rendered its final ruling in favor of EBIC.

21. Subsequent events

The Group performed a review of events subsequent to the relating date through the date the consolidated financial statements were issued and determined that there were no events requiring recognition or disclosure in the semi-annual condensed consolidated interim financial statements except for the following:

Acquisition of additional 15% Stake in EBIC

In August 2021,Fertiglobe has agreed with a KBR-led consortium (NYSE: KBR), which includes Mitsubishi, JGC and Itochu, to buy their combined 15% stake in Egypt Basic Industries Corporation ("EBIC") in Egypt for a total consideration of $43 million. This brings the Group stake in EBIC to 75%, further streamlining the Group's ownership structure.

Fertiglobe Holding Limited completed new refinancing

On 16 August 2021, Fertiglobe Holding Limited obtained a USD 1.2 billion unsecured financings as follows:

- USD 900 million bridge to bond facility loan for 18 months tenor, which is extendable for 6 months, then for an additional 6 months, with Interest rate of LIBOR +105 bps for the first 12 months increasing by 25 bps every 3 months thereafter. An accordion facility of USD 200 million was additionally built into the bridge to bond facility.
- USD 300 million revolver maturing in 2026 at an interest rate of LIBOR +175bps.

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Independent Auditors' Report on Review of Semi-Annual Condensed Consolidated Interim Financial Statements

To the Shareholders of Fertiglobe Holding Limited

Introduction

We have reviewed the accompanying 30 June 2021 semi-annual condensed consolidated interim financial statements of Fertiglobe Holding Limited ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2021; and
- notes to the semi-annual condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these semi-annual condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these semi-annual condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of semi-annual condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 semi-annual condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter – comparative information

The condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2020, the condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and the notes for the three-month and six-month periods ended 30 June 2020 were neither reviewed nor audited.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.:1015
Abu Dhabi, United Arab Emirates

Date: 22 August 2021

COMPANY

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