Draslovka

2024

Annual Report

Draslovka a.s.

Draslovka

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Letter from CEO

Pavel Brůžek Jr.

Vice Chairman of the Board
Chief Executive Officer

The past year has been one of evolution and progress for Draslovka. In 2024, we successfully adapted to shifting market dynamics while expanding our presence in high-growth sectors. From scaling our proprietary Glycine Leaching Technology (GLT) to entering the global battery materials supply chain, we have strategically positioned ourselves for long-term success. Our Mining Process Solutions business continues to thrive, supported by strong demand, innovation, and a growing global client footprint.

Our core Mining Process Solutions business continues to see strong traction, with sales growth in key markets across the US and Europe. Through our proprietary GLT and AI-powered mining optimization tools, we have significantly expanded our total addressable market, moving beyond traditional geographies and gold mining applications. With multiple partnerships now in place across four continents, GLT revenues tripled to $16 million in 2024—just a fraction of the estimated $8 billion market potential that lies ahead.

I am pleased to report that our Mining Process Solutions division recorded its third consecutive year of volume sales growth. Our flagship reagent, sodium cyanide (NaCN), saw record-high demand, supported by strong gold prices and long-term offtake agreements that provide us with financial stability. At the same time, our focus on mining optimization through AI and real-time ore analysis has accelerated. MetOptima™ (Met Optima), our machine learning-powered tool, is gaining traction in the mining software market— a global opportunity valued at $3.5 billion. The integration of Blue Cube Systems further strengthens our capabilities, expanding our reach into new metals and geographies.

Beyond mining, we have made significant strides in diversifying innovative applications of our technologies. Advancements in battery chemistry have opened up new opportunities for Draslovka's high-purity NaCN product, positioning us as a critical supplier to the sodium-ion battery value chain. Our partnership with Natron, a US-based battery producer marks an important step toward large-scale production of Prussian Blue-based active materials. The completion of a reference facility at our existing Kolin plant in the Czech Republic ensures we are ready to meet long-term demand in this rapidly evolving sector and contribute to global supply chain security.

In our Specialty Chemicals business, we saw revenue growth of nearly 40%, underscoring our ability to capture value across multiple industries. We successfully navigated European energy market volatility while maintaining strong production output at our Kolin facility. The signing of a long-term cooperation agreement with Natron Energy marks another milestone, paving the way for the industrial-scale production of Prussian Blue based battery materials and reducing our exposure in lower-margin mining applications.

Elsewhere, our Agriculture Solutions division underwent a strategic restructuring, rebranding as INTRESO Group and operating as a standalone division. While container fumigation volumes have yet to return to pre-pandemic levels, we have successfully diversified into structural fumigation and soil treatment services. Sales of next-generation fumigants, including EDN, eFume, and BlueFume, grew by 141% year-over-year.

Looking ahead, we remain focused on accelerating the commercialization of our technologies, deepening partnerships, and capitalizing on market opportunities that drive sustainable growth. None of this would be possible without the dedication of our employees, partners, and stakeholders. Their expertise, resilience, and commitment to innovation are what set Draslovka apart.

As we enter 2025, we do so with confidence, knowing that the foundation we have built will allow us to continue delivering solutions that create lasting value for our customers, our investors, and the industries we serve.

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How Draslovka performed in 2024

Revenue

2024:

USD 454.8 mil.

2023:

USD 462.9 mil.

Total Equity

2024:

USD 289.1 mil.

2023:

USD 352.1 mil.

Adjusted Pro Forma EBITDA for the year*

2024:

USD 73.7 mil.

2023:

USD 74.8 mil.

Total Liability

2024:

USD 481.5 mil.

2023:

USD 486.8 mil.

Total Assets

2024:

USD 770.5 mil.

2023:

USD 838.9 mil.

Free Cash Flows

2024:

USD (28.5) mil.

2023:

USD 7.2 mil.

***Adjusted Pro Forma EBITDA is calculated as Net income adjusted mainly by:**

- → interest expense and income
- → taxes, including income taxes and other tax or authority charges
- → depreciation and amortization
- → non-cash expense and income, including impairment and foreign exchange differences
- → extraordinary charge and income determined by management
- → costs incurred in connection with acquisition of BlueCube business
- → pro forma adjustment related to implementation of costs saving initiatives
- → other pro forma adjustments

04

Draslovka profile

4.1 Company profile

Draslovka is a chemical technologies, products and services company creating value and improving sustainability across focus industries, including mining, agriculture and manufacturing. Utilizing Draslovka's significant technical and innovation expertise, the company develops and scales solutions which are vital for delivering sustainable growth at a faster pace. A private holding company based in the Czech Republic, it is owned by four Czech families and is building on fundaments of more than 110 years of unparalleled expertise in hydrogen cyanide (HCN) production and HCN chemistry. Draslovka specializes in the production of fully synthetic and high-quality liquid HCN, which undergoes further processing for application in a variety of downstream products ranging from mining through to agriculture and manufacturing.

Draslovka is made up of three business units: Mining Process Solutions, Agriculture Solutions (INTRESO Group), and Specialty Chemicals. Each of these businesses is headquartered in a different region of the world, creating an unparalleled worldwide presence and integrated business verticals offering innovative solutions, the highest standards of safety, and excellence in customer service. Across our business, we offer world-leading alternative products and solutions which deliver environmental benefits.

Today, Draslovka is best known as one of the world's largest producers of sodium cyanide, a vital ingredient in the gold mining process. However its most important recent contribution to the sector is its Glycine Leaching Technology (GLT), the company's proprietary technology that leaches metals (including gold, copper, nickel and cobalt) in a more sustainable and economic manner. Deep expertise in proprietary chemistry manufacturing is seen in other specialty chemicals Draslovka produces, such as high-quality Prussian blue materials that are crucial for advanced sodium-ion battery design, which is ideal for short-term energy storage applications, such as data centers. Draslovka also manufactures other specialist chemicals and reagents providing leading chemical application services to the mining and pest control industries as well as AI-enabled support services.

Draslovka

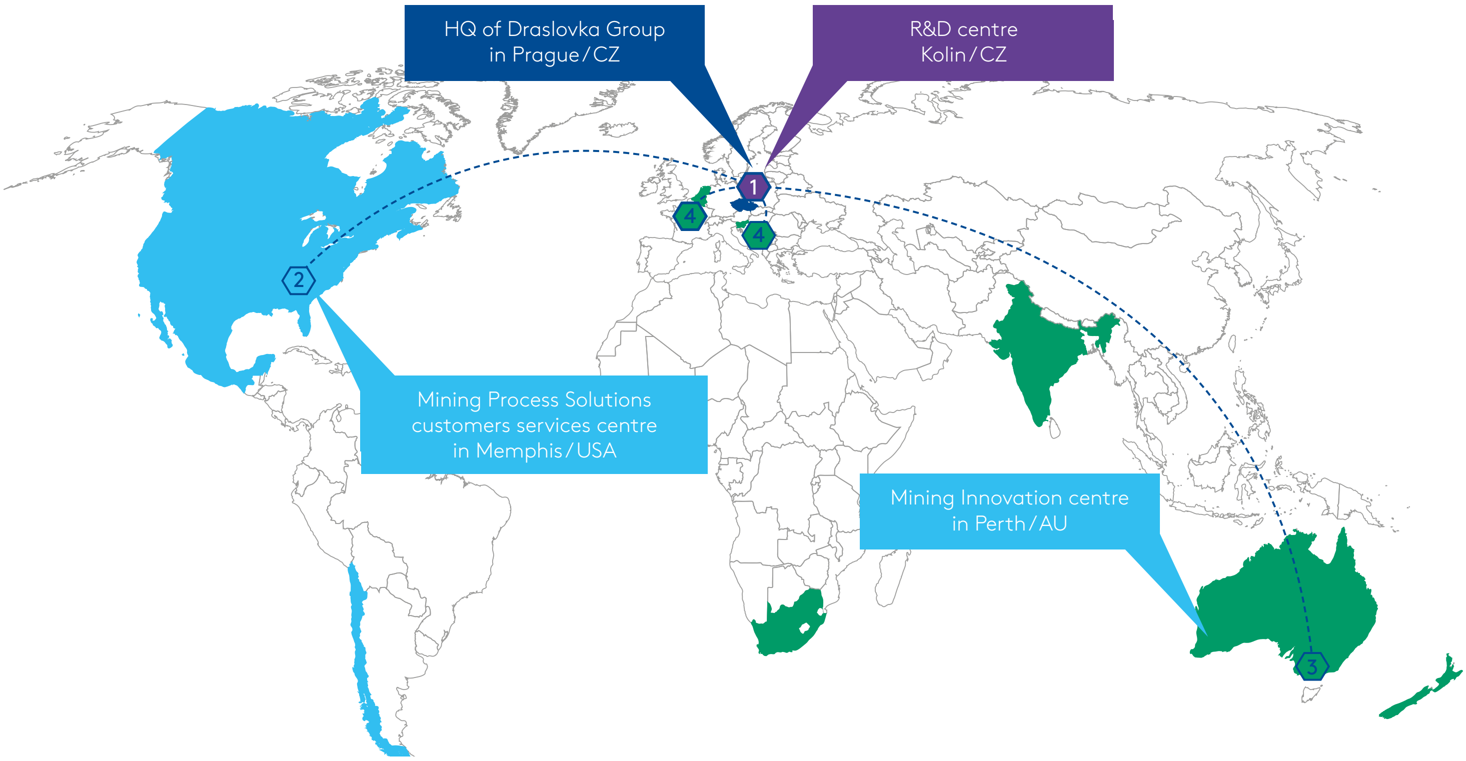
Mining Process Solutions

Specialty Chemicals

Agriculture Solutions

4.2
Map of global presence

Draslovka comprises three distinct business units: Mining Process Solutions, Agriculture Solutions and Specialty Chemicals. These individual units are strategically headquartered across different regions of the world, thereby facilitating a truly unmatched global reach and seamless integration of business verticals.



1 Kolin CZ

2 Memphis USA

3 Melbourne AU

4 European fumigation services centre: Belgium, Holland, Slovenia

Specialty Chemicals

Kolín, Czech Republic

c. 340

Revenue breakdown by product

NaCN, DPG, KCN, MEKH, Retacel, Syntron

Revenue breakdown by region

South America, North America, Asia, Africa, Europe

Mining Process Solutions

Memphis Tennessee, USA

c. 323

Revenue breakdown by product

HCN, NaCN

Revenue breakdown by region

North America, Central America, South America

Agriculture Solutions

Melbourne, Australia

c. 68

Revenue breakdown by product

Bluefume, Efume, Fumigation

Revenue breakdown by region

Africa, Asia, North America, Australia

# of employees

4.3
Legal details of the Company and its shareholder structure

The company Draslovka a.s. has its registered office at Prague 6, Generála Píky 430/26, Postal Code: 160 00.

It is registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 26599, ID No.: 11786728 (hereinafter referred to as the "Company").

The Company was registered in the Commercial Register on 27 August 2021.

As at 31 December 2024, the company Draslovka Beta S.à.r.l. is the sole shareholder of Draslovka a.s. and is under joint control of:

	Share (%)
» B3 Holding, s.r.o.	**33 373/133 373**
» NP Finance s.r.o.	**90 000/133 373**
» Cheval Finance s.r.o.	**10 000/133 373**

Shareholders' seats:

B3 Holding, s.r.o.
Bílkova 862/16, Old Town 110 00 Prague
Czech Republic

Cheval Finance s.r.o.
Evropská 2758/11, Dejvice 160 00 Prague 6
Czech Republic

NP Finance s.r.o.
Evropská 2758/11, Dejvice 160 00 Prague 6
Czech Republic

4.4 Corporate Bodies

In 2024, the Company had a dualistic internal structure which was composed as follows:

Statutory body - Board of Directors

Petr Pudil
Chairman of the Board

Pavel Brůžek Jr.
Vice Chairman of the Board

Anita Orbán
Member of the Board of Directors

Gregory Ronald Warren
Member of the Board of Directors

Christopher Helmut Boehringer
Member of the Board of Directors

Supervisory Board

Pavel Brůžek Sr.
Chairman of the Supervisory Board

Jan Dobrovský
Member of the Supervisory Board

Vasil Bobela
Member of the Supervisory Board

Petr Brůžek
Member of the Supervisory Board

05

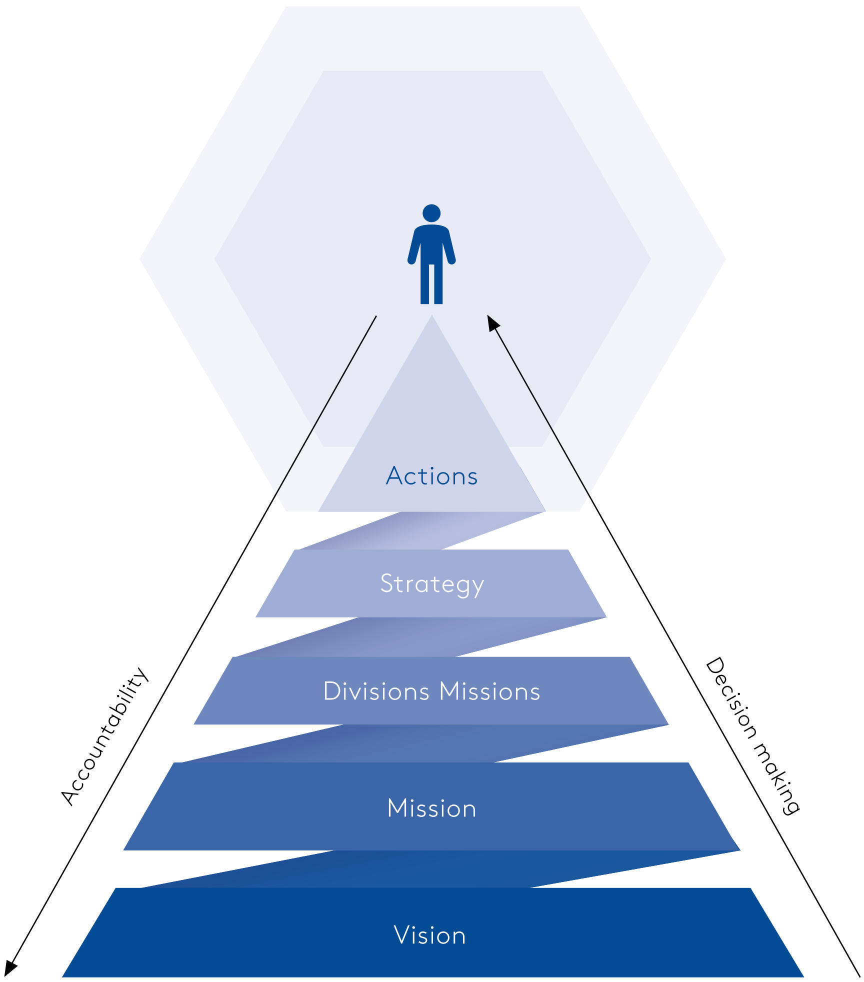
Our Vision and Mission

Our vision

Draslovka develops and scales solutions vital to sustainable growth, applying our expertise to deliver at a pace that sets us apart. Put simply, we get there sooner.

Our mission

Our dual objective is to unlock transformation through alternative chemistry-based solutions that are scalable while being the leader in our respective global product and geographic markets. Safety and environmental sustainability are at the heart of everything we do.



Our Values

We constantly reimagine what is possible

- Creativity
- Problem-solving
- R&D focus
- Leading our industries forward
- Aiming beyond traditional industry bound

We act like business owners

- Founder-led
- Personal approach
- Accountability
- Excellence
- Sustainability
- Long-term focus
- Rewarding performance
- Ambitious financial and business goals
- Importance of reputation for management

We build strong relationships

- Customers
- Employees
- Suppliers
- Local communities
- Industry stakeholders
- We always do the right thing
- Transparency
- Ethical behavior
- Personal integrity
- Leveraging diversity
- Cultural tolerance and understanding

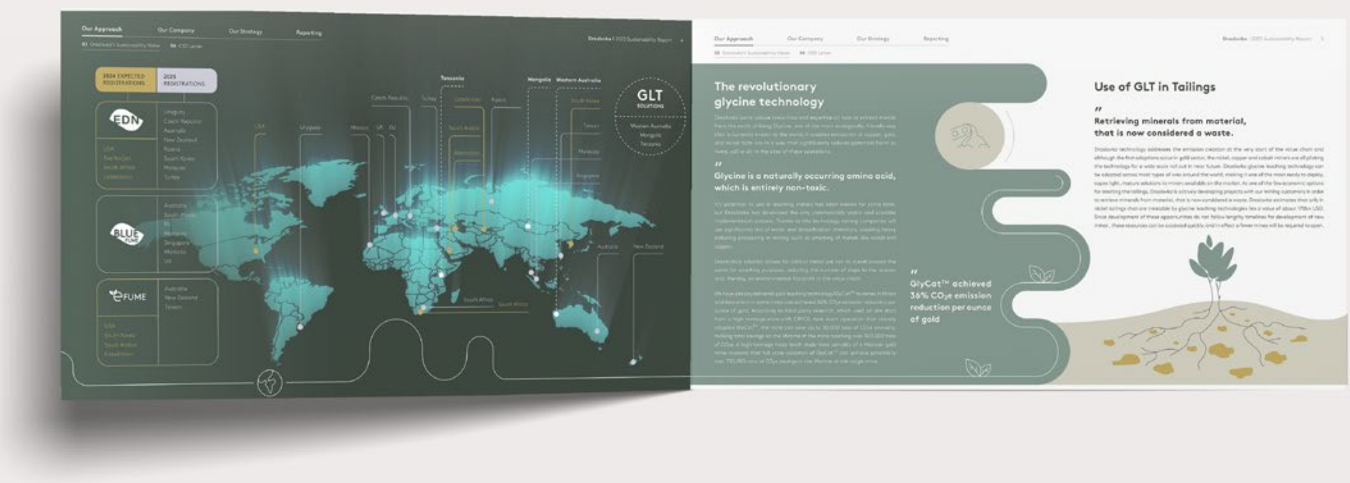
We put safety first

- Manufacturing
- Product delivery
- Environmental care with the "Leave no trace" ideal
- Lifecycle risk mitigation
- Full compliance with all national regulations and leaders in international best practices

06

Sustainability & Responsibility

We operate our business responsibly, with care and consideration. In 2024, we have made material progress in tracking and measurement of our impact. Sustainability is a key pillar of Draslovka's innovation for growth strategy. All of our newly developed products are directly value accretive to our customers while improving the profile of any impact on people and environment.



Our ESG vision and strategy supports our business model, which is centred on facilitating the transition to a more sustainable world, including in mining, agriculture and bespoke industrial application. We continue to see our portfolio of innovative technologies, chemicals and services as the key driver of our growth now and in the future. These offer to our customers improved performance characteristics while allowing them to decarbonise and improve efficiency of their supply chains. Our strategy to achieve this vision continues to reflect the central importance we place on our employees, communities we operate in, and the environment to our approach.

This year, as detailed in our 2024 Sustainability Report, Draslovka undertook a refreshed double materiality assessment that was aligned to the requirements of the EU's Corporate Sustainability Reporting Directive (CSRD). Despite regulatory uncertainty in Europe, the approach has confirmed the continued relevance of the four pillars of Draslovka's sustainability strategy – Innovating for Sustainability, Preserving the Environment, Protecting and Developing our People, and Operating Responsibly. The activities have also enhanced Draslovka's capacity for non-financial data collection, enabling us to better assess and communicate our progress.

We have made further progress against the four pillars of our strategy this year, including strengthening our internal governance of ESG, and have increased the number of key performance indicators (KPIs) against which we report. We are also in a position to be able to set targets on certain KPIs for the first time to drive meaningful progress in each of our four pillars.

Innovating for Sustainability

Demand for our innovations in mining, agriculture and specialty chemicals, which offer the potential to transform industries and unlock progress in the transition to a low-emission future, continues to grow. We continue to partner with some of the world's leading miners in efforts to commercialise our proprietary glycine leaching technology (GLT) and this year achieved new registrations for our next-generation fumigants, including for EDN™ in South Africa, and eFUME™ in South Korea.

We also see huge potential for sodium-ion batteries as a technology to unlock further progress in the transition to clean energy, meeting the energy storage needs amid rising demand with applications in energy-intensive sectors, such as data centers.

Powered by our industry-leading chemistry research & development (R&D), we continue to place great emphasis on the protection of our intellectual property (IP). This year we increased the total number of patent families across Draslovka by 10%, to 35.

Preserving the Environment

Draslovka has longstanding controls and policies in place to manage our environmental impact, including our use of natural resources. In addition to protecting the environment, we continue to make progress in reducing energy use, water, and waste.

Our Kolín site retained a silver EcoVadis ranking for the second consecutive year, placing us in the top 15% of companies overall. Additional progress was made in managing energy consumption in Kolín, which we will look to learn from and leverage across all of our sites.

We will continue to report environmental data annually through our Sustainability Report. This year, we are disclosing Scope 1 emissions for a second time and disclosing Scope 2 emissions for the first time. To improve the depth of our data, we are committed to calculating and reporting on our Scope 3 emissions in our next sustainability report, to be published in 2026. In the absence of European regulatory authorisation for Draslovka's environmentally sustainable fumigants and biocides, we continue to work with industry partners to actively seek alternatives to legacy products with a higher emissions profile.

Protecting and Developing our People

We are committed to high standards of health and safety of our workforce, supply chain, and communities. Across our facilities and markets, we provide regular safety briefings to employees and hold management accountable for personnel and process safety.

Our facilities in both Memphis and Kolín have strong track records in health and safety, and both sides have received "Responsible Care" certification for several years, which reflects high standards of both environmental protection and health and safety of activities.

Our Memphis plant is a three-time recipient of the Tennessee Occupational Safety & Health Administration's (TOSHA) Workplace Safety and Health Award and has received the American Chemistry Council (ACC)'s Responsible Care Facility Safety Award. Our Memphis facility is also certified under both the ACC's RC14001 Responsible Care Standard, and the International Cyanide Management Code.

Our Kolín plant is also certified under the Cyanide Management Code, with the same certification also achieved this year for Kolín's transport routes. Our Kolín facility is also certified against the International Standards Organization (ISO) standards:

- → **45001 – Health and safety management**
- → **9001 – Quality management system**
- → **14001 – Environmental management**
- → **50001 – Energy management**

All the service delivery entities of the INTRESO Group are also certified against ISO 9001, including in Belgium (Descroes), the Netherlands (Fumico) and Slovenia (DDD).

To ensure clarity of opportunities for pay and career progression for our employees, Draslovka's HR and Remuneration Committee approved a new remuneration policy at the end of 2024. The framework was implemented across Mining Process Solutions and our Prague Office in 2024 and will be rolled out across Specialty Chemicals and the INTRESO Group in 2025.

This year we have also undertaken an employee engagement survey, which recorded clear year-on-year improvements in the "net promoter score" and "propensity to leave" areas.

Operating Responsibly

Draslovka is dedicated to upholding the highest standards of corporate governance and ethical behaviour, and we have strengthened our governance framework through enhanced oversight and the adoption of suitable corporate policies this year.

In 2024, we have developed a number of new Group-wide policies, including an updated and refreshed Supplier Code of Conduct which now has increased detail on how we can work with suppliers responsibly and sustainably. Our Group Tax Policy outlines Draslovka's clear and transparent process for tax compliance and accurate reporting. We have also published further Human Rights and Environment Commitments, which outline the proactive steps we are taking to protect human rights and the environment.

To support our Code of Conduct and other policies, we have introduced expanded Business Ethics Certification across Draslovka's management in 2024. Aimed at key managers, this focuses on fundamental areas of our approach, including Code of Conduct, gifts, conflicts of interest, and interactions with public officials.

We recognize the importance of effective cybersecurity management to achieve and maintain high standards of operational effectiveness, business continuity and effective risk management. As such, we have introduced a number of new initiatives, undertaking proactive risk mitigation by deploying enhanced technology tools, and developing a comprehensive suite of cybersecurity policies, guidelines and instructions. This includes an Updated Cyber Security Management Policy, a Cyber Security Strategy aligned with industry best practice, and group-wide Security Awareness Instructions and Incident Response Guidelines to drive a security-conscious culture within Draslovka.

A full summary of our progress for this reporting period is included in our 2024 Sustainability Report. It provides further information and case studies on the initiatives outlined above, as well as the detail of our CSRD-aligned refreshed double materiality assessment and pillars.

07

Our performance

Our performance

The Board of Directors of Draslovka a.s., ID No.: 11786728, with registered office at Prague 6, Generála Píky 430/26, Postal Code: 160 00, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 26599 (hereinafter referred to as the "Company"), has prepared the following report on the business activities of the consolidation unit, which as at 31 December 2024 consists of the Company as the consolidating entity and the following subsidiaries and joint ventures:

in USD thousand	Place of establishment and operations	Percentage of voting rights
Draslovka Holdings South Africa Proprietary Limited	South Africa	100%
Draslovka South Africa Proprietary Limited	South Africa	100%
Draslovka Holding Alpha a.s.	Czech Republic	100%
Draslovka Holding a.s.	Czech Republic	100%
Mining and Process Solutions Pty Ltd	Australia	100%
ENCORE MINERALS PTY LTD	Australia	100%
Lučební závody Draslovka a.s. Kolín	Czech Republic	100%
Manchester Acquisition Sub LLC	USA	100%
Covoro Mining Solutions, LLC	USA	100%
Draslovka Holding Mexico, S. de R.L. de C.V.	United Mexican States	100%
Covoro Mining Solutions Mexicana, S. de R.L. de C.V.	United Mexican States	100%
Covoro Mining Solutions Canada Company	Canada	100%
Draslovka Asia Private Limited	India	80 %
Draslovka Chile Limitada	Republic of Chile	100%
DRASLOVKA SERVICES Pty	Australia	100%
INTRESO (Pty) Ltd	South Africa	100%
DRASLOVKA SERVICES NZ LIMITED	New Zealand	100%
Draslovka Services India Private Limited	India	89.57%
Intreso Group B.V.	Belgium	100%
Fumico Holding B.V.	Netherlands	100%
Fumico Fumigations B.V.	Netherlands	100%
Fumico Bio & QPS Services B.V.	Netherlands	100%
Descroes B.V.	Belgium	100%
Dezinfekcija, dezinsekcija, deratizacija, d.o.o.	Slovenia	100%
Blue Cube Systems (Pty) Ltd	South Africa	100%
Blue Cube Technology (Pty) Ltd	South Africa	100%
BCS RSA Holdings (Pty) Ltd	South Africa	100%
BCS RSA (Pty) Ltd	South Africa	85%
BCS (EU) Holdings B.V.	Netherlands	100%
BCS (EU) B.V.	Netherlands	55%
BCS (AU) Holdings (Pty) Ltd	Australia	100%
BCS (AU) Pty Ltd	Australia	100%
BCS (NA) Holdings Ltd	Canada	100%
BCS (NA) Ltd	Canada	55%
Joint ventures		
DRASLOVKA SERVICES RSA (PTY) LTD	South Africa	42.5%

(hereinafter referred to as the "Draslovka").

The Company did not acquire own shares in year 2024.

The Group does not have a branch abroad.

7.1 Economic results

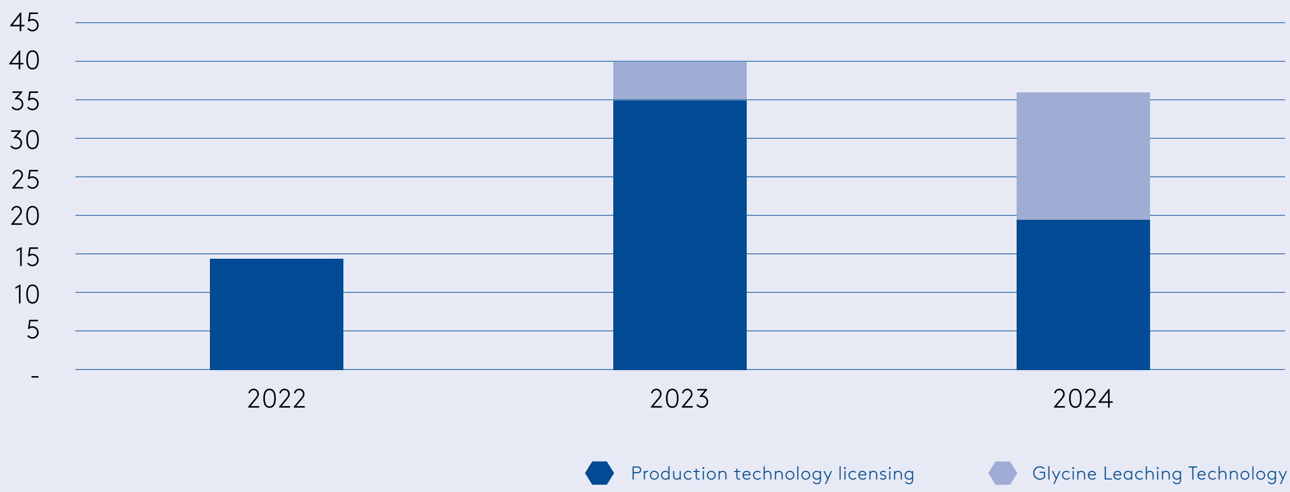
The year 2024 marked a significant transformation for the Company, evolving into a more diversified supplier of critical reagents and services to the mining industry, while also expanding its product offerings to the battery value chain.

Draslovka achieved revenues of 471.2m USD, due to an increase in revenues and gain on GlyCat collaboration agreements, representing a 2% uplift compared to 2023. This result was achieved despite decreased prices of raw materials for the whole year, which were particularly high in the first quarter of 2023 but have since stabilized. EBITDA remained on comparable level with the year 2023. This was supported by strong volume growth and new product development in the Specialty Chemicals division and negatively impacted by incurred costs associated with Glycine Leaching Technology (GLT). GLT related revenues have grown year-on-year. Several GLT licensing opportunities were postponed until 2025, which impacted 2024 EBITDA. In 2024 Capex normalized to $34.5m USD for 2024, a 28% reduction compared to 2023, as the majority of investment in Draslovka's right to operate was concluded in 2023. Draslovka will continue to invest in growth of its production capabilities in the medium term. Following Draslovka's diversification into supplying materials to the sodium-ion battery value chain, the bulk of its near-term growth Capex is expected to primarily be invested in the Company's existing facility in Kolin, Czech Republic.

Draslovka experienced a robust return to strong sales volumes of its chemical products in both the US and Europe. Through its proprietary GLT and AI-powered mining optimization tools, the Company's total addressable market expanded significantly. Our mining products and solutions are now available to a wider range of regions and industries, expanding Draslovka's reach beyond its traditional gold production market.

Draslovka successfully launched multiple new GLT partnerships and established strategic collaborations in regions with historically low commercial activity. Revenues from GLT more than tripled in 2024, reaching $16 million. Despite this commercial growth, the opportunity and total addressable market for GLT and mining optimization remain significantly higher, with an estimated market potential of over $8 billion.

Licensing income by type and year, m USD



Draslovka has been actively exploring the use of NaCN in industries outside of mining. Advancements in battery technologies have identified Draslovka's NaCN product as a suitable feedstock to produce sodium-ion battery active material. In 2024, Draslovka entered a strategic partnership with Natron Energy, a US-based battery producer, to develop large-scale production of Prussian Blue-based active material (PBA). The first stage of this multi-year collaboration, aimed at developing a reference facility at Draslovka's site in Kolin, Czech Republic, has been completed and Draslovka has been able to recognize revenues from this collaboration already in 2024. This infrastructure will support the long-term delivery of significant quantities of material to the sodium-ion battery value chain.

This new product line represents another major milestone in Draslovka's efforts to become a global technology and service provider to industries addressing sustainable energy security.

7.2 Key Operational Highlights

Draslovka Mining & Process Solutions

Draslovka had a successful year, marked by market recovery and volume growth of its key reagents for the third consecutive year. The Group achieved record-high sales of NaCN volumes with the gold price supporting steady growth in demand for NaCN. The global supply of NaCN remains sufficiently high to satisfy demand but the Company expects stronger demand for NaCN offtake in 2025 if the gold price remains at or above 2024 levels. This would further increase volume sales and improve profitability, provided raw material prices remain favorable in the US and EU.

Draslovka successfully signed a new agreement for hydrogen cyanide (HCN) in Memphis, Tennessee with key customer, Mitsubishi Chemicals. This new agreement extends the offtake contract and provides production and financial stability for Draslovka Mining and Process Solutions' HCN volumes in the US on a continual basis.

GLT continues to grow globally. Draslovka has identified more than 7,200 mines suitable for GLT deployment, with the majority focused on gold, followed by copper, nickel and cobalt. Draslovka analyzed close to 400 ore samples through its R&D facilities in Perth, Australia, out of which most have turned into commercial opportunities with significant savings to customers. By the end of 2024, Draslovka had 12 pilot operating projects globally for GLT, testing the technology directly at customer sites. The GLT adoption process is site and customer specific and while mine adaptation for GLT technology is not significantly Capex heavy, the test work and process fine-tuning necessitates further technical and personnel capabilities. This has led to some delays in implementation. Investments in people and products such as MetOptima and Blue Cube Systems will be critical to accelerating global GLT mine adaptation in the coming years.

Optimization of metal extraction through Draslovka's understanding of ore quality and the Group's solutions for active process management bring significant value to customers by increasing metal extraction from existing mines, extending the life of mine and therefore reducing the need to open new ones. For more than three years, Draslovka has been developing its flagship MetOptima AI tool, which currently runs five machine learning models and is being tested on sites. Mining companies are rapidly recognizing the strength of tools like MetOptima, leading to a substantial mining software market opportunity estimated at $3.5 billion.

Draslovka's deep dive into mining process optimization received a significant boost through the acquisition of Blue Cube Systems South Africa in 2023. Integrating Blue Cube Systems into Draslovka Mining and Process Solutions' wider product portfolio during 2024 has provided the Group with significant know-how, market access to new metals, and engineering capabilities. Blue Cube Systems currently operates over 100 active spectrometric ore analyzers across 13 countries, with a footprint in a wide range of industries, including gold, platinum group metals, iron, graphite, mineral sands, copper, chrome, nickel, coal, manganese, phosphate, lead and zinc.

Specialty Chemicals

Draslovka Specialty Chemicals has had an exciting year across its diverse product line portfolio, with revenues growing by almost 40% compared to 2023. This growth has been largely driven by increased sales of all key products, including NaCN, DPG, KCN and SAM (fertilizer). Despite the challenges posed by the volatility of energy and gas prices in European chemical production, the Group has maintained its strong position in key markets across Europe, North Africa and the Middle East.

Draslovka's Kolin operations successfully adapted to changes in gas quality supplied to the Czech Republic due to sanctions against Russia. Gas from different sources has varying properties, such as ethane and propane content, which impact production efficiency and potentially decrease yield. Kolin was running close to full capacity utilization towards the end of 2023 and into 2024, despite noticing lower output during the early months of the year due to gas quality. The Kolin technology team addressed the issue, and the plant is now running at comparable yield levels to previous years of strong product output.

A major milestone was achieved in the last quarter of 2024 when Draslovka signed a cooperation agreement with Natron Energy, a US technology company specializing in sodium-ion batteries. This cooperation aims to develop and scale up industrial production of Prussian Blue active materials. The initial R&D agreement will be followed by an offtake agreement from the Kolin facility, resulting in significant NaCN volumes being redirected into the sodium-ion value chain, while reducing exposure to lower-margin mining customers in Europe.

Substantively increasing NaCN use beyond mining applications furthers Draslovka's diversification as the Group seizes opportunities to grow in profitable industries. Draslovka believes that the demand for Prussian Blue active material will continue to grow in the coming years, further driving the profitability of Draslovka chemical production in both the Czech Republic and the US, as both locations can supply the battery value chain. Due to Draslovka's proprietary production process of high-purity NaCN, the company is expected to maintain a competitive advantage in this newly formed industry, as not all NaCN produced globally meets the necessary quality standards for this value chain.

Intreso

During 2024, Draslovka launched a restructuring process for its Agriculture Solutions business unit, which focuses on the fumigation of containers and structures, including the global promotion of next-generation fumigating chemicals. The unit has been rebranded as INTRESO Group and is now run as a standalone division.

The INTRESO Group's primary source of revenue comes from selling services related to pest control of inbound and outbound goods in ports and soil treatment. While operating globally, most revenues continue to be generated in European ports such as Amsterdam, Antwerp and Rotterdam. These ports have been heavily reliant on the export of logs from Europe to overseas markets, which have been significantly impacted since the COVID-19 pandemic and have not recovered to pre-pandemic fumigation volumes. As a result, INTRESO Group continues to diversify into other services and sectors such as structural fumigation, soil treatments and bespoke specialist applications to improve profitability in the coming years. This diversification process requires operational and personnel changes, which the Group initiated in 2024 and will continue to implement through 2025. Consolidating Draslovka's activities in agriculture and fumigation under the INTRESO Group was a major step in achieving this goal.

The second major source of revenue is the sale of ozone friendly next-generation fumigants, which saw a rise in sales of EDN, eFume, and BlueFume products across various markets globally, growing by 141% in 2024 compared to 2023 revenues. The success rate of large-scale adoption of these next-generation fumigants depends on the regulatory environment in each market. The Group has successfully registered its next-generation fumigants in markets like Australia, South Korea and South Africa, with registrations in the US and EU pending.

7.3 Environmental protection

Given the nature of our business, it has always been of critical importance to minimize the impact of our activities on the environment.

We have stringent controls in place to prevent pollution resulting from our operations and to protect the environment and communities in which we operate. This includes pollution to air, water and soil. At our production sites, we have process controls in place which are designed to minimize the risk of a spill or release of pollution to the environment.

Our sites in Kolín and Memphis maintain Responsible Care certification. The Responsible Care certification is a reflection of the high standards of environmental protection and health and safety applied to our activities. Our Memphis site maintains an Environmental Policy which aligns to the Responsible Care 14001 Environmental, Health, Safety and Security Management System. The Policy outlines principles which prevent pollution, improve products, processes and operations, and support compliance with environmental laws and regulations. Each employee and contractor working on site must be appropriately trained and comply with this policy to ensure environmental compliance.

Our sites in Kolín and Memphis operate within the limits of air, water and solid waste permits. On site processes are designed to comply with these permits, minimizing the risk of an environmental incident. If necessary, operations are reduced or curtailed so as to maintain compliance with these permits. On an ongoing basis, processes and policies are reviewed to ensure that risks of pollution are minimized. We also review our plant and equipment regularly to ensure all equipment is functioning appropriately and during the replacement of plant equipment, we consider the environmental efficiency of solutions, ensuring they align to our strict pollution controls.

7.4
Research and development and technical development

Draslovka has continued its strategy of accretive R&D investment in 2024, with both of its main production sites in Kolin and Memphis achieving substantive progress. As in previous years, in 2024 we partnered with universities, external research institutes and other recognized academic bodies. Application of GLT beyond gold ores with special focus on copper and nickel ores and tailings has now been fully developed and is currently undergoing final commercialization tests.

Research in Kolin continued the implementation of the program for the use of hydrogen cyanide, cyanogen chloride, and EDN in the development of new molecules and specialized products based on them. Significant progress was made in developing the technology to produce critical metal cyanides. Key advancements were recorded in the ongoing sodium glycinate project, where a proposal for a pilot semi-production facility was prepared. The development of sodium ferrocyanide production was successfully completed, including verification on a quarter-scale operational level. The research continued to collaborate with universities, research institutes, and academic institutions.

The Group remains actively engaged in the development of technology, production processes, and the registration processes for EDN and BLUEFUME.

Draslovka Mining Process Solutions' global research sites based in Australia and South Africa continued to actively invest into the development and improvement of our products, with specific results for 2024. This includes measurable progress on BlueCube in-line analyzer technology, the MetOptima analytics platform, as well as on-going progress in permitting of INTRESO's innovative phytosanitary products.

7.5 Consequential events

2025 US Tariff Policy

Draslovka, as a global company with products reaching markets in multiple regions and jurisdictions, is exposed to global trading rules and tariff regimes. Draslovka is a global producer with European and US production facilities and most of its products target export markets. However, its US operations have a large reliance on Mexican and Canadian gold markets. At the time of publication of this report, there have been no present nor proposed tariffs concerning Draslovka's chemical products, including NaCN. Additionally, the vast majority of the material and service needs of Draslovka's Memphis plant are being sourced locally within the US as of now, mitigating the risks of retaliatory tariffs by US trading partners. Draslovka follows very closely the development of the tariff regime in the US and other markets. Due to Draslovka's global presence and operations, the company has certain flexibility in mitigating potential tariff risks, should they arise.

Intreso Group spin out

In 2024, Draslovka explored the sale of its Agriculture Solutions Unit, or parts of it, under the INTRESO Group name. This process is ongoing. INTRESO Group's investment proposition is rooted in the potential for its sustainable next generation fumigating chemicals to replace environmentally harmful legacy products that have already been abolished in many markets. Draslovka continues to evaluate the situation while firmly believing in the financial and environmental benefits of the businesses under the INTRESO Group.

Prague, 29 May 2025

For Draslovka a.s.

Pavel Brůžek

Vice Chairman of the Board

08

Consolidated Financial Statements

Consolidated Statement of Financial Position

as at 31 December 2024

In thousands of US dollars	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Property, plant and equipment	4	321,856	352,557
Right-of-use assets	4	21,920	22,250
Goodwill	5	103,577	115,689
Other intangible assets	4	93,719	114,755
Investments in joint ventures		953	801
Other non-current financial assets	6	22,275	6,728
Deferred income tax assets	29	6,585	13,864
Total non-current assets		**570,885**	**626,644**
Inventories	7	51,006	45,681
Trade and other receivables	8	93,397	86,328
Other current financial assets	9	7,133	4,461
Derivatives	10	1	1,254
Other current non-financial assets	11	15,042	14,568
Current income tax receivables	29	5,534	7,664
Cash and cash equivalents	12	22,438	50,944
Total current assets		**194,551**	**210,900**
Assets classified as held for sale	13	--	1,310
Total current assets incl. assets held for sale		**194,551**	**212,210**
TOTAL ASSETS		**765,436**	**838,854**

In thousands of US dollars	Note	31 Dec 2024	31 Dec 2023
LIABILITIES AND EQUITY			
Share capital	14	315,630	315,630
Share premium	14	168,726	168,726
Other capital funds	14	452,614	431,864
Share-base arrangements	14	5,428	4,852
Accumulated losses	14	(233,954)	(149,031)
Capital reorganisation reserve/(deficit)	14	(419,333)	(419,333)
Currency translation reserve	14	(5,353)	(751)
Hedging reserve	14	--	(47)
Equity attributable to owners of the Company		**283,758**	**351,910**
Non-controlling interest	32	217	171
Total equity		**283,975**	**352,081**
Non-current financial liabilities	15	344,391	364,555
Deferred income tax liability	29	6,884	8,241
Total non-current liabilities		**351,275**	**372,796**
Trade payables	17	60,264	52,428
Other current financial liabilities	18	48,031	38,990
Current liabilities at fair value through profit or loss	19	8,677	8,964
Other current non-financial liabilities	20	12,129	10,555
Current income tax payables	29	1,010	2,947
Provisions		75	93
Total current liabilities		**130,186**	**113,997**
TOTAL LIABILITIES AND EQUITY		**765,436**	**838,854**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

In thousands of US dollars	Note	2024	2023
Revenue	22	454,761	462,854
Cost of sales	23	(445,257)	(427,917)
- Out of which depreciation and amortisation	*23*	*(84,132)*	*(79,690)*
Gross profit		**9,504**	**34,937**
Administrative expenses	24	(45,842)	(52,185)
Other operating income	25	18,264	2,258
Other operating expenses	26	(4,926)	(2,431)
Operating loss		**(23,000)**	**(17,421)**
Finance income	28	723	2,032
Finance cost	28	(53,175)	(50,467)
Net finance costs		**(52,452)**	**(48,435)**
Loss before income tax		**(75,452)**	**(65,856)**
Income tax expense	29	(9,889)	(9,281)
Loss for the year		**(85,341)**	**(75,137)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation of financial statements of foreign operations to presentation currency	14	(4,602)	1,266
Effective portion of changes in fair value cash flow hedge	14	63	839
Income tax on other comprehensive income	29	(16)	(207)
Other comprehensive income/ (loss) for the year		(4,555)	1,898
Total comprehensive loss for the year		**(89,896)**	**(73,239)**
Loss for the year attributable to:			
Owners of the Company		(85,396)	(75,138)
Non-controlling interest		55	1
Total comprehensive loss for the year attributable to:			
Owners of the Company		(89,951)	(73,240)
Non-controlling interest		55	1

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

In thousands of US dollars	Share capital	Share premium	Other capital funds	Share-based arrange-ments	Capital reorga-nisation reserve/ (deficit)	Currency translation reserve	Hedging reserve	Accumu-lated losses	Equity attribu-table to owners of the Company	-Non controlling interest	Total equity
As at 1 January 2023	**315,630**	**168,726**	**353,864**	**--**	**(419,333)**	**(2,017)**	**(679)**	**(73,789)**	**342,402**	**5**	**342,407**
Loss for the year	--	--	--	--	--	--	--	(75,138)	(75,138)	1	(75,137)
Other comprehensive income for the year	--	--	--	--	--	1,266	632	--	1,898	--	1,898
Total comprehensive income/ (loss) for the year	**--**	**--**	**--**	**--**	**--**	**1,266**	**632**	**(75,138)**	**(73,240)**	**1**	**(73,239)**
Transactions with owners:											
Contribution to other capital funds (Note 14)	--	--	78,000	--	--	--	--	--	78,000	--	78,000
Non-controlling interest increase (Note 32)	--	--	--	--	--	--	--	--	--	39	39
Deferred tax from difference between initial fair value and proceeds received from interest free loans	--	--	--	--	--	--	--	(104)	(104)	--	(104)
Acquisition on non-contro-lling interest (Note 32)	--	--	--	--	--	--	--	--	--	126	126
Share-based payments (Note 21)	--	--	--	4,852	--	--	--	--	4,852	--	4,852
As at 31 December 2023	**315,630**	**168,726**	**431,864**	**4,852**	**(419,333)**	**(751)**	**(47)**	**(149,031)**	**351,910**	**171**	**352,081**
As at 1 January 2024	**315,630**	**168,726**	**431,864**	**4,852**	**(419,333)**	**(751)**	**(47)**	**(149,031)**	**351,910**	**171**	**352,081**
Loss for the year	--	--	--	--	--	--	--	(85,396)	(85,396)	55	(85,341)
Other comprehensive income/ (loss) for the year	--	--	--	--	--	(4,602)	47	--	(4,555)	--	(4,555)
Total comprehensive income/ (loss) for the year	**--**	**--**	**--**	**--**	**--**	**(4,602)**	**47**	**(85,396)**	**(89,951)**	**55**	**(89,896)**
Transactions with owners:											
Contribution to other capital funds (Note 14)	--	--	20,750	--	--	--	--	--	20,750	--	20,750
Non-controlling interest increase (Note 32)	--	--	--	--	--	--	--	--	--	2	2
Deferred tax from difference between initial fair value and proceeds received from interest free loans	--	--	--	--	--	--	--	(10)	(10)	--	(10)
Dividend to non-controlling interest (Note 32)	--	--	--	--	--	--	--	--	--	(11)	(11)
Share-based payments (Note 21)	--	--	--	576	--	--	--	483	1,059	--	1,059
As at 31 December 2024	**315,630**	**168,726**	**452,614**	**5,428**	**(419,333)**	**(5,353)**	**--**	**(233,954)**	**283,758**	**217**	**283,975**

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

In thousands of US dollars	Note	2024	2023
Cash flow from operating activities			
Loss before income tax		(75,452)	(65,856)
Adjustments for:			
Depreciation and impairment of property, plant and equipment, right of use assets and amortization of intangible assets	23	84,154	79,590
Goodwill write off	5	11,572	--
Loss from sale and disposal of property, plant and equipment	26	961	958
Net interest expenses	28	47,971	49,839
Impairment of inventories and trade receivables	23	119	(497)
Unrealized foreign exchange differences	30	1,467	41
Revaluation of financial liabilities at fair value through profit or loss	28	447	(803)
Share of net profit of joint ventures accounted for using the equity method	25, 26	(151)	60
Share-based arrangements	21	1,059	4,852
Net cash inflow from operating activities before changes in net working capital		**72,147**	**68,184**
Changes in working capital, net of effects from acquisition and disposal of subsidiaries:			
Changes in trade and other receivables	6, 8, 9, 11	(25,804)	(27,163)
Changes in inventories	7	(5,255)	20,706
Changes in trade and other liabilities	15, 17,18, 20	3,369	(27,678)
Income taxes paid	29	(2,292)	(1,364)
Net cash inflow from operating activities		**42,165**	**32,685**

In thousands of US dollars	Note	2024	2023
Cash flow from investing activities			
Payments for the acquisition of property, plant and equipment	4	(27,031)	(38,041)
Proceeds from sales of property, plant and equipment	4,25, 26	1,209	621
Payments for the acquisition of intangible assets	4	(4,613)	*(11,118)*
Loans repaid by related parties	9	--	40
Payment for acquisition of subsidiary, net of cash acquired	32	--	(2,804)
Interest income received	28	241	274
Change in restricted cash		--	2,400
Net cash outflow from investing activities		**(30,194)**	**(48,628)**
Cash flow from financing activities			
Contribution to other capital funds	14	20,750	78,000
Dividend to non-controlling interest	32	(11)	--
Non-controlling interest contribution	32	2	39
Proceeds from borrowings	15	3,812	41
Proceeds received under a supplier finance arrangement	15, 18	5,399	--
Repayment of borrowings	15	(17,524)	(6,015)
Repayment of principal of lease liabilities	15	(5,483)	(5,142)
Repayments under a supplier finance arrangement	15, 18	(5,005)	--
Interest paid	15, 28	(42,419)	(43,818)
Net cash inflow/ (outflow) from financing activities		**(40,479)**	**23,105**
Net increase/ (decrease) in cash and cash equivalents		(28,508)	7,162
Cash and cash equivalents at the beginning of the year	**12**	**50,929**	**43,767**
Foreign exchange gain/ (loss) on cash and cash equivalents		--	--
Cash and cash equivalents at the end of the year	**12**	**22,421**	**50,929**

8.1 General information

These consolidated financial statements of Draslovka a.s. (further "the Company") and its subsidiaries (further "the Group") have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (IFRS).

The Company is seated in the Czech Republic, Prague, Dejvice, Generála Píky 430/26. The Company was registered in the Commercial Register on 27 August 2021.

The Company is a joint-stock company and its tax domicile is in the Czech Republic.

Ultimate parent entity of Draslovka a.s. is Draslovka Invest a.s. Ultimate parent entity produces consolidated financial statements that are available for public use and comply with IFRS.

Draslovka Invest a.s. is under joint control of B3 Holding, s.r.o. (25.0%), NP Finance s.r.o. (67.5%) and Cheval Finance s.r.o. (7.5%). These three companies form ultimate controlling party of the Company.

Group activities

The Group is primarily engaged in chemical production and distribution. Its production is located in the United States and the Czech Republic.

The year 2024 witnessed continuous transformation for the Group, evolving into a more diversified supplier of critical reagents and services to the mining industry, while also expanding its product offerings to the battery value chain. These efforts are progressively changing financial structure of the Group, however the introduction of new products and services have not yet delivered desired results at consolidated Group's financial level yet.

Draslovka experienced a return to strong sales volumes of its chemical products in both the US and Europe. Through its proprietary glycine leaching technology (GLT) and AI-powered mining optimization tools, the Company's total addressable market has expanded exponentially.

The Group is aware that it has reported a loss of USD 85,341 thousand for the year 2024 at the consolidated statement level as at 31 December 2024

The Group has evaluated financial and business circumstances that present the following business risks:

- the Group recognises current assets as at 31 December 2024 in the amount of USD 194,551 thousand exceeding current liabilities of USD 130,186 thousand, by almost half. The current assets to current liabilities ratio equals 1.49 (2023: 1.86)
- the depreciation and amortisation expense on assets revalued as part of the acquisition accounting for the US entity in 2021 contributes significantly to the Group's loss.
- the Group maintained a positive cash flow from operating and investing activities of USD 11,971 thousand (2023: USD (15,943) thousand).
- capital contribution from shareholders decreased from USD 78,000 thousand in 2023 to USD 20,750 thousand in 2024 even facing higher repayments of borrowings compared to previous year.
- in 2024, by growing diversification of business with revenues not only from core business but also from Glycat and Na-Ion R&D project, the Group mitigates the risks from concentration for its future operations.
- in 2024, the core business sales showed increased sales volume with a comparable or higher margin.
- the Group is in compliance with the terms of its loan agreements and is meeting its obligations to its creditors.
- the maturity date of the long-term debt obligations under the loan granted to JPMORGAN CHASE BANK, N.A. is, for the most part, 1 December 2026. The Group is actively considering options to refinance these debt instruments.

Draslovka successfully launched multiple partnerships in glycine leaching technologies across mines and established strategic collaborations in regions with historically low commercial activity.

8.1.1 Adoption of new standards, novels, amendments and interpretations of existing standards

The following amendments became effective as at 1 January 2024:

- IAS 1 – Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- IAS 1 – Amendments to IAS 1 – Non-current liabilities with Covenants
- IAS 7 and IFRS 7 - Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- IFRS 16 – Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

As a result of the adoption of the amendments to IAS 7 and IFRS 7, the Group provided new disclosures for liabilities under supplier finance arrangements as well as the associated cash flows in Note 18.

The Company has not adopted any standard or interpretation prior to their effective date.

As at the date of preparation of the financial statements, the following standards and interpretations have been issued, but have not yet been put into effect and the Group has not early adopted them.

Standards and interpretations effective for periods beginning on or after 1 January 2025 (endorsed by the EU):

- IAS 21 – Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Standards and interpretations effective for periods beginning on or after 1 January 2026 (not endorsed by the EU yet but the endorsement is expected before the effective date):

- IFRS 9 and IFRS 7 - Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments
- IFRS 9 and IFRS 7 - Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity
- Annual Improvements Volume 11 – Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

Standards and interpretations effective for periods beginning on or after 1 January 2027:

- IFRS 18 – New standard IFRS 18 - Presentation and Disclosure in Financial Statements (not endorsed by the EU yet but the endorsement is expected before the effective date)

The Group's management anticipates that the adoption of these standards, amendments and interpretations in the following periods will not have a significant impact on the Group. The Group does not intent to adopt IFRS 19.

8.2 Accounting policies

8.2.1 Basis of preparation of the financial statements

The consolidated financial statements, including the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes, are prepared in accordance with IFRS based on historical cost, except for financial instruments measured at fair value.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgment in the process of applying the Group's accounting policies. Amounts in the consolidated financial statements, including the notes, are stated in thousands of US dollars (in USD thousand), unless otherwise stated.

The consolidated financial statements are prepared on a going-concern basis.

The consolidated financial statements have been prepared for the period from 1 January 2024 to 31 December 2024.

8.2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Group.

Acquisitions of businesses are accounted for using the acquisition method.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed at the acquisition date.

Goodwill

Goodwill arising on the acquisition of an entity is carried at cost as determined at the date of acquisition, less any accumulated impairment losses.

Goodwill represents the positive difference between the acquisition cost and the fair value of the assets and liabilities assumed at the time of their acquisition.

Cash-generating units with allocated goodwill are tested for impairment annually, or more frequently if there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment is recognized immediately as an expense and is not subsequently reversed.

8.2.3 Foreign currencies

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). Refer to Note 3 for functional currency determination for individual group companies and for the change in the presentation currency.

8.2.4 Property, plant and equipment

All property, plant and equipment are stated at costs less accumulated depreciation and impairment, where required. Costs include all costs that are directly attributable to the acquisition of the asset.

Depreciation

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Useful lives are stated as follows:

Property, land and equipment	Useful life
Buildings and constructions	30 – 50 years
Plant, equipment and motor vehicles	4 – 25 years
Leasehold improvements	Shorter of useful life and the term of the underlying lease

8.2.5 Precious metals equipment accounting

The Group accounts for portable laboratory equipment, catalysts made of precious metals, major overhaul of catalysts and other precious metals as property, plant and equipment.

The precious metals equipment is depreciated over its useful life. The residual value of the asset is calculated as the amount of the remaining precious metal in the asset multiplied by the market value of the precious metal at the year-end decreased by the deduction of related sales and transaction costs.

The residual value of an asset could increase to an amount that is equal to or greater than the asset's carrying amount. If it does, the depreciation charge on the asset is zero, unless the residual value of the asset subsequently falls below the carrying amount of the asset. If the residual value of the precious metals is lower than its carrying value, the difference is depreciated over 50 years.

The catalysts used in the production are regularly refurbished (subject to overhaul). The costs of refurbishment, including the replacement of loss of precious metals in the catalyst and major repairs and maintenance, are capitalized, provided that it is probable that future economic benefits will flow to the Group and the cost can be measured reliably. This inspection/overhaul cost is then depreciated over the period to the next inspection/overhaul.

The cost and depreciation originally attributed to the overhaul is de-recognized once the cost of the new overhaul has been capitalized, to avoid double counting. The cost of the previous inspection does not need to be separately identified and depreciated when the item is acquired or constructed. The estimated cost of a similar future inspection can be used as a proxy for the carrying value that needs to be de-recognized if this was not separately identified beforehand.

8.2.6 Right-of-use assets

At inception of a contract, the Group shall assess whether the 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 in exchange for consideration. In the case of a leasing contract, the leased property is presented by the lessee as the right-of-use assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The carrying amount of the right-of-use asset is reduced by impairment (if needed) and adjusted for any revaluation of the lease liability.

Right-of-use assets	Useful life
Buildings and constructions	4 – 10 years
Plant, equipment, and motor vehicles	2 - 10 years

The Group applies the recognition exemption to short-term leases and to leases for which the underlying asset is of low value. Short-term leases, leases with a lease term of less than 12 months without the possibility of renewal, and leases for which the underlying asset is of low value are recognized as an expense on a straight-line basis over the lease term. The Company considers as low value an asset with an acquisition price of USD 5 thousand. Refer to the Note 23 – Cost of sales detail table.

8.2.7 Intangible assets

Intangible assets are initially recorded at cost, which includes all costs related to their acquisition and are amortized applying the straight-line method over their estimated useful lives.

Useful lives are set as follows:

Other intangible assets	Useful life
Software	3 years
Other intangible assets	3 - 15 years
Customer relationships	5 years
Licensed technology	15 years

Impairment of assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortization and are tested at least annually for impairment and whenever there is any indication that the intangible asset may be impaired.

8.2.8
Major capitalized overhaul

The production line is regularly refurbished (subject to overhaul). The costs of refurbishment and major repairs and maintenance are capitalized, provided that it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. This inspection/overhaul cost is then depreciated over the period to the next inspection/overhaul.

The cost and depreciation originally attributed to the overhaul is de-recognised once the cost of the new overhaul has been capitalised, to avoid double counting. The cost of the previous inspection does not need to have been separately identified and depreciated when the item was acquired or constructed. The estimated cost of a future similar inspection can be used as a proxy for the carrying value that needs to be de-recognised if this was not separately identified previously.

The costs of major capitalized overhaul include contract labour, contract services, contractor overhead, internal labour, overhead, purchased material and stock material.

8.2.9
Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility and intention of completing the intangible asset so that the asset will be available for use or sale
- The ability to measure reliably the expenditure during development
- How the asset will generate future economic benefits

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use.

It is amortized over the period of expected future benefit on a straight-line basis.

The Group incurs development costs for registration of newly developed products, especially EDN and Bluefume. To obtain registration, the Group must meet the legal requirements in the respective country. Once registered, this registration will be used to sell products in that country. The process of obtaining registration is a long-term procedure, which varies from country to country (several years).

Directly attributable costs to these development activities are allocated to the ongoing or planned registration activities in each of the relevant countries and are allocated to a given country/ product or it is apportioned among several registrations.

Development costs for registration of newly developed products are put into use at the time of successful completion of registration in a given market and are amortised on a straight-line basis over the duration of the licence. If the licence is without time limitation, development costs are amortised over the period from five to ten years.

If there is an indication that the registration cannot be completed, it is expensed to profit or loss, thus impacting the company's earnings. This decision can be based on an adverse study result indicating a negative decision, a negative opinion issued by the State authority on the registration of the product in the country concerned or management decision to terminate the application process in the country concerned.

If the Group decides to cease trading on the market in the country covered by the registration, the carrying value of the respective registration is also expensed to profit or loss. This decision is either based on the management decision or based on the time at which the activities in the country are terminated. Amortization is recorded as cost of sales. During the period of development, the asset is tested for impairment annually.

8.2.10 Financial assets

Impairment of financial assets

The Group has implemented an impairment model reflecting the expected credit losses (ECL) of financial assets. For trade receivables containing a significant financing component the Group made a policy choice and "lifetime ECL" is applied.

For other trade receivables, the Group applies a "simplified approach" using the provision matrix.

For all other financial assets subject to ECL the Group applies the "general approach" to impairment of financial assets.

Application of lifetime ECL for trade receivables containing significant financing component

For trade receivables containing significant financing component, which are predominantly from sales of licences, the Group applies the approach of considering individual exposure to the risk of default over the lifetime of the asset. This approach is adopted given the long-term nature of these financial assets and the existence of a significant financing component. The Group uses country default rates to calculate lifetime ECL.

Application of a simplified approach using a provision matrix

For trade receivables without a significant financing element, the Group determines the ECL allowance using the provision matrix. The provision matrix is based on the application of the expected loss rate to outstanding trade receivables balances (e.g., aging analysis of receivables).

In determining the ECL allowance using the simplified approach, the Group proceeds using the following steps. The Group firstly divides its individual trade receivables into groups of receivables with similar credit risk characteristics by identifying the most significant factors that affect the credit risk of each group. In the second step, the Group determines the historical loss rate for each group with a similar credit risk characteristic. This rate is set for 5 consecutive accounting periods. In the next step, the Group determines the expected loss rate for each receivables group, which is further divided into subcategories according to the number of days past due (e.g., loss rate for non-overdue receivables, loss rate for receivables 1-30 days overdue, loss rate for receivables 31-60 days past due, etc.). In determining the expected loss rate, the Group considers whether the historical loss rates arose under economic conditions that correspond to the expected conditions during the exposure period of the portfolio of receivables as at the balance sheet date. To set the expected loss rate the Group also consider expected GDP and management assessment in the country of debtor. In the last step, the Group calculates the amount of the allowance based on the current gross carrying amount of receivables multiplied by the expected loss rate.

Application of a general model for other financial assets

For other financial assets the Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition.

Other considerations related to impairment of financial assets

If a financial asset qualifies as uncollectible, it is fully impaired.

Impairment of financial assets is reported in the consolidated statement of profit or loss in the line Other operating expenses. In cases where receivables can no longer be enforced (e.g., the receivable has expired, based on the results of the schedule resolution due to lack of assets of the bankrupt, the debtor has lapsed without a legal successor, etc.), receivables are written off to profit or loss against the allowance.

8.2.11 Financial liabilities

Classification

The classification of financial liabilities depends on the purpose for which the financial liabilities were entered. The Group's management determines the appropriate classification of financial liabilities at initial recognition. The Group classifies financial liabilities into the following categories:

Financial liabilities at fair value through profit or loss

The Group makes lease payments linked to the price of the precious metal. The Group has determined that the lease liability contains an embedded derivative and has designated the liability as at fair value through profit or loss on initial recognition and as such the embedded derivative is not separated.

The component of fair value changes relating to the Group's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in profit or loss but are transferred to retained earnings when realised. Fair value changes relating to market risk are recognised in profit or loss.

The Group determines the amount of fair value changes, which are attributable to credit risk, by first determining the changes due to factors other than credit risk, and then deducting those changes from the total change in fair value of the liability.

Financial liabilities at amortized cost

The Group classifies all other financial liabilities at amortized cost. At initial recognition, these are measured at fair value less transaction costs. In subsequent periods, they are carried at amortized cost using the effective interest rate method.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group classifies financial liabilities that arise from supplier finance arrangement separately from Trade and other payables in the statement of financial position since they have a different nature and function to trade payables (Note 17). Cash flows related to liabilities arising from supplier finance arrangements are presented as financing cash flows (see Note 18).

8.2.12 Financial derivatives

The Group uses financial derivatives to manage its exposure to foreign exchange rate risks and interest rate risks. Financial derivatives are initially recognized at fair value at the date of conclusion of a contract and are subsequently remeasured to their fair value. The method of recognizing gains or losses from revaluation to fair value depends on its classification to either hedging derivative or to a trading derivative.

Valuation techniques, such as the present value of expected future cash flows, are used to determine the fair values of financial instruments that are not traded on an active market. The fair value of currency forwards, currency swaps and interest rate derivatives are determined as the present value of future cash flows determined on the basis of market interest rates as at the balance sheet date.

Trading derivatives

Derivative financial instruments, including forward rate agreements, currency and interest rate swaps and caps are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year.

Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract. However, when a derivative is embedded in a contract that is not in scope of IFRS 9, such as a lease liability, the Group may designate the whole lease liability as a financial liability through profit or loss as described above in Note 2.11. In that case the embedded derivative is not separated.

Cash-flow hedge

The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash-flow hedge).

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance income/cost' at the same time as the interest expense on the hedged borrowings within the same financial statement line item as the hedged item.

When the hedging instrument in a cash flow hedge is an option, the Group separates the intrinsic value and the time value of the option and designates as the hedging instrument only the change in the intrinsic value of the option. Changes in the time value of the option are recognized in the cost of hedging reserve. The Group considers the time value of the option to be time-period related as the hedging derivative mitigates the risk exposure during the hedged period and the amount representing the time value of the option at the start of the hedge relationship is amortized to profit and loss over the hedged period on a systematic basis.

8.2.13
Inventories

Purchased inventories, e.g., raw material, auxiliary and operating materials and goods are stated at the lower of cost and net realisable value. Cost includes all acquisition costs (e.g., transport costs).

Inventories are recorded at the lower of cost and net realisable value.

The cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on the normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

8.2.14
Cash and cash equivalents and the statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and bank current deposits with a maturity of less than three months.

8.2.15
Share-based payments

The fair value of agreements on equity-settled share-based payments granted to an entity's own employees is usually recognised as a payroll expense as at the grant date with a corresponding increase in equity as a contribution from the parent.

The expense amount is adjusted to reflect the number of cases anticipated to satisfy the relevant employment term/function term and non-market performance conditions. Consequently, the final recognised amount is based on the number of cases that meet these conditions on the vesting date.

8.2.16 Current and deferred income tax

Deferred tax

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

The Group uses the option under IAS 12, paragraph 39, and does not recognize the deferred tax assets from potential future dividend income from subsidiaries.

Investment incentive means a tax rebate provided on the basis of a decision of the Ministry of Industry and Trade of the Czech Republic, which was provided for the purpose of expanding production (e.g.for the purpose of acquisition of fixed assets reported in the consolidated statement of financial position). The investment incentive reduces the current tax expense that exceed the set limit in the year in which it is drawn. The Group uses the option under IAS 12, paragraph 15 not to account for deferred tax on investment incentives. The deferred tax receivable is thus not reported at the time of obtaining the investment incentive but is recognized in the form of tax reduction in the years in which this tax reduction really occurs.

8.2.17 Revenue and expense recognition

Revenue recognition

Revenues from sale of chemical products

The Group manufactures and sells a large portfolio of chemical products to customers all over the world (mostly in the USA, Mexico, EU and Australia). Sales are recognised when the control of the products is transferred, being when the products are delivered to a customer to a specific location as defined in sales agreements within the INCOTERMS. Based on the Group assessment these customer contracts consist just of a single performance obligation. Transportation costs are included directly in product price calculation and creates the part of the delivery of goods. As control over the goods is transferred to the customer after its delivery to specified destination as agreed in the customer contract, the Group considers these services as a single performance obligation together with sales of products.

Product sales to customers are made under purchase orders ("PO"), or in certain cases, in accordance with terms of a master agreement ("MA") or similar arrangement, which documents the rights and obligations of each party to the contract. When a customer submits a PO for a product or requests product under an MA, a contract for a specific quantity of distinct goods at a specified price is created, and the Group´s performance obligation under the contract is satisfied when control of the product is transferred to the customer, which is indicated by a shipment of the product and the transfer of the title and the risk of loss to the customer. The transaction price for the product sales is generally the amount specified in the PO or in the request under an MSA. The Group regularly assesses its customers' creditworthiness, and product sales are made based on established credit limits.

In some cases the Group may provide volume discounts to its customers. Volume discounts are set on a calendar yearly basis. The Group does n0t offer longer warranty for goods. The claims and complaints for the deliveries are not significant. Except for the sale of licences (refer below), the Group does not conclude contracts with significant financing components with customers.

The Group's product focus is on high-quality cyanide products derived from hydrogen cyanide as a key building block. The Group's value chain coverage is focused on the development, production, and distribution of its products.

Description of main products

NaCN

Sodium cyanide represents more than half of total sales. NaCN is most frequently used in precious metals mining and recovery and it has historically replaced the older method of mining with toxic mercury. Today it is the gentlest chemical substance involved in gold mining. Cyanide compounds in liquid form can extract gold from ore that contains even only a few milligrams of the metal. Draslovka is the world's largest producer of solid sodium cyanide and our plant in Memphis, Tennessee, which was started in 1952, is the largest solid sodium cyanide plant in the world.

HCN

Hydrogen cyanide is a highly versatile and essential chemical compound that finds widespread use in various downstream industries. HCN is utilized in a multitude of applications, including as a critical component in the production of synthetic fibers, plastics, and resins. Additionally, HCN is widely employed in the pharmaceutical and chemical manufacturing sectors as a key component in the synthesis of a diverse range of organic compounds, including pharmaceutical intermediates, agrochemicals, and specialty chemicals. Its unique properties and reactivity make it a crucial ingredient in numerous industrial processes, where it serves as a valuable building block for the production of a wide array of products that are integral to modern life.

DPG

DiPhenylGuanidine is a vulcanization agent that increases the rigidity of natural rubber. This chemical sees the greatest use in the tyre industry, where high-performance rubber is essential. Our proprietary manufacturing process makes DPG accessible to tyre makers across the globe, and it is a vulcanization agent of choice for almost every tyre company that produces high-end quality tyres.

AMINONITRILES

Aminonitriles serve as essential raw materials for the synthesis of amino acids, including N-substituted glycines, which find wide applications in the pharmaceutical, food, and feed industries. For instance, N,N-dimethylglycine is utilized as a dietary supplement and as an intermediate by pharmaceutical companies for the synthesis of novel active ingredients. Sodium

N,N-dimethylglycinate is used as a feed additive for livestock. N-phenylglycine, on the other hand, acts as an intermediate in the production of synthetic indigo for textile dyeing.

KCN

Potassium cyanide is the chemical of choice in surface treatment, electroplating, and gilding. Potassium cyanide is more reactive than the alternative sodium cyanide, a quality beneficial in pharmaceutical intermediates and chemical specialities use.

Syntron

Chelating agent, EthyleneDiamineTetraacetic Acid (EDTA) and its salts, are commonly used in the pulp and paper industries, as well as in water hardness reduction, textiles, medicines, and cosmetics. With its metal ion sequestering properties, EDTA is highly effective in dissolving limescale and for various cleaning applications in industrial factories, kitchens, and bathrooms.

SAM

A liquid nitrogen fertilizer with significant sulphur content, suitable for enriching the soil. The presence of sulphur increases nitrogen utilization in plants, improving product quality and increasing overall crop yield. It is the fertilizer of choice for basic fertilization, fertilization during the vegetation period, and an acceleration of the decomposition of straw.

Retacel

Retacel product line is a cutting-edge growth regulator formulated with Chlormequat, also known as ChlorCholineChloride (CCC). It helps to control plant height and promote optimal growth and reducing the risk of lodging. Designed for use in agriculture, horticulture, and turf management, Retacel effectively inhibits excessive plant growth by reducing internode elongation, resulting in more compact and sturdy plants and therefore higher crop yields.

Other

Other products include innovative sustainable fumigation products EDN and BLUEFUME that are being rolled on to the market with new registrations.

Revenues from sale of goods

The Group sales purchased chemical goods from third parties. Sales are recognised when the control of the products is transferred, being when the products are delivered to a customer to a specific location as defined in sales agreements within the INCOTERMS. Based on the Group assessment these customer contracts consist just of a single performance obligation. Transportation costs are included directly in product price calculation and creates the part of the delivery of goods. As control over the goods is transferred to the customer after its delivery to specified destination as agreed in the customer contract, the Group considers these services as a single performance obligation together with sales of products.

Revenues from sale of services - fumigations

The Group is also the fully vertically integrated fumigation company in the agricultural space with a multi-product portfolio. The Group currently offers services in the areas of soil, timber and log, and empty warehouse fumigation. The Group is directly engaged in the application phase through Draslovka Services Group, currently primarily in Australia, New Zealand, South Africa and Europe. The Group assesses fumigation as one performance obligation recognised in time.

Revenues from sale of licences

The Group also sells technology innovations, including engineering designs, equipment configurations, and blueprints, to customers under specified terms and conditions in certain arrangements, which is recognized as a component of Revenue in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Licence income is generally based on a fixed fee agreed upon by the Group and a customer. In limited cases the contracts also include payments based on production of a licenced product.

The Group maintains several licensing agreements. US and European entities own rights and know-how to production technologies based on HCN chemistry (NaCN, acrylonitrile), the US entity maintains also GlyCat licences.

Sale of license involves the delivery of package of materials with trade secret and patent protected information, the know-how, data, documentation, drawings including confidential information. Package is prepared by group engineers and production specialists.

The package is transferred to a client based on a signed contract closely after contract inception. The package represents a separate performance obligation in the context of the contracts. This results in significant part of the revenue from the licencing contract being recognised closely after the inception of the contract . Contracts on sale of licences are for an unlimited period of time, provided that the customer complies with the terms of the licence agreement. Any fee paid by the customer is non-refundable and non-returnable. Revenue recognition for this performance obligation is at a point in time, at delivery of the package.

The contracts generally include further performance obligations, mainly tailoring of the package to the needs of the customer and further supporting services. The tailoring and further supporting services are considered to meet over time revenue recognition. In case of tailoring, the Group recognises revenue over time considering requirements of IFRS 15 paragraph 35c. In case of further supporting services, the customer simultaneously receives and consumes the services as they are rendered. Input method is applied for revenue recognition.

Relative standalone selling prices are used for transaction price allocation to individual performance obligations. In the context of the contract, the package delivered after contract inception is considered to represent vast majority of the value transferred.

Basic documentation represents majority of the fair value transferred and is handed over at the beginning of the relationship. Transfer of this documentation is considered separate performance obligation. Revenue recognition for this performance obligation is at a point in time.

If the contract includes variable consideration, revenue is recognised only to the extent that it is highly probable that there will be no significant reversal of such revenue.

Revenues from sale of testing, design and consulting services

The Group provides services under fixed-price contracts. The Group transfers control of a service over time and therefore satisfies a performance obligation over time. The Group recognises revenue over time considering requirements of IFRS 15 paragraph 35c.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

For fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the Group.

Other revenues

The Group also sells services to customers under specified terms and conditions in certain arrangements, which is recognized as a component of Revenues in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. Revenues are recognized at the time the customer consumes the benefits from the service provided, or on a linear basis over a given period if the services are provided through an indefinite number of operations during a given period of time. Other services provided by the Group include services connected with rent, transportation and sale of electricity.

Payment terms

The payment terms for sales of products manufactured by the Group commonly range from 30 to 90 days. The Group does not have any customer contracts from sale of chemical products or sale of services where the period between the transfer of the goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust the transaction prices for the time value of money.

The payment terms for revenue from sale of licences may usually partly, and in some limited cases fully, exceed one year. In this case, the transaction prices are adjusted for the time value of money. The financing component of the revenue is determined in combination of the expected length of time between the transfer of the performance obligation to the customer and when the customer pays for those goods or services and the prevailing interest rates in the relevant market at the time of sale. Revenue from financing component is recognised separately form revenue from sale of licenses and is presented in other operating income.

8.2.18
Other income

Gain from the Glycat collaboration agreements

The Group concludes collaboration agreements on market development with partners that have significant market intelligence and networking in the region to collaborate exclusively on the development of the market and identify potential buyers of GlyCat licences. Subsequently, the Group will enter into licence agreements with licence users and will sell all its services and products related to the licenced technology to business customers in the market.

The contract does not fall into scope of IFRS 15 Revenue from contracts with customers, because the partner is not a customer acquiring Glycat licences. The Group developed accounting policy that reflects the substance of the agreements. For further details, refer to note 3 Critical accounting estimates and judgements in applying accounting policies.

The consideration payable by the partner to the Group comprises a fixed element (the initial non- refundable fee payment) and a series of further payments (the yearly fee payments). The gain from the initial fee is presented in the other operating income, net of any cost from derecognition of an intangible asset that the Group previously recognised in terms of Glycat that can be attributed to the collaboration agreement.

The term of contract is indefinite with certain minimum enforceable duration.

The income from the yearly fee payments is recognised as rendered.

The partner is entitled to a certain percentage from sales of Glycat licenses in the respective territory. In such a situation, the Group recognizes revenue from sales of Glycat licences net of the amount paid to the partner.

8.2.19
Lease – The Group as a Lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

8.2.20
Sale and leaseback transactions

The Group might enter into a sale and leaseback transaction as a seller/lessee.

For every sale and leaseback transaction, the Group considers if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset.

If the transfer of the asset is a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer/lessor.

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:

- any below-market terms are accounted for as a prepayment of lease payments; and
- any above-market terms are accounted for as additional financing provided by the buyer/lessor to the Group.

If the transfer of the asset is not a sale, the Group continues to recognise the transferred asset and shall recognise a financial liability equal to the transfer proceeds. The financial liability is accounted for by applying IFRS 9. The liability is described in Note 19.

8.2.21
Subsidies and grants

Government subsidies are not recognized until there is reasonable assurance that the subsidy/grant will be received and that the Group will comply with all attached conditions.

Government subsidies relating to the acquisition of property, plant and equipment reduce the purchase price of this property. The government subsidy is recognized in profit or loss in the form of a reduction in the depreciation of property, plant and equipment. Operating government subsidies are systematically recognized in profit or loss in the periods in which the Group recognizes the related costs to be offset by the subsidy. The cost and the grant income are offset in financial statements.

Tax investment incentives are described in Note 2.16.

8.3 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates. The Group performed the assessment of the functional currency for each company within the Group.

The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency: (a) the currency (i) that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and (ii) of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services (b) the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

The following factors may also provide evidence of an entity's functional currency: the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained.

The functional currencies of the individual group companies which have different functional currency from the currency of the state of their establishment are as follows:

Company	**Functional currency**
Draslovka a.s.	USD
Draslovka Holding a.s.	USD
Draslovka Holding Mexico, S. de R.L. de C.V.	USD
Covoro Mining Solutions Mexicana, S. de R.L. de C.V.	USD
Covoro Mining Solutions Canada Company	USD
Draslovka Chile Limitada	USD

Estimated goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2024 and 2023 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Critical accounting estimates included in impairment testing represents expected revenue growth, profit margin and discount rate used in the model.

The Group estimates future revenue growth rates for each cash-generating unit (CGU) based on historical performance, market conditions, and strategic initiatives. Assumptions regarding future profit margins are made based on current cost structures, anticipated efficiencies, and potential changes in operating conditions. The Group determines discount rates reflecting the current market assessments of the time value of money and the risks specific to the CGUs.

For more information refer to note 5.

Gain from Glycat collaboration agreements – accounting policy

The Group developed an accounting policy reflecting the commercial nature of the agreements in accordance with requirements of IAS 1. The Group assesses the features of the contracts, especially the percentage of the sales proceeds attributable under the contract to the partner (contracting party in the agreement), non-refundable upfront fee as well as the fact that the partner is not a customer in terms of IFRS 15 requirements. These aspects indicate that there is a sharing in the risks and benefits that result from the activities of the counterparties. Both parties contribute to the common marketing efforts in the territory. Under the arrangement the Group gives up part of its prospect revenues in the territory specified in the contract. The consideration payable by the partner is in exchange for its right to participate in and benefit from Group's sales in the territory.

The Group concluded that presentation of the fee net of any Glycat related intangible derecognised as part of other operating income is the best reflection of the substance of the agreements. The gain is recognised upon inception of the collaboration agreement.

Revenue recognition from sales of licences – identification of separate performance obligations

The Group considers that the contracts for sale of licences include three separate performance obligations – delivery of package closely after contract inception, tailoring of the package and other supporting services. The Group assessed that both the below conditions are clearly met for each individual performance obligation:

a) the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer; and

b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

In the context of the contract, the package delivered after contract inception is considered to represent vast majority of the value transferred.

8.4
Property, Plant and Equipment, the right-of-use assets and other intangible assets

8.4.1
Property, Plant and Equipment

in USD thousand	2024	2023
Property, plant and equipment	321,855	352,369
Advances for non-current assets	1	188
Total property, plant and equipment	**321,856**	**352,557**

Details for Property, plant and equipment:

in USD thousand	Land	Buildings	Plant and equipment	Other	Precious metal value catalyst	Assets under construc-tion	Total
Cost as at 1 January 2023	14,891	65,806	304,095	11,750	13,353	73,460	483,355
Accumulated depreciation and impairment	--	(26,661)	(82,616)	(5,080)	(24)	--	(114,381)
Carrying amount as at 1 January 2023	**14,891**	**39,145**	**221,479**	**6,670**	**13,329**	**73,460**	**368,974**
Additions	--	39	710	8,814	1,629	27,486	38,678
Acquisitions through business combinations (see Note 32)	--	--	71	3	--	--	74
Transfers	52	1,662	60,794	--	--	(62,508)	--
Carrying amount of disposals	--	(5)	(1,336)	(10,800)	(1,698)	(450)	(14,289)
Accumulated depreciation of disposed assets	--	5	630	10,550	1,583	--	12,768
Assets classified as held for sale	--	--	--	--	--	(1,310)	(1,310)
Depreciation (see Note 23)	--	(3,459)	(41,335)	(7,028)	(1,614)	--	(53,436)
Impairment (see Note 23)	--	--	100	--	--	--	100
Impact of exchange rate differences (net)	47	275	447	--	27	14	810
Final Carrying amount as at 31 December 2023	**14,990**	**37,662**	**241,560**	**8,209**	**13,256**	**36,692**	**352,369**
Cost as at 1 January 2024	14,990	68,029	365,308	9,769	13,311	36,692	508,099
Accumulated depreciation and impairment	--	(30,367)	(123,748)	(1,560)	(55)	--	(155,730)

in USD thousand	Land	Buildings	Plant and equipment	Other	Precious metal value catalyst	Assets under construc-tion	Total
Carrying amount as at 1 January 2024	**14,990**	**37,662**	**241,560**	**8,209**	**13,256**	**36,692**	**352,369**
Additions	--	16	1,654	5,971	1,309	20,999	29,949
Transfers	--	493	6,660	--	--	(7,153)	--
Carrying amount of disposals	(2)	(21)	(901)	(8,965)	(1,093)	(441)	(11,423)
Accumulated depreciation of disposed assets	--	21	573	8,965	1,093	--	10,652
Depreciation (see Note 23)	--	(4,595)	(40,848)	(8,970)	(1,079)	--	(55,492)
Impairment (see Note 23)	--	(21)	(1)	--	--	--	(22)
Impact of exchange rate differences (net)	(340)	(1,768)	(1,738)	(8)	(200)	(124)	(4,178)
Final Carrying amount as at 31 December 2024	**14,648**	**31,787**	**206,959**	**5,202**	**13,286**	**49,973**	**321,855**
Cost as at 31 December 2024	14,648	64,716	366,590	6,769	13,306	49,973	516,002
Accumulated depreciation and impairment	--	(32,929)	(159,631)	(1,567)	(20)	--	(194,147)
Final Carrying amount as at 31 December 2024	**14,648**	**31,787**	**206,959**	**5,202**	**13,286**	**49,973**	**321,855**

Most significant additions in property, plant and equipment under construction during 2024 relate to finalizing of HCN storage tank projects in Covoro Mining Solutions, LLC in the total amount of 8,076 USD thousand (2023: USD 19,197 thousand), further significant portion of the additions is allocated to projects for the renewal and replacement of existing equipment.

Property, plant and equipment pledged by the Group as collateral for bank loans is described in Note 15.

Other property, plant and equipment consists of capitalized costs of refurbishment and major repairs and maintenance in Covoro Mining Solutions, LLC. This inspection/overhaul cost is then depreciated over the period to the next inspection/overhaul. The period within overhauls varies from year to year. Current overhaul period in 2024 was 12 months (2023: 12 months).

From assets under construction USD 22,034 thousand as at 31 December 2024 (31 December 2023: USD 21,884 thousand) relate to Laguna site assets (refer to Note 13).

8.4.2 Right-of-use assets

in USD thousand	Land and building	Means of transport	Property, plant and equipment	Total
Cost as at 1 January 2023	2,445	17,729	29	20,203
Accumulated depreciation and impairment	(513)	(1,837)	(6)	(2,356)
Carrying amount as at 1 January 2023	**1,932**	**15,892**	**23**	**17,847**
Additions	9,717	2,292	752	12,761
Disposals	(11)	(2,160)	--	(2,171)
Depreciation (see Note 23)	(2,818)	(3,073)	(359)	(6,250)
Impact of exchange rate differences (net)	48	14	1	63
Final Carrying amount as at 31 December 2023	**8,868**	**12,965**	**417**	**22,250**
Cost as at 1 January 2024	11,832	17,544	782	30,158
Accumulated depreciation and impairment	(2,964)	(4,579)	(365)	(7,908)
Carrying amount as at 1 January 2024	**8,868**	**12,965**	**417**	**22,250**
Additions	632	2,561	3,200	6,393
Disposals	(257)	(57)	(9)	(323)
Depreciation (see Note 23)	(2,439)	(2,416)	(1,290)	(6,145)
Transfers	--	(1,528)	1,528	--
Impact of exchange rate differences (net)	(227)	(27)	(1)	(255)
Final Carrying amount as at 31 December 2024	**6,577**	**11,498**	**3,845**	**21,920**
Cost as at 31 December 2024	11,853	17,284	5,794	34,931
Accumulated depreciation and impairment	(5,276)	(5,786)	(1,949)	(13,011)
Carrying amount as at 31 December 2024	**6,577**	**11,498**	**3,845**	**21,920**

Lease liabilities:

in USD thousand	31 Dec 2024	31 Dec 2023
Non-current lease liabilities	17,270	18,119
Current lease liabilities	6,025	5,544
Total lease liabilities	**23,295**	**23,663**

The statement of profit or loss shows the following amounts relating to leases:

in USD thousand	2024	2023
Depreciation charge of right of use assets	(6,145)	(6,250)
Interest expense	(1,765)	(2,878)
Total	**(7,910)**	**(9,128)**

The Group mostly leases non-residential premises and means of transport. The Group used a discount rate of 6.5% - 11.1% to determine the value of lease liabilities. In determining the expected lease term and duration of the lease, the Group considered the contractual lease period and the Group's prospected leased period.

For majority of means of transport, the Group has contractual options to extend the leases beyond the initial period. Also, the early termination of the leases with buy back options is allowed by majority of means of transport lease contracts.

Additions in 2024 relate mainly to renewal and expansion of transport and storage equipment in Covoro Mining Solutions, LLC. (2023: especially lease agreements in Covoro Mining Solutions, LLC, mainly warehouse and terminal rent and flat cars).

8.4.3
Other intangible assets

in USD thousand	Software	Int. generated IA put into use	Customer relation ships	Licensed technology	Other IA	Costs for registrations - not yet ready for use	Other IA not yet ready for use	Total
Cost as at 1 January 2023	2,893	1,939	91,574	39,025	4,172	8,343	940	148,886
Accumulated amortisation and impairment	(167)	(97)	(19,538)	(3,118)	(2,543)	--	--	(25,463)
Carrying amount as at 1 January 2023	**2,726**	**1,842**	**72,036**	**35,907**	**1,629**	**8,343**	**940**	**123,423**
Additions	141	106	--	--	228	1,710	7,335	9,520
Acquisitions through business combinations (see Note 32)	--	--	843	--	123	--	477	1,443
Disposals	--	--	--	--	(57)	--	--	(57)
Transfers	22	848	--	--	(602)	(202)	(66)	--
Amortisation (see Note 23)	(347)	(200)	(16,536)	(2,770)	(364)	--	--	(20,217)
Impact of exchange rate differences (net)	17	22	474	105	(12)	54	(17)	643
Final carrying amount as at 31 December 2023	**2,559**	**2,618**	**56,817**	**33,242**	**945**	**9,905**	**8,669**	**114,755**
Cost as at 1 January 2024	3,054	3,208	93,070	39,171	3,586	9,905	8,669	160,663
Accumulated amortisation and impairment	(495)	(590)	(36,253)	(5,929)	(2,641)	--	--	(45,908)
Carrying amount as at 1 January 2024	**2,559**	**2,618**	**56,817**	**33,242**	**945**	**9,905**	**8,669**	**114,755**
Additions	49	19	--	--	709	1,572	2,207	4,556
Transfers	--	1,188	--	--	--	(1,175)	(13)	--
Disposals	--	--	--	(246)	--	(147)	--	(393)
Amortisation (see Note 23)	(354)	(379)	(18,529)	(3,080)	(364)	--	--	(22,706)
Impact of exchange rate differences (net)	(31)	(203)	(677)	(694)	(58)	(813)	(17)	(2,493)
Final carrying amount as at 31 December 2024	**2,223**	**3,243**	**37,611**	**29,222**	**1,232**	**9,342**	**10,846**	**93,719**
Cost as at 31 December 2024	3,050	4,147	91,884	38,024	3,777	9,342	10,846	161,070
Accumulated amortization and impairment	(827)	(904)	(54,273)	(8,802)	(2,545)	--	--	(67,351)
Final carrying amount as at 31 December 2024	**2,223**	**3,243**	**37,611**	**29,222**	**1,232**	**9,342**	**10,846**	**93,719**

The Group's licensed technology consists mainly of the leading practices covering the production of hydrogen cyanide, sodium cyanide and acrylonitrile.

Costs for registrations intangible asset not yet ready for use represent mainly directly attributable costs for registration of newly developed products to foreign markets e.g., to New Zealand, to the USA, or to the European Union that meet the definition of development cost based on IAS 38. These studies and other costs represent mostly the cost related to fumigant products. To submit an application for registration of a specific fumigant in a given country, a complete set of documents, studies of the impact of the use of a given product, etc. is required. After creating these documentation files, it can be used for registrations in other countries. Amortisation of the asset begins with the approval of the product registration in the respective country. In the event that the registration is not expected to be successful, the related costs are expensed in profit or loss.

The Group discloses as other intangible asset not yet ready for use also the development of software technology. This software tool is an advanced analytics suite supporting and complementing metallurgists offering actionable insights for optimization across process areas in gold mines. This intangible asset totalled to USD 9,919 thousand as at 31 December 2024 (31 December 2023: USD 8,125 thousand).

Intangible assets not yet ready for use and internally generated intangible assets not yet ready for use were tested for impairment as at the balance sheet date. Based on this assessment, no impairment has been identified. Intangible assets were tested for impairment individually.

Intangible assets pledged by the Group as collateral for bank loans are described in Note 15.

8.5 Goodwill

Goodwill from acquisitions through business combinations:

in USD thousand	2024	2023
Goodwill as at January 1	115,689	113,900
Additions (Note 32)	--	1,399
Goodwill write off	(11,572)	--
Impact of exchange rate differences	(540)	390
Goodwill as at 31 December	**103,577**	**115,689**

Impairment test

in USD thousand	2024	2023
CGU 1	94,980	94,980
CGU 2	--	11,423
CGU 3	1,397	1,398
CGU 4	7,200	7,888
Total carrying amount of goodwill as at 31 December	**103,577**	**115,689**

Goodwill in the amount of USD 94,980 thousand is allocated to the cash-generating unit Covoro Mining Solution Business (further "CGU 1") acquired in 2021.

Covoro Mining Solution Business (CMS) is considered as one cash generating unit. The entities are located in the US, Mexico, Canada and Chile. There is one operating chemical plant located in Memphis, Tennessee. Covoro Mining Solutions Mexicana, S. de R.L. de C.V. Covoro Mining Solution Canada Company and Draslovka Chile Limitada represent just distribution channels. The companies purchase goods only from Covoro Mining Solutions, LLC in the US. They hold the distribution licences required in the local market.

Operations of these entities are fully dependent on the operations of Covoro Mining Solutions, LLC. Management monitors operations based on the consolidated budget of Covoro group. Starting 2024, licencing income from GlyCat licences is also part of CGU 1 impairment testing, resulting e.g. in higher margin used for impairment testing. In 2023, considering earlier stage of licensing income and potential uncertainty, licencing sales expectations were not yet included. Revenue from GlyCat licences is internally managed, budgeted and monitored as part of CGU 1 operations.

Goodwill in the amount of USD 11,572 thousand (31 December 2023: USD 11,423 thousand) allocated to cash-generating unit Intreso Group (further "CGU 2") was fully written off in 2024. The group provides end-to-end fumigation services. Intreso Group consists of five companies in three European countries (Belgium, The Netherlands and Slovenia) with a unique set of expertise and operations in the most critical European ports. Intreso is considered as one cash generating unit. The entities' operations are managed as one cash generating unit, its performance is monitored and budgeted as one operational group.

After considering external factors, decreasing market of fumigation and legislation changes in Europe, the Group carried out goodwill impairment testing as at 31 December 2024 and wrote goodwill for CGU 2 off.

In 2023, the Group acquired Blue Cube Group. Blue Cube Systems Proprietary Limited and Blue Cube Technology Proprietary Limited with its subsidiaries are considered as one cash-generating unit. Goodwill related to cash-generating unit Blue Cube (further "CGU 3") totals to USD 1,397 thousand.

Goodwill in the amount of USD 7,200 (31 December 2023 USD 7,888 thousand) is allocated to cash-generating unit MPS (further "CGU 4") that was acquired in 2022. MPS holds an exclusive licensing agreement for the glycine leaching process, allowing ongoing support and access to the latest research being progressed.

The recoverable amount of the CGUs was determined based on a value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. The cash flows over more than five years were determined using values for the fifth year multiplied by growth rate. The growth rate for the period longer than five years is in line with the average growth rate used for the period of five years and does not exceed estimated growth rate for the same industry sector and Group's future operation plans.

Discount rate is determined based on actual market indicators, assessment of time value of money and the risk specific to the CGU. The higher discount rate for CGU 3 reflects the country risk assessment and start-up stage of the CGU, in 2024 the discount rate new acquisition risk assessment was decreased compared to 2023.

Management estimates gross margin based on the CGUs' financial results and the expected market development. Both the discount rate and the expected growth rate are in line with the discount rates and the growth rate in the industry. Gross margin used for the projected period longer than five years is in line with the gross margin for the fifth year and in line with a growth rate for the given industry and Group's plans.

Assumptions used for value in use calculations to which the recoverable amount is most sensitive were:

	2024	2023
CGU 1		
Pre-tax discount rate	15.5%	12.4%
Growth rate beyond five years	1.5%	1.5%
Gross margin	33.1%	27.9%
CGU 2		
Pre-tax discount rate	--	14.7%
Growth rate beyond five years	--	2.0%
Gross margin	--	27.3%
CGU 3		
Pre-tax discount rate	27.5%	31.8%
Growth rate beyond five years	1.5%	1.5%
Gross margin	39.1%	28.9%
CGU 4		
Pre-tax discount rate	25.5%	36.1%
Growth rate beyond five years	1.5%	1.5%
Gross margin	65.9%	27.8%

The recoverable amount of CGUs' exceeds their carrying amount by:

in USD thousand	2024	2023
CGU 1	458,703	65,719
CGU 2	--	5,660
CGU 3	21,584	247
CGU 4	71,411	25,412

Pre-tax discount rate increase that would indicate recording of the impairment to goodwill:

	2024 value actual	2023 value actual	2024 value increased to	2023 value increased to
Pre-tax discount rate				
CGU 1	15.5%	12.4%	27.04%	13.9%
CGU 2	--	14.7%	--	16.3%
CGU 3	27.5%	31.8%	128%	33.6%
CGU 4	25.5%	36.1%	73.9%	99.8%

Growth rate beyond five years decrease that would indicate recording of the impairment to goodwill:

	2024 value actual	2023 value actual	2024 value decreased to	2023 value decreased to
Growth rate beyond five years				
CGU 1	1.5%	1.5%	(63.7)%	(0.8)%
CGU 2	--	2.0%	--	(0.5)%
CGU 3	1.5%	1.5%	(19)%	0%
CGU 4	1.5%	1.5%	(3.3%)	(64.2%)

Gross margins decrease that would indicate recording of the impairment to goodwill:

	2024 value actual	2023 value actual	2024 value decreased to	2023 value decreased to
Gross margin				
CGU 1	33.1%	27.9%	23.0%	23.7%
CGU 2	--	27.3%	--	22.6%
CGU 3	39.1%	28.9%	11.9%	24.9%
CGU 4	65.9%	27.8%	30.9%	9.6%

8.6 Other non-current financial assets

in USD thousand	31 Dec 2024	31 Dec 2023
Loans provided - related parties (see Note 36)	1,526	1,496
Loans provided – third parties	8	--
Cash deposit	1,610	2,306
Long-term receivables from licences	11,295	2,926
Long-term receivables from GlyCat collaboration agreements	8,043	--
Less allowance for expected credit losses (see Note 33)	(207)	--
Total other non-current financial assets	**22,275**	**6,728**

Other non-current loans of USD 1,526 thousand (31 December 2023: USD 1,496 thousand) provided to related party represent a loan provided to DRASLOVKA SERVICES RSA (PTY) LTD, an entity jointly controlled by the Group and a third party, in 2019. The loan is repayable in 2028.

Non-current cash deposits are deposits paid in connection with leasing of vehicles.

Receivables from licences and GlyCat collaboration agreements represent long term receivables with due dates exceeding one year for the respective balance sheet date. Long-term receivables from licences and GlyCat collaboration agreements are, in most of the cases, due by December 2026 (31 December 2023: mostly due by December 2025).

Pledged other financial and non-financial assets are described in Note 15.

The expected credit loss (ECL) measurement and the Group's exposure to credit and currency risk are described in Note 33.

8.7 Inventories

in USD thousand	31 Dec 2024	31 Dec 2023
Raw material	15,514	12,691
Work in progress	5,224	6,484
Finished products and goods	30,268	26,506
Total inventories	**51,006**	**45,681**

Inventories pledged by the Group as collateral for bank loans are described in Note 15.

Carrying amount of inventory as at 31 December 2024 was lower by USD 76 thousand compared to its net realizable value (31 December 2023: USD 146 thousand). Impairment to inventory was recognized in profit or loss.

Inventories recognized as an expense during 2024 reached the amount of USD 342,021 thousand (2023: USD 418,268 thousand).

8.8 Trade and other receivables

in USD thousand	31 Dec 2024	31 Dec 2023
Trade receivables - third parties	58,535	87,730
Trade receivables - receivables from licences	17,974	--
Trade receivables – related parties (see Note 36)	55	28
Trade receivables from GlyCat collaboration agreements	8,232	--
Contract asset	10,000	--
Less allowance for expected credit losses (see Note 33)	(1,399)	(1,430)
Total trade and other receivables	**93,397**	**86,328**

Trade and other receivables are classified as financial assets at amortized cost.

Due to the current nature of these receivables, their carrying amount approximates their fair value after any reduction for impairment.

The Group wrote off receivables in amount of USD 0 thousand in 2024 (2023: USD 45 thousand).

The Group's trade receivables mostly consist of receivables to a large portfolio of customers without the Moody's rating. The Group performs internal credit risk customer's assessment based on the customer payment moral history. Advance payment is required when the Group supplies to new customers with no trading history. For customers where the Group perceives higher risk of default the insurance of the receivables is used. USD 10,272 thousand of receivables was insured as at 31 December 2024 (out of USD 68,018 thousand) (31 December 2023: USD 10,585 thousand out of USD 51,434 thousand).

From the receivables from licenses, GlyCat collaboration agreements and contract assets, 43 % is due in first quarter of 2025 year (2023: 51 %), 42 % is due in fourth quarter of 2025 (2023: 11 %).

USD 443 thousand from the trade receivables from licences and GlyCat collaboration agreements and USD 7,000 thousand from contract assets has been received in cash by the date of issuance of financial statements.

The expected credit loss (ECL) measurement and the Group's exposure to credit and currency risk are described in Note 33.

Trade receivables pledged by the Group as collateral for bank loans are described in Note 15.

8.9 Other current financial assets

in USD thousand	31 Dec 2024	31 Dec 2023
Receivables from rentals and recharge of rental related expenses	2,437	2,375
Other receivables – related parties (see Note 36)	1,742	1,753
Other receivables – third party	2,776	--
Accrued income	178	219
Government subsidy for high energy prices	--	--
Loans provided – related parties (see Note 36)	--	3
Other financial current receivables	--	111
Total other current financial assets	**7,133**	**4,461**

Other current financial assets are classified as financial assets at amortized cost.

Other receivables from related parties (Note 36) in the amount of USD 1,742 thousand (31 December 2023: USD 1,753 thousand) relate to reinvoicing of expenses connected with financing of Group activities to related party companies.

Pledged other financial and non-financial assets are described in Note 15.

8.10 Derivatives

in USD thousand	31 Dec 2024	31 Dec 2023
Financial derivatives with positive fair value – hedge (Note 14, Note 33)	--	1,221
Financial derivatives with positive fair value – non-hedge	1	33
Total Derivatives	**1**	**1,254**

Table with financial derivatives:

	Fair value liability (-) / receivable (+)		Nominal value	
in USD thousand	**31 Dec 2024**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2023**
Currency forwards (financial asset at fair value through profit or loss)	1	33	591	920
Currency forwards (financial liability at fair value through profit or loss)	(160)	--	9,170	--
Interest rate cap (financial derivative - hedge) (see Note 15, Note 35)	--	1,221	--	170,520

Interest rate cap was settled in December 2024.

8.11 Other current non-financial assets

in USD thousand	31 Dec 2024	31 Dec 2023
Tax receivables from value added taxes	7,848	9,962
Prepaid services	4,229	570
Advances provided	2,882	3,806
Other tax receivables excluding income taxes	83	230
Total other current non-financial assets	**15,042**	**14,568**

For VAT receivables arising on acquisition of Covoro Mining Solutions Business, refer to Note 18.

Prepaid services represent mainly prepaid insurance.

Advances provided include mainly deposits to suppliers in the USA and Mexico as at 31 December 2024 and 2023.

Pledged other financial and non-financial assets are described in Note 15.

8.12 Cash and cash equivalents

in USD thousand	31 Dec 2024	31 Dec 2023
Cash on hand	7	9
Cash in bank accounts	22,431	50,935
Total cash and cash equivalents	**22,438**	**50,944**

The Group cooperates with banks with an external rating at the investment level, see Note 33. In 2024 and 2023 the Group cooperated with low-risk banks.

Pledged cash and cash equivalents are described in Note 15.

The credit quality of cash in bank accounts may be summarised based on Moody's ratings as follows:

in USD thousand	31 Dec 2024	31 Dec 2023
AA1	168	260
AA2	1,338	1,831
AA3	13,892	15,415
A1	3,158	16,906
A2	2,592	10,952
A3	426	632
BAA1	297	4,237
BAA3	439	147
BA1	--	128
BA2	--	95
BBB	--	62
Not rated	121	270
Total cash in bank accounts	**22,431**	**50,935**

Cash and cash equivalents in the cash flow statement:

in USD thousand	31 Dec 2024	31 Dec 2023
Cash and cash equivalents	22,438	50,944
Bank overdraft	(17)	(15)
Total cash and cash equivalents	**22,421**	**50,929**

For the purpose of cash flow statements, the Group considers overdraft from Raiffeisenbank (refer to Note 15) part of financial operations, not part of cash and cash equivalents.

Other bank overdrafts are considered part of cash and cash equivalents in the cash flow statement.

As described in Note 18, the Group set up a supplier finance arrangement during 2024. Since the arrangement provides extended payment terms for the Group, cash flows related to the arrangement are considered as financing cash flows for the purpose of the cash flow statement.

The finance provider is considered as an agent that settles invoices on behalf of the Group and the payments made by the finance provider to the Group's suppliers are considered as operating cash outflows and at the same time as financing cash inflows. Subsequent payments to the finance provider are presented as financing cash outflows.

8.13 Assets classified as held for sale

in USD thousand	31 Dec 2024	31 Dec 2023
Assets classified as held for sale - property, plant and equipment	--	1,310
Total Assets held for sale	**--**	**1,310**

Part of assets located at the Laguna site owned by the company Covoro Mining Solutions Mexicana, S. de R.L. de C.V. were classified as assets held for sale as at 31 December 2023. This plant was built to produce HCN and NaCN. Construction on the Laguna site was stopped by previous owner, the Chemours Company, years prior to the sale of Covoro Mining Solution Business to the Group due to legal challenges and protestors. It is the Group intention of not to complete the site but dismantle it. As at 31 December 2023, assets identified for immediate sale in 2024 were reclassified as assets held for sale with the carrying value of USD 1,310 thousand. The sale took place in 2024.

Total assets related to Laguna site disclosed as assets under construction as at 31 December 2024 amounted to USD 22,034 thousand (31 December 2023: USD 21,884 thousand).

The assets of Laguna site were tested for impairment as at the balance sheet date. The Group estimates that fair value of the assets exceeds their carrying value as at 31 December 2024 (31 December 2023).

8.14 Equity and profit distribution

Share capital and share premium

Share capital of the Company is in the amount of USD 315,630 thousand (the nominal value registered in the Commercial register CZK 7 billion). The subscribed capital was fully paid in.

Share capital is divided into 3,351 shares "A type" with a nominal value of USD 89 thousand (CZK 2 million) each and 298,000,000 shares "B type" with a nominal value of USD 0.04 (CZK 1) each. The shares are issued as securities.

The share premium of the Company is in the amount of USD 168,726 thousand.

The shares ensure the right to vote at the General Meeting of the Company. After the dissolution of the Company in liquidation, the shareholder is entitled to a share on the liquidation balance. The liquidation balance is divided among the shareholders in proportion of the nominal value of their shares.

A shareholder is entitled to a share of profit (dividend), which a General Meeting approves for distribution according to the financial result and in accordance with the relevant statements of the Commercial Corporate Act.

For the duration of the Company, even in the event of its dissolution, a shareholder is not entitled to demand the return of his payments for share capital. The transferability of shares is limited by the approval of the General Meeting of the Company. All shareholders have the pre-emption rights to shares of other holders. The shareholder shall, if it intends to transfer all or part of its registered shares, offer them for purchase to the other shareholders of the Company.

Loss for 2023 was transferred to the accumulated losses.

The business of Draslovka Holding a.s. is pledged in favor of Wilmington Trust (London) Limited, reg. no. 05650152, on the basis of a lien credit agreement concluded on 8 December 2021 between Draslovka Holding a.s. as a pledgee and Wilmington Trust (London) Limited as a collateral agent. This lien credit agreement was concluded in relation to Credit Agreement dated as of 1 December 2021 among MANCHESTER ACQUISITION SUB LLC, as a borrower and JPMORGAN CHASE BANK, N.A. as a lender.

Other capital funds

In 2024, the sole shareholder Draslovka Beta S.à.r.l. decided to increase the Company's other capital funds by USD 20,750 thousand (2023: increase by USD 78,000 thousand).

Other capital funds are used to finance the Group's activities by its shareholders.

Contribution to other capital funds can be returned to shareholders only to the extent that they exceed the Company's losses.

Capital reorganization reserve / (deficit)

In 2021, the Group underwent a capital reorganisation. The following companies were newly incorporated: Draslovka Holding Alpha a.s., Draslovka a.s., and Draslovka Invest a.s. Draslovka Invest a.s. was under joint control of B3 Holding, s.r.o. (25.0%), NP Finance s.r.o. (67.5%) and Cheval Finance s.r.o. (7.5%).

Draslovka Invest a.s. became a parent company of Draslovka Holding a.s. on the basis of the Agreement on the terms of granting voluntary non-cash contribution concluded 12 October 2021 with B3 Holding, s.r.o., NP Finance s.r.o. and Cheval Finance s.r.o., the subject of which were the shares of Draslovka Holding a.s. Subsequently Draslovka Invest a.s. contributed the shares of Draslovka Holding a.s. to Draslovka a.s. 20 October 2021. Draslovka a.s. then contributed the shares of Draslovka Holding a.s. to its subsidiary Draslovka Holding Alpha a.s. 25 October 2021.

Capital reorganization reserve/(deficit) contains primarily the remaining elements of equity of Draslovka Holding a.s. before the capital reorganization and contribution of Draslovka Holding a.s. by Draslovka Invest a.s. to the Company's share capital and share premium.

Currency translation reserve

Currency translation reserve arises on translation of the consolidated entities denominated in a different presentation currency from the Group´s functional currency.

Other funds and foreign currency translation funds are funds that arise from accounting operations in the Group's consolidated financial statements and are therefore not intended for distribution to shareholders.

Non-controlling interest

Non-controlling interest is described in Note 32.

Contributions to capital funds might be distributed to the shareholder only in the amount that the funds exceed the accumulated losses.

Other funds and foreign currency translation funds are funds that arise from accounting operations in the Group's consolidated financial statements and are therefore not intended for distribution to shareholders.

Hedging reserve

in USD thousand	31 Dec 2024	31 Dec 2023
Intrinsic value	--	1,673
Cost of hedging reserve	--	(1,725)
Deferred tax from hedging reserve	--	5
Hedging reserve	**--**	**(47)**

The hedging reserve represents the effective portion of changes in the fair value of hedging derivatives that qualify as such and meet the criteria for cash flow hedges. The gain or loss relating to the ineffective portion is recognised directly in profit or loss.

The change of hedging reserve including change of deferred tax of USD 47 thousand is recognised in other comprehensive income (2023: USD 632 thousand).

The change in fair value of the hedged item used to determine the hedge effectiveness is a gain of USD 1,673 thousand (31 December 2023: loss of USD 503 thousand). The Group has not recognized any ineffectiveness in the current period as the hedge relationship was fully effective.

Change in the intrinsic value of the hedging reserve:

in USD thousand	31 Dec 2024	31 Dec 2023
Opening balance 1 January 2024	**1,269**	**892**
Effective portion of changes in fair value of hedging derivatives	(1,673)	503
Change in deferred tax	404	(126)
Closing balance 31 December 2024	**--**	**1,269**

The hedging instrument in the cash flow hedge is an interest rate cap. The Group separates the intrinsic value and the time value of the cap and designates as the hedging instrument only the change in the intrinsic value of the cap. Changes in the time value of the cap are recognized in the cost of hedging reserve presented in Effective portion of changes in fair value of cash flow hedge in the statement of other comprehensive income. The Group considers the time value of the option to be time-period related as the hedging derivative mitigates the risk exposure during the hedged period. Therefore, the amount representing the time value of the option at the start of the hedge relationship is amortized to profit and loss over the hedged period on a linear basis. The amount amortized for the current accounting period has been recognized in the financial statements line item Other financial expenses in profit or loss.

Change in the time value of the hedging instrument:

in USD thousand	31 Dec 2024	31 Dec 2023
Opening balance 1 January 2024	**(1,316)**	**(1,571)**
Change in time value of option	442	(1,064)
Amortization of the initial time value to profit or loss	1,283	1,400
Change in deferred tax	(409)	(81)
Closing balance 31 December 2024	**--**	**(1,316)**

8.15 Non-current financial liabilities

Non-current financial liabilities:

in USD thousand	31 Dec 2024	31 Dec 2023
Non-current loans and borrowings	322,069	341,403
Non-current other third-party liabilities	--	333
Non-current other liabilities – related party (Note 36)	5,052	4,700
Non-current lease liabilities	17,270	18,119
Total non-current financial liabilities	**344,391**	**364,555**

Received loans and borrowings:

in USD thousand	31 Dec 2024	31 Dec 2023
Bank loans	346,258	357,524
Non-current part	*322,069*	*341,403*
Current part (Note 18)	*24,189*	*16,121*
Bank overdrafts (Note 18)	9,287	7,945
Related party loans (see Note 36)	5,052	4,700
Non-current part	*5,052*	*4,700*
Current part	*--*	*--*
Current loans received	--	121
Total loans and borrowings	**360,597**	**370,290**
Of which:		
Non-current loans and borrowings	327,121	346,103
Current loans and borrowings (Note 18)	33,476	24,187

The entity Manchester Acquisition Sub LLC entered on 1 December 2021 into a Credit Agreement with JPMORGAN CHASE BANK, N.A. Based on the Credit Agreement the entity received a non-current Initial Term Loan in total amount of USD 348,000 thousand. The loan is due in December 2026 and will be repaid quarterly in 20 instalments. Interest rate for the Initial Term loan is margin plus adjusted Secured Overnight Financing Rate ("SOFR").

The second part of the Credit Agreement is an Initial Revolving Facility in an aggregate available amount thereunder of USD 30,000 thousand. Manchester Acquisition Sub LLC has drawn an amount of USD 30,000 thousand as of 31 December 2024 (31 December 2023: USD 28,000 thousand). The loan is due in December 2026. Interest rate for the Initial Term loan is margin plus adjusted SOFR rate.

The Group has a revolving bank loan with Raiffeisenbank with credit limit up to USD 10,391 thousand, with the amount drawn as at 31 December 2024 of USD 9,270 thousand (31 December 2023: USD 7,930 thousand).

In October 2022, the Group concluded interest rate cap for 50 % of the remaining principal of Term Loan B under the Credit Agreement with JPMORGAN CHASE BANK, N.A. facility. The interest rate cap was entered into for a 2 years period, keeping the cap for SOFR rate on 4.25% level.

Financial covenants relating to the Credit Agreement are described in Note 31 (Contingencies and Commitments).

In 2022, the Group received interest-free loans from related parties in the total amount of USD 9,340 thousand. Loans are due on 30 June 2033. The difference of USD 5,144 thousand between the gross proceeds and the fair value of the loan represents the benefit arising from the interest-free loan, which was recognized in equity. The value of USD 5,052 thousand as of 31 December 2024 is the fair value of the loan received at its date, plus interest expense for 2022, 2023 and 2024 (31 December 2023: USD 4,700 thousand).

The fair value of loans and borrowings is disclosed in Note 35.

The following table shows the assets that were provided by the Group as a collateral for bank loans as at 31 December 2024 and as at 31 December 2023.

2024 in USD thousand	**Carrying amount**	**Amount provided as collateral**	**Amount not provided as collateral**
Property, plant and equipment	321,856	(318,577)	3,279
Intangible assets	93,719	(75,380)	18,339
Inventories	51,006	(46,732)	4,274
Trade receivables	93,397	(84,674)	8,723
Other financial and non-financial assets	44,450	(41,640)	2,810
Cash and cash equivalents	22,438	(17,530)	4,908
Total	**626,866**	**(582,927)**	**43,939**

2023 in USD thousand	**Carrying amount**	**Amount provided as collateral**	**Amount not provided as collateral**
Property, plant and equipment	352,557	(349,868)	2,689
Intangible assets	114,755	(101,293)	13,462
Inventories	45,681	(38,848)	6,833
Trade receivables	86,328	(82,292)	4,036
Other financial and non-financial assets	27,011	(26,294)	717
Cash and cash equivalents	50,944	(34,593)	16,351
Total	**677,276**	**(584,533)**	**42,333**

The Group has bank accounts for some of its entities following the banking covenants requirements. These companies can operate with the cash without further restrictions.

Reconciliation of liabilities from financing activities:

in USD thousand	Loans and borrowings	Supplier finance arrangement	Liabilities from leases	Hedging derivate asset	Financial liabilities at FVTPL	Restricted cash	Total
Liabilities from financing as at 1 January 2023	**370,976**	**--**	**18,191**	**(1,909)**	**9,856**	**(2,400)**	**394,714**
Cash transactions	**(45,980)**	**--**	**(7,844)**	**--**	**(992)**	**2,400**	**(52,416)**
Change in restricted cash	--	--	--	--	--	2,400	2,400
Repayment of loans	(3,480)	--	--	--	--	--	(3,480)
Decrease of overdrafts	(2,535)	--	--	--	--	--	(2,535)
Leasing repayment	--	--	(5,142)	--	--	--	(5,142)
Interest paid	(39,965)	--	(2,702)	--	(992)	--	(43,659)
Non-cash transactions	**45,294**	**--**	**13,316**	**688**	**100**	**--**	**59,398**
Foreign exchange translation	111	--	30	--	--	--	141
Effective portion of changes in fair value of cash flow hedge	--	--	--	(839)	--	--	(839)
New leases	--	--	12,246	--	--	--	12,246
Disposal of lease agreements	--	--	(2,078)	--	--	--	(2,078)
Acquired in business combination	112	--	--	--	--	--	112
Accrued interest	45,071	--	2,861	1,339	903	--	50,174
Leasing modifications/ reassessments	--	--	257	--	--	--	257
Revaluation of financial liabilities at fair value through profit or loss	--	--	--	188	(803)	--	(615)
Liabilities from financing as at 31 December 2023	**370,290**	**--**	**23,663**	**(1,221)**	**8,964**	**--**	**401,696**

in USD thousand	Loans and borrowings	Supplier finance arrangement	Liabilities from leases	Hedging derivate asset	Financial liabilities at FVTPL	Restricted cash	Total
Liabilities from financing as at 1 January 2024	**370,290**	**--**	**23,663**	**(1,221)**	**8,964**	**--**	**401,696**
Cash transactions	**(53,830)**	**394**	**(7,199)**	**--**	**(585)**	**--**	**(61,220)**
Drawing of loans	2,000	--	--	--	--	--	2,000
Repayment of loans	(17,524)	--	--	--	--	--	(17,524)
Drawing of overdrafts	1,812	--	--	--	--	--	1,812
Proceeds received under supplier finance arrangement	--	5,399	--	--	--	--	5,399
Repayments under supplier finance arrangement	--	(5,005)	--	--	--	--	(5,005)
Leasing repayment	--	--	(5,483)	--	--	--	(5,483)
Interest paid	(40,118)	--	(1,716)	--	(585)	--	(42,419)
Non-cash transactions	**44,137**	**54**	**6,831**	**1,221**	**138**	**--**	**52,381**
Foreign exchange translation	(466)	--	(312)	--	--	--	(778)
Effective portion of changes in fair value of cash flow hedge	--	--	--	(63)	--	--	(63)
New leases	--	--	6,360	--	--	--	6,360
Disposal of lease agreements	--	--	(982)	--	--	--	(982)
Liabilities under supplier finance arrangement transferred from trade payables	--	5,453	--	--	--	--	5,453
Payments to suppliers by the finance provider under the supplier finance arrangement	--	(5,399)	--	--	--	--	(5,399)
Accrued interest	44,603	--	1,765	1,284	585	--	48,237
Revaluation of financial liabilities at fair value through profit or loss	--	--	--	--	(447)	--	(447)
Liabilities from financing as at 31 December 2024	**360,597**	**448**	**23,295**	**--**	**8,517**	**--**	**392,857**

8.16 Offsetting on the balance sheet

The Group has entered arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract. The following table presents the recognized financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2024 and 31 December 2023. The column 'net amount' shows the impact on the Group's statement of financial position if all set-off rights were exercised.

	Effects of offsetting on the balance sheet				
2024 in USD thousand	**Gross carrying amount in the statement of financial position**	**Gross amount set-off in the statement of financial position**	**Net amount in the statement of financial position**	**Financial instrument collateral**	**Net amount**
Financial assets					
Trade receivables	93,397	--	93,397	(84,674)	8,723
Cash and cash equivalents	22,438	--	22,438	(17,530)	4,908
Total	**115,835**	**--**	**115,835**	**(102,204)**	**13,631**
Financial liabilities					
Bank loans	(346,258)	--	(346,258)	102,204	(244,054)
Total	**(346,258)**	**--**	**(346,258)**	**102,204**	**(244,054)**

	Effects of offsetting on the balance sheet				
2023 in USD thousand	**Gross carrying amount in the statement of financial position**	**Gross amount set-off in the statement of financial position**	**Net amount in the statement of financial position**	**Financial instrument collateral**	**Net amount**
Financial assets					
Trade receivables	86,328	--	86,328	(82,292)	4,036
Cash and cash equivalents	50,944	--	50,944	(34,593)	16,351
Total	**137,272**	**--**	**137,272**	**(116,885)**	**20,387**
Financial liabilities					
Bank loans	(357,524)	--	(357,524)	116,885	(240,639)
Total	**(357,524)**	**--**	**(357,524)**	**116,885**	**(240,639)**

The conclusion of agreements to pledge the Group's assets as collateral to borrowings is a basic condition to each bank loan agreement. Without the prior consent of the creditor, the debtor, with the exception of permitted collateral, shall not establish another collateral right for the pledged items. In the event of a breach of the terms of the bank loan agreement, the bank loan may become due.

8.17 Trade payables

Trade payables

in USD thousand	31 Dec 2024	31 Dec 2023
Trade payables – third parties	60,226	52,395
Trade payables – related parties (see Note 36)	38	33
Total trade payables	**60,264**	**52,428**

All trade payables are short-term in nature and are measured at amortized cost. Due to the short-term nature of trade payables, their carrying amount approximates their fair value. None of the trade payables is secured by a lien.

8.18 Other current financial liabilities

Other current financial liabilities:

in USD thousand	31 Dec 2024	31 Dec 2023
Current loans and borrowings (see Note 15)	33,476	24,187
Supplier finance arrangement	448	--
Other financial liabilities measured at amortized cost	8,079	9,259
Other financial liabilities measured at amortized cost – related parties (see Note 36)	3	--
Current lease liabilities	6,025	5,544
Total other current financial liabilities	**48,031**	**38,990**

Other financial liabilities measured at amortized cost in amount of USD 6,848 thousand (31 December 2023: USD 8,383 thousand) relate to payable for VAT reinvoicing arising on the acquisition of Covoro Mining Solutions Business. Covoro Mining Solutions Mexicana, S. de R.L. de C.V. has VAT receivable from Mexican financial authority in connection with the asset transfer to this entity by the Seller before the acquisition by the Group. The amount is due to The Chemours Company TT, LLC upon receipt from the Mexican VAT authority.

During 2024, the Group established a supplier finance arrangement that is offered to some of the Group's suppliers in the United States. Participation in the arrangement is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangement receive timely payment on invoices sent to the Group from external finance provider based on their usual payment terms. The Group then pays for the invoices to the finance provider in 14 to 28 days of the following month. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Group provides no security to the finance provider.

As at 31 December 2024, the carrying amount of liabilities under the supplier finance arrangement amounts to USD 448 thousand (31 December 2023: USD 0 thousand), of which USD 394 thousand had been already paid by the finance provider. Liabilities under the supplier finance arrangement are usually due in the range of 45-80 days whereas comparable trade payables that are not part of the supplier finance arrangement are due within 30-60 days.

There were no material business combinations or foreign exchange differences that would affect the liabilities under the supplier finance arrangement.

8.19 Current liabilities at fair value through profit or loss

Other current financial liabilities:

in USD thousand	31 Dec 2024	31 Dec 2023
Current liabilities at fair value through profit or loss	8,517	8,964
Financial derivates with negative value – non hedge	160	--
Total current liabilities at fair value through profit or loss	**8,677**	**8,964**

Current financial liabilities in the amount of USD 8,517 thousand (31 December 2023: USD 8,964 thousand) represent precious metal lease from third party. Based on the fact, that the lease payments are linked to the price of the precious metal, the Group has determined that the lease liability contains an embedded derivative. The Group has elected the option to designate the entire financial liability as at fair value through profit or loss on initial recognition. The embedded derivative has not been separated.

In 2024 the Group has not recognized any changes in fair value relating to the Group's own credit risk (2023: no changes in fair value recognised).

in USD thousand	31 Dec 2024	31 Dec 2023
Carrying amount	8,517	8,964
Cumulative change in fair value due to changes in credit risk recognized in equity	--	--
Amount the Group is contractually obligated to pay to the counterparty	8,436	8, 573
Difference between carrying amount and the amount the Group is contractually obligated to pay to the counterparty	81	391
Net gains recognized in profit or loss for the current period	447	(803)
Net gains recognized in other comprehensive income for the current period	--	--

8.20 Other current non-financial liabilities

Other current non-financial liabilities:

in USD thousand	31 Dec 2024	31 Dec 2023
Other tax liabilities excluding income taxes	2,110	2,094
Contract liabilities	2,775	2,768
Payables to employees	7,244	5,693
Total other current non-financial liabilities	**12,129**	**10,555**

Deliveries where the Group has not yet satisfied its performance obligation as at 31 December 2024 represent USD 2,213 thousand from contract liabilities (31 December 2023: USD 2,496 thousand). These revenues were therefore not recognized in revenue from contracts in 2024 but are recognized in revenues of the following year (contract liabilities as at 31 December 2023 in the amount of USD 2,496 thousand were recognized in revenue from contracts with customers in 2024).

8.21 Share-based payment arrangements

The Group provides an equity-settled share-based payment arrangement, stock option plan (the "Share Program"), to its employees. The Share Program entitles the Group's key executives and employees (option holders) to purchase the Company's shares. The plan is currently only available to executives and senior employees based on contracts with individual employees. The basic principles of the Share Program are as follows:

- to the extent, at the times and subject to the conditions of the Share Program, the participant will acquire the following options by way of vesting.

a) 22% of the allocated stock options on the first anniversary of the vesting start date
b) 21% of the allocated stock options on the second anniversary of the vesting start date
c) 20% of the allocated stock options on the third anniversary of the vesting start date
d) 19% of the allocated stock options on the fourth anniversary of the vesting start date
e) 18% of the allocated stock options on the fifth anniversary of the vesting start date

Shares designated for the Share Program are 298 million of shares B of Draslovka a.s.

The participants in share-based payment arrangements can't sell or transfer the options without written consent by both parties.

Employees terminating their employment are divided into two groups:

- Leaving on good terms (over the entire term): unexercised options granted are not forfeited;
- Leaving on bad terms (over the entire term): the unexercised options granted are forfeited.

Granted options	Number of instruments (thousands)	Vesting conditions	Contractual maturity of the option
Tranche 1	196,458	employment term/function term from the grant date to 1 January 2027	The option may be exercised until 6 years of the date of the contract
Tranche 2 & 3	48,598	employment term/function term from the grant date to 1 January 2027 and 1 January 2028	The option may be exercised until 6 years of the date of the contract

Fair value measurement

To determine the fair values of equity-settled share-based payments (stock option plans settled with equity instruments), the following input information was used:

	Stock option plan (equity-settled)		
Key executives	**Tranche 1**	**Tranche 2**	**Tranche 3**
Fair value (in thousand USD) (average) at grant date	4,586	266	156
Exercise price of the option (in USD)	0.01793	0.01793	0.0046
Expected maturity of the option (weighted average) in years	3	3	3
Dividend income	--	--	--
Risk-free interest rate	3.14%	3.14%	3.93%

Expenses recognized in the statement of profit and loss

In connection with the Share Program, the Group recognized expenses of USD 1,059 thousand (2023: USD 4,852 thousand) in Personal expenses. This amount represents personnel expenses related to key management personnel.

In connection with employees terminating their employment, the Group booked USD (483) thousand to Accumulated losses (2023: USD 0 thousand).

The fair value of employee stock options was determined using an adjusted form of binomial model that considers the term of the vesting, the share price at grant date and risk-free interest rate. The model inputs for the year ended 31 December 2024 included Group expectation of the cash redemption in 2027 year (31 December 2023: 2026). Model inputs were based on best management estimate.

8.22 Revenue

in USD thousand	2024	2023
Timing of revenue recognition		
At a point in time:		
Sales of chemical products	389,443	394,292
Sales of purchased chemical goods	16,345	--
Fumigation services	14,410	18,044
Revenues from sale of licences – third party	14,201	40,118
Over time:		
Services provided to related parties (see Note 36)	52	27
Sale of testing, design and consulting services	10,000	--
Other revenue	10,310	10,373
Total revenue from contracts with customers	**454,761**	**462,854**

The Group has technology innovations related to the production of hydrogen cyanide, sodium cyanide, acrylonitrile and GlyCat technology that are being sold to third parties. The revenue from sale of licences primarily consists of engineering designs, equipment configurations and blueprints.

The customer pays the transaction price in several instalments. The first instalment, representing significant portion of the transaction price, is usually paid upon delivery of the license documentation package, closely after signing the contract, the other payments are split between the beginning of the contractual relationship and the date when the plant subject to license is built or when the technology is implemented by the customer. In 2024, the Group concluded also licence agreements, where majority of the payments are deferred by 18 to 24 months from the date of contract inception, the revenue recognised from these licence agreements in the year ended 31 December 2024 was USD 10,937 thousand.

Payment terms for some of the instalments exceed one year. There is a significant financing component for those contracts where the customer payments are deferred in time.

Majority of license sale contracts include variable consideration. The variable consideration is constrained until the conditions are reasonably expected to be met, increased production by the client using the licensed technology exceeding certain threshold, specified in the contract, are fulfilled.

Warranties in the contracts concluded in 2024 were assessed by management and no warranty provision need was identified.

Fumigation services represent fumigation of wood, plant, fields using the chemical fumigants either produced by the group or purchased externally. The performance obligation is fulfilled as services are rendered. Payment is typically due within 30 – 90 days, without significant financing component. The consideration is not variable.

Contract balances and the related disclosures have been included in the following places in the notes to the Group's accounts:

Receivables	Balance described as Trade receivables – Note 6,8
Contract liabilities	Note 20

Other revenue represent mostly rental income from leases and revenues from resale of electricity.

Sales of chemical products divided by customer's location:

in USD thousand	**2024**	**2023**
Sales in North America	154,463	137,407
Sales in South America	152,702	181,187
Sales in Europe	41,111	47,885
Sales in Africa	36,966	18,281
Sales in Asia	19,274	8,908
Sales in Australia and New Zealand	1,272	624
Total revenue from sales of chemical products	**405,788**	**394,292**

Sales by chemical products:

in USD thousand	2024	2023
NaCN	308,049	307,058
Glycine	3,052	--
Mining solutions	**311,101**	**307,058**
HCN	47,914	41,700
DPG	21,721	19,295
Aminonitriles	3,612	5,100
KCN	5,617	6,029
Syntron	930	1,434
Specialty chemicals products	**79,794**	**73,558**
SAM + SAMBO	6,212	6,348
Retacel	4,028	4,189
Other fumigants	2,791	1,296
Agriculture solutions	**13,031**	**11,833**
Other products	1,862	1,843
Total revenue from sales of chemical products	**405,788**	**394,292**

If there is a time delay between the realisation of sales from contracts with customers and its cash inflows, this is usually the case for sales to more distant foreign countries where the cash receipts may be tied to the transportation of goods even though the sales are realized and the risk passes to the customer earlier. The delay does not exceed 12 months and does not represent significant financing component.

Unsatisfied long-term consulting contracts

The following table shows unsatisfied performance obligations resulting from fixed-price long-term contracts:

in USD thousand	2024	2023
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December	15,000	--

The Group expects that approximately 67 % of the transaction price allocated to unsatisfied performance obligations as of 31 December 2024 will be recognised as revenue next year (USD 10,000 thousand). The remaining 33 % (USD 5,000 thousand) will be recognised in 2026.

All other contracts are for periods of one year or less, or the unsatisfied part as at 31 December 2024 is considered as insignificant. The Group does not disclose the transaction price allocated to these unsatisfied contracts.

8.23
Cost of sales

in USD thousand	2024	2023
Consumption of raw materials	(200,859)	(193,463)
Depreciation and amortization (see Note 4)	(84,132)	(79,690)
Transportation	(55,198)	(44,262)
Employee benefits	(40,992)	(42,802)
Repairs and maintenance	(16,466)	(18,590)
Packaging and terminals	(14,085)	(13,134)
Energy consumption	(7,906)	(7,968)
Equipment and supplies	(1,484)	(2,051)
Short-term and low-value asset lease	(515)	(1,258)
(Creation)/Release of impairment to property, plant and equipment	(22)	100
Release of a provision for inventory	61	544
Change in impairment to trade receivables	(180)	(43)
Trade receivables write off	--	(45)
Changes in inventories of finished goods and work in progress	3,121	(14,891)
Other	(15,028)	(10,364)
Goodwill write off (see Note 5)	(11,572)	--
Total costs of sales	**(445,257)**	**(427,917)**

* Other costs include other costs related to production and operations

Other cost of sales represents other costs not specifically included in the described categories; e.g. other contracted services related to production.

The Group had a total of employees 731 in 2024 (2023: 681 employees). Total personnel expenses amounted to USD 57,814 thousand in 2024 (2023: USD 57,927 thousand) of which USD 40,992 thousand relates to cost of sales (2023: USD 42,802 thousand).

The Group contributes to defined contribution plans which receive fixed contributions from Group companies. The Group's legal or constructive obligation of these plans is limited to the contributions. During 2024, the expenses recognized in relation to the contributions amounted to USD 2,319 thousand (2023: USD 2,129 thousand).

Research costs and part of the development costs that do not fulfil the conditions for capitalization to intangible assets amounted to USD 237 thousand in 2024 (2023: USD 226 thousand).

8.24 Administrative costs

in USD thousand	2024	2023
Employee benefits	(16,822)	(15,125)
Employee share plans (long-term incentives)	(1,059)	(4,582)
Insurance	(5,635)	(5,808)
Consulting costs	(5,503)	(4,971)
IT expenses	(3,152)	(7,743)
Legal services	(2,117)	(2,501)
Travel expenses	(1,685)	(1,473)
Marketing and representation costs	(1,699)	(741)
Audit services	(959)	(460)
Accounting and tax services	(940)	(1,045)
Terminal services	(618)	(2,579)
Ratings	(174)	(143)
Feasibility studies	--	(472)
Administrative services provided by related party (see Note 36)	(142)	(108)
Acquisition-related transaction costs	--	(5)
Other administrative expenses (services and other administrative expenses)	(5,337)	(4,429)
Total administrative costs	**(45,842)**	**(52,185)**

* Other costs include other costs related to production and operations

IT expenses contain purchased software licences and licence subscription fees, accounting and other software implementation costs and IT equipment in 2024 and 2023. In 2023, the Group introduced SAP S4/HANA for Covoro entities.

Consulting costs contain strategic management, business, economic and other consultancy services. Terminal services in 2023 included packaging services of sodium and potassium cyanide products in Woodstock terminal.

8.25 Other operating income

in USD thousand	2024	2023
Gain on GlyCat collaboration agreements	16,424	--
Income from unwinding discount from licences sales	656	--
Share of net profit of joint venture accounted for using the equity method	151	--
Other income from operations from related party (see Note 36)	14	--
Other income from operations	1,019	2,258
Total other operating income	**18,264**	**2,258**

The Group has technology innovations, GlyCat, process that can reduce cyanide consumption while minimizing or eliminating the need for cyanide detoxification. Licences to Glycat are being sold to third parties. The Group concludes collaboration agreements on market development with partners that have significant market intelligence and networking in the region to collaborate exclusively on the development of the market and identify potential buyers of GlyCat licences. Gain on the collaboration agreements was recognised following the accounting policy as described in the note 2.1. Payment terms for some of the instalments from collaboration agreements exceed one year. There is a significant financing component for those contracts where the customer payments are deferred in time. The related receivables are included in the notes 6 and 8.

In 2023, financial authority reimbursed the Group for VAT penalty from prior years. The Group received back from financial authorities USD 1,799 thousand.

8.26 Other operating expenses

in USD thousand	2024	2023
Taxes and fees	(844)	(1,244)
Loss on sale of non-current assets	(961)	(574)
Foreign exchange loss from operating activities - net	(678)	--
Other expenses from operations	(2,443)	(553)
Share of net profit of joint venture accounted for using the equity method	--	(60)
Total other operating expenses	**(4,926)**	**(2,431)**

8.27 Nature of expenses

in USD thousand	2024	2023
Consumption of raw materials	(200,859)	(193,463)
Depreciation and amortization (see Note 4)	(84,132)	(79,690)
Employee benefits	(58,873)	(62,509)
Transportation	(55,198)	(44,262)
Repairs and maintenance	(16,466)	(18,590)
Packaging and terminals	(14,703)	(15,713)
Goodwill write off	(11,572)	--
Energy consumption	(7,906)	(7,968)
Insurance	(5,635)	(5,808)
Consulting costs	(5,503)	(4,971)
IT expenses	(3,152)	(7,743)
Legal services	(2,117)	(2,501)
Travel expenses	(1,685)	(1,473)
Marketing and representation costs	(1,699)	(741)
Equipment and supplies	(1,484)	(2,051)
Audit services	(959)	(460)

in USD thousand	2024	2023
Accounting and tax services	(940)	(1,045)
Current and low-value asset lease	(515)	(1,258)
Change in impairment to trade receivables and receivables write off	(180)	(88)
Ratings	(174)	(143)
Creation/release of impairment to property, plant and equipment	(22)	100
Feasibility studies	--	(472)
Changes in inventories of finished goods and work in progress	3,121	(14,891)
Release of a provision for inventory	61	544
Administrative services provided by related party	(142)	--
Other services related to manufacturing	(15,028)	(10,364)
Other operating expenses	(10,263)	(6,972)
Total expense	**(496,025)**	**(482,532)**

8.28 Net finance costs

in USD thousand	2024	2023
Interest income – bank accounts	195	282
Interest income – related parties (see Note 36)	71	70
Foreign exchange gains from borrowings – net	--	859
Revaluation of financial liabilities at fair value through profit or loss	447	803
Other financial income	10	18
Total finance income	**723**	**2,032**
Interest expenses – bank loans	(45,535)	(46,082)
Interest expense – related parties (see Note 36)	(352)	(328)
Interest expenses – leases	(1,765)	(2,878)
Interest expenses – precious metals	(585)	(903)
Bank charges	(292)	(240)
Other financial costs	(91)	(36)
Foreign exchange losses from borrowings - net	(4,555)	--
Total finance costs	**(53,175)**	**(50,467)**
Net finance costs	**(52,452)**	**(48,435)**

8.29
Income tax

Income tax expense includes:

in USD thousand	2024	2023
Current tax expense (-)	(3,584)	(4,362)
Deferred tax expense (-)	(6,305)	(4,919)
Total income tax expense	**(9,889)**	**(9,281)**

The income tax rate in the Czech Republic for the 2024 tax period was 21% (2023: 19%). As at 31 December 2024, deferred income tax was calculated at a tax rate of 19% - 30% (2023: 21% - 30 %), which corresponds to the statutory tax rates determined for the future periods in which the deferred tax assets and liabilities will be realized. Income tax rate in the USA for the calculation of deferred tax amounted to 23% (2023: 25%). As at 31 December 2024, deferred income taxes attributable to the Czech tax jurisdiction were measured at a tax rate of 21% (2023: 21%). This rate corresponds to the statutory tax rates enacted for the future periods when realisation of deferred tax asset and liabilities is expected.

Reconciliation between expected and effective tax (expense) / benefit:

in USD thousand	2024	2023
Loss before tax	**(75,452)**	**(65,856)**
Theoretical tax benefit at the parent's statutory tax rate of 21% (2023: 19%)	15,845	12,513
The tax effect of:		
- different tax rates of subsidiaries operating in other jurisdictions	(361)	3,139
- income exempt from taxation	659	513
- non-deductible expenses	(5,216)	(1,725)
- income tax adjustment for prior years	1,969	--
- current year tax losses that were not recognized as a deferred tax asset	(15,493)	(15,751)
- recognition of tax loss carry-forwards from prior years	1,327	1,919
- tax credits – goodwill tax depreciation	1,329	1,329
- tax credits – other	2,468	613
- derecognition of deferred tax asset	(9,298)	(11,831)
- withholding tax recognised as income tax expense	(3,118)	--
Total income tax expense	**(9,889)**	**(9,281)**

As at 31 December 2024 the Group has cumulative tax losses from its US operations in the amount of USD 223,150 thousand (as at 31 December 2023: USD 240,713 thousand). It is attributable mainly to the tax bonus depreciation of the acquired assets in 2021 and tax losses from 2022 and 2023.

Under the US tax regulation, bonus depreciation is an accelerated business tax deduction that allows a business to immediately deduct a large percentage of the purchase price of eligible assets, such as machinery, rather than depreciate the assets over the useful life of that asset. The Group recognised deferred tax asset from US tax losses to the extent of the related deferred tax liability on the difference between tax base and carrying value of Property, plant and equipment and Intangible assets.

The US operations is from legal tax perspective an entity founded in 2021 in connection with the acquisition by the Group. Due to history of tax losses in the US, and short-term history of this entity, the Group decided not to recognise any deferred tax asset for US operations from its tax losses, apart from above described part related to bonus depreciation. The Group believes that there will be sufficient taxable profit in the future to recognise this deferred tax asset after the entity has history of taxable profits. The tax loss can be carried forward with no time limitation (there is no expiration period for US tax losses set by the US tax regulation).

Potential deferred tax assets from unused tax loss carry forwards, arising also in other countries, mainly in Australia of USD 2,651 thousand as at 31 December 2024 (31 December 2023: USD 2,350 thousand) has not been recognized as it is not probable that future taxable profit will be available against which the unused tax loss carry-forwards can be utilized.

The tax loss carry-forwards from which deferred tax asset was not recognised:

in USD thousand	2024	2023
The tax loss carry-forwards		
- 31 December 2028	--	464
- unlimited	230,910	115,578
Total tax losses	**230,910**	**116,042**
Potential deferred tax asset (27% - 30%)	43,566	29,414

The tax loss carry-forwards from which deferred tax asset was not recognised roll:

in USD thousand	2024	2023
Tax loss carry-forward 1 January 2024	**29,414**	**1,770**
Current year tax losses that were not recognized as a deferred tax asset in 2024	15,493	15,751
Recognition of tax loss carry-forwards from prior years	(1,327)	--
Derecognition of deferred tax asset	--	11,831
Impact of exchange rate differences	(14)	62
Tax loss carry-forward 31 December 2024	**43,566**	**29,414**

The utilization of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

Based on the Decision of the Ministry of Industry and Trade of the Czech Republic on the promise of an investment incentive from 24 June 2014 (further "the Decision"), to company Lučební závody Draslovka a.s. Kolín was promised an investment incentive in the form of tax credit pursuant to Section 35b of Act No. 586/1992 Coll., Act on income taxes.

The use of the investment incentive is conditioned by the fulfilment of the conditions specified in the Decision and of the conditions described in valid legislation (especially Act No. 72/2000 Coll. Act on investment incentives and Act No. 586/1992 Coll. Act on income taxes).

As of 30 April 2017, the company Lučební závody Draslovka a.s. Kolín fulfilled the conditions specified in the Decision and could therefore start drawing the tax rebate for the next 10 years, i.e. in 2017-2026. The total value of the investment incentive may not exceed 50% of eligible investment costs incurred by the company Lučební závody Draslovka a.s. Kolín and cannot exceed the amount of USD 8,842 thousand.

The amount of the tax credit is affected by the minimum tax obligation that the Company is required to pay (specifically, the tax obligation for the 2015 tax year).

Due to low tax bases in past years, the company Lučební závody Draslovka a.s. Kolín utilised the investment incentive for the first time in 2019. The tax credit amounted USD 618 thousand in 2019 and USD 904 thousand in 2020. Because the minimum tax obligation was not reached, the company did not utilise the tax rebate as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024.

Based on updated tax planning, the company Lučební závody Draslovka a.s. Kolín does not expect to utilise the tax rebate in future years of the period of the investment tax incentives received. The potential deferred tax asset from the investment tax incentive was not recognized based on the accounting policy described in Note 2.16.

Deferred taxes analysed by type of temporary difference:

2024 in USD thousand	1 January 2024	Cost (-) / income (+) recognized in profit or loss	Impact of exchange rate differences	Recorded in equity-other comprehensive income	Recorded in Other compre-hensive income	31 Dec 2024
Deferred tax asset (+)/ liability (-) relating to:						
Difference between tax base and carrying value of Property, plant and equipment	(2,859)	(226)	309	--	--	(2,776)
Difference between tax base and carrying value of Right-of-use assets	(3,739)	(149)	20	--	--	(3,868)
Difference between tax base and carrying value of Intangible assets	4,113	(4,147)	441	--	--	407
Difference between tax base and carrying value of Inventory	494	(476)	(2)	--	--	16
Difference between tax base and carrying value of financial and non-financial assets	4,516	(1,604)	(43)	--	(16)	2,853
Difference between tax base and carrying value of financial and non-financial liabilities	(11)	1,407	(134)	10	--	1,272
Tax losses	2,911	(915)	(199)	--	--	1,797
Other	198	(195)	(3)	--	--	--
Total deferred tax asset/ (liability)	**5,623**	**(6,305)**	**389**	**10**	**(16)**	**(299)**
Deferred tax asset	**13,864**					**6,585**
Deferred tax liability	**(8,241)**					**(6,884)**

Deferred taxes analysed by type of temporary difference:

2023 in USD thousand	1 January 2023	Cost (-) / income (+) recognized in profit or loss	Impact of exchange rate differences	Acquired in business combinations (see Note 32)	Recorded in Other comprehensive income	31 Dec 2023
Deferred tax asset (+)/ liability (-) relating to:						
Difference between tax base and carrying value of Property, plant and equipment	(52,987)	50,163	(35)	--	--	(2,859)
Difference between tax base and carrying value of Right-of-use assets	(3,893)	331	(177)	--	--	(3,739)
Difference between tax base and carrying value of Intangible assets	(1,236)	5,578	(1)	(228)	--	4,113
Difference between tax base and carrying value of Goodwill	(1,438)	1,438	--	--	--	--
Difference between tax base and carrying value of Inventory	2,891	(2,398)	1	--	--	494
Difference between tax base and carrying value of financial and non-financial assets	6,393	(1,665)	(5)	--	(207)	4,516
Difference between tax base and carrying value of financial and non-financial liabilities	(1,387)	1,289	186	4	(103)	(11)
Tax losses	54,939	(52,342)	21	293	--	2,911
Tax losses from interest expenses of US operations	7,324	(7,324)	--	--	--	--
Other	187	11	--	--	--	198
Total deferred tax asset/ (liability)	**10,793**	**(4,919)**	**(10)**	**69**	**(310)**	**5,623**
Deferred tax asset	**20,298**					**13,864**
Deferred tax liability	**(9,505)**					**(8,241)**

The Group's management expects that deferred tax liabilities in the amount of USD 4,983 thousand and deferred tax asset in the amount of USD 4,259 thousand are recoverable after more than 12 months after the reporting period (31 December 2023: USD 7,251 thousand, resp. USD 12,133 thousand).

8.30 Significant non-cash transactions

Transactions that did not require a cash flow and have been excluded from the Consolidated Statement of Cash Flows:

in USD thousand **((+) increase of cash inflow in current period / (-) decrease of cash outflow in current period)**	**2024**	**2023**
Property, plant and equipment purchased in the current period but paid in the following period / (purchased in the previous period but paid in the current period)	3,048	257
Intangible assets purchase in the current period but paid in the following period	(18)	(1,621)
Unpaid interest / (interest from prior period paid)	5,818	5,106
Unrealized foreign exchange differences	1,467	41

8.31 Contingencies and Commitments

The Company provided guarantee for the lease of hoppers cars by a subsidiary to a third-party lessor. This intra-group guarantee is not separately recognized in the consolidated financial statements of the Group.

As at 31 December 2024 and 31 December 2023, the guarantee was reduced by a letter of credit arranged by the Company in favour of the third-party lessor in the amount of USD 5,000 thousand.

Bank borrowing covenants

The Group is subject to certain covenants related primarily to its bank borrowings. Non-compliance with such covenants may result in negative consequences for the Group. The Group was in compliance with covenants as at 31 December 2024 and 31 December 2023.

The financial covenant net leverage ratio has to be tested quarterly and it needs to meet the ratio given by the credit agreement contract. The covenant is calculated as the ratio of the total amount of debt net of unrestricted cash and adjusted EBITDA.

The credit agreement sets also non-financial covenants. These include mainly the conditions for liens, maintenance of properties, insurance, inspections, maintenance of accounting books and records, compliance with laws, environmental covenants, limits in terms of guarantee obligations.

The failure to comply with the financial covenants would result in the event of default. In case of non-compliance with the covenants, the Group is in default and the bank loan principal and accrued interest may become due. Event of default could be cured by the Group via financial repayment of part of the loan.

8.32 Subsidiaries and joint ventures

Summary of data of subsidiaries and joint ventures at the end of the reporting period:

in USD thousand	Place of establishment and operations	Percentage of voting right held by the Group 2024	Percentage of voting rights held by the Group 2023
Subsidiaries			
Draslovka Holdings South Africa Proprietary Limited	South Africa	100%	100%
Draslovka South Africa Proprietary Limited	South Africa	100%	100%
Draslovka Holding Alpha a.s.	Czech Republic	100%	100%
Draslovka Holding a.s.	Czech Republic	100%	100%
Mining and Process Solutions Pty Ltd	Australia	100%	100%
ENCORE MINERALS PTY LTD	Australia	100%	100%
Lučební závody Draslovka a.s. Kolín	Czech Republic	100%	100%
Manchester Acquisition Sub LLC	USA	100%	100%
Covoro Mining Solutions, LLC	USA	100%	100%
Draslovka Holding Mexico, S. de R.L. de C.V.	United Mexican States	100%	100%
Covoro Mining Solutions Mexicana, S. de R.L. de C.V.	United Mexican States	100%	100%
Covoro Mining Solutions Canada Holding Company (3)	Canada	--	100%
Covoro Mining Solutions Canada Company	Canada	100%	100%
Draslovka Asia Private Limited (1)	India	80%	--
Draslovka Chile Limitada	Republic of Chile	100%	100%
DRASLOVKA SERVICES Pty	Australia	100%	100%
INTRESO (Pty) Ltd (4)	South Africa	100%	100%
DRASLOVKA SERVICES NZ LIMITED	New Zealand	100%	100%
Draslovka Services India Private Limited	India	89.57%	89.57%
Intreso Group B.V.	Belgium	100%	100%
Fumico Holding B.V.	Netherlands	100%	100%
Fumico Fumigations B.V.	Netherlands	100%	100%
Fumico Bio & QPS Services B.V.	Netherlands	100%	100%
Descroes B.V.	Belgium	100%	100%
Dezinfekcija, dezinsekcija, deratizacija, d.o.o.	Slovenia	100%	100%
Blue Cube Systems (Pty) Ltd (2)	South Africa	100%	100%
Blue Cube Technology (Pty) Ltd (2)	South Africa	100%	100%
BCS RSA Holdings (Pty) Ltd (2)	South Africa	100%	100%
BCS RSA (Pty) Ltd (2)	South Africa	85%	85%
BCS (EU) Holdings B.V. (2)	Netherlands	100%	100%
BCS (EU) B.V. (2)	Netherlands	55%	55%
BCS (AU) Holdings (Pty) Ltd (2)	Australia	100%	100%
BCS (AU) Pty Ltd (2)	Australia	100%	100%
BCS (NA) Holdings Ltd (2)	Canada	100%	100%
BCS (NA) Ltd (2)	Canada	55%	55%
Joint ventures			
DRASLOVKA SERVICES RSA (PTY) LTD	South Africa	42.5%	42.5%

All subsidiaries and the joint venture are engaged in the production or distribution of chemical products

(1) On 26 September 2024 was new entity established – Draslovka Asia Private Limited in India. Draslovka Holding a.s. paid 80% of its capital in amount of 800,000 INR (USD 9 thousand).

(2) On 25 April 2023, Draslovka Holding a.s. closed an acquisition of the Blue Cube Systems Proprietary Limited and Blue Cube Technology Proprietary Limited with its subsidiaries BCS RSA Holdings (Pty) Ltd, BCS RSA (Pty) Ltd, BCS (EU) Holdings B.V., BCS (EU) B.V., BCS (AU) Holdings Pty Ltd, BCS (AU) Pty Ltd, BCS (NA) Holdings Ltd, BCS (NA) Ltd.

(3) The amalgamation of Covoro Mining Solutions Canada Company and Covoro Mining Solutions Canada Holding Company is effective from 1 January 2024. The company Covoro Mining Solutions Canada Holding Company ceased to exist as of 1 January 2024.

(4) The company DRASLOVKA SERVICES AFRICA (Pty) Ltd was renamed to INTRESO (Pty) Ltd.

Non-controlling interest

The non-controlling interest is insignificant.

Group changes in 2024

On 26 September 2024 was new entity Draslovka Asia Private Limited established. Share capital of the entity is INR 1,000 thousand. Draslovka Holding a.s. paid its 80% share in amount of INR 800 thousand.

Group changes in 2023

On 3 April 2023, the Group acquired Blue Cube Systems Proprietary Limited and Blue Cube Technology Proprietary Limited with its subsidiaries ("Blue Cube"). Closing date of the transaction was on 25 April 2023. The total purchase consideration for the Sale Shares totalled USD 3,133 thousand. The Group also refinanced loan in total amount of USD 251 thousand.

Blue Cube is a South-Africa based firm that develops, builds and sells fast in-line mineral analyzers for application in mineral beneficiation processes. The Blue Cube MQi technology is based on reflective spectroscopy for slurry and dry applications and absorption spectroscopy for solutions.

No adjustment has been carried out to the acquisition accounting recorded as at 31 December 2023.

8.33 Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Group's management is regularly informed about the current state of financial and other related risks (liquidity, exchange rates, interest rates, commodity prices, invoicing currencies, payment terms, taxes, etc.) through regular management meetings with managers of the divisions. The meetings are formalized, resolutions are documented in the minutes and their implementation is regularly evaluated.

Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Exposure to credit risk arises as a result of the Group's business activities and also from financial market transactions (money market transactions, currency conversions, derivative transactions, etc.).

Customer credit risk is managed by each cash generating unit. Outstanding customer receivables and contract assets are regularly monitored. The acceptance of new business partners is reliant on standard approval procedures. The Group's involvement with counterparties is managed by means of credit limits that are monitored and reassessed on a regular basis. A utilization of these limits is monitored and evaluated on a regular basis.

Counterparties to derivative contracts and financial investments are limited to credit institutions with high credit rating.

The Group's maximum exposure to credit risk is reflected in the carrying amount of financial assets in the Consolidated Statement of Financial Position.

The credit quality of bank accounts according to Moody's rating is disclosed in Note 12. For internal credit risk customer's assessment of trade receivables refer to Note 6, 8. Receivables from the three largest customers as at 31 December 2024 amounted to 38% of Trade receivables (31 December 2023: 41%).

The concentration of credit risk related to the individual customers is monitored. The Group also considers whether the customer has receivables that are proportionate to its purchases and whether receivables remain unpaid or past due.

The credit risk of trade receivables for selected customers is also managed through insurance of trade receivables (refer to Note 8).

The Group has cash and cash equivalents deposited with 19 banks, of which 58% is deposited with one bank (31 December 2023: 16 banks of which 35% is deposited with one bank).

Credit risk of financial assets

Credit risk of trade receivables and contract assets without significant financing component, trade receivables with significant financing component and of other financial assets is assessed separately.

Other financial assets – credit risk assessment

Other financial assets are divided into risk levels with similar credit risk characteristics. Risk level 1 includes other financial assets for which the Group does not expect any impairment and considers the probability of default to be low. Based on the Group's assessment Risk level 1 includes related party transactions and cash and cash equivalents. Risk level 2 includes other financial assets to third parties that are assessed by the Group as bearing the higher risk.

Trade receivables and contract assets – credit risk assessment

The expected credit loss for each risk level of trade receivables and contract assets without significant financing component is calculated based on a provision matrix.

To assess the credit risk of trade receivables and contract assets the Group analysed incurred historical credit losses for the last 5 years and identified countries of customers with such a default (countries where in the past 5 years some credit losses occurred).

The Group calculated the expected credit loss based on the provision matrix. Expected credit loss rates applied in the provision matrix are based on the historical information grouped by geographical regions (history of default) and included also forward-looking information that includes expected Gross Domestic Product growth in the individual geographical region and management's assessment of country specifics and related risks.

For geographical regions that have no history of default the individual assessment of credit risk was made by the Group. Based on this assessment no significant credit risk was identified and no allowance to trade receivables and contract assets was recognised as at the balance sheet date.

The allowance calculated in accordance with the described policy amounted to USD 81 thousand as at 31 December 2024 (31 December 2023: USD 125 thousand).

Trade receivables with significant financing component – credit risk assessment

Given the long-term nature of these financial assets and the existence of a significant financing component in the sales contracts, a more comprehensive general approach is adopted. This approach considers individual exposure to the risk of default over the lifetime of the asset.

These assets have no reported history of default. However, due to the absence of longer-term observations, the full principals were included in the calculation. The Group uses country default rates to calculate lifetime ECL.

The allowance calculated in accordance with the described policy amounted to USD 207 thousand as at 31 December 2024 (31 December 2023: USD 0 thousand).

Credit risk and expected credit loss (ECL) measurement of financial assets

Analysis of credit risk of financial assets at amortised cost

Stage model ECL – other financial assets

in USD thousand	Stage 1 12-month ECL **	Stage 2 lifetime ECL ** - no individual impairment	Stage 3 lifetime ECL ** - individually impaired	31 Dec 2024
Risk level 1, of which:	**25,706**	**--**	**--**	**25,706**
Cash and cash equivalents	22,438	--	--	22,438
Other current financial assets	1,742	--	--	1,742
Loans issued	--	--	--	--
Other non-current financial assets	1,526	--	--	1,526
Risk level 2, of which:	**15,052**	**--**	**--**	**15,052**
Other current financial assets	5,391	--	--	5,391
Other non-current financial assets	9,661	--	--	9,661
Total	**40,758**	**--**	**--**	**40,758**

** ECL – expected credit loss (expected losses from credit risk)

in USD thousand	Stage 1 12-month ECL **	Stage 2 lifetime ECL ** - no individual impairment	Stage 3 lifetime ECL ** - individually impaired	31 Dec 2023
Risk level 1, of which:	**54,196**	**--**	**--**	**54,196**
Cash and cash equivalents	50,944	--	--	50,944
Other current financial assets	1,753	--	--	1,753
Loans issued	3	--	--	3
Other non-current financial assets	1,496	--	--	1,496
Risk level 2, of which:	**5,011**	**--**	**--**	**5,011**
Other current financial assets	2,705	--	--	2,705
Other non-current financial assets	2,306	--	--	2,306
Total	**59,207**	**--**	**--**	**59,207**

Impairment of financial assets

Lifetime ECL by provision matrix:

Provision matrix is used for trade receivables. Trade receivables were divided based on historical experience (based on history of default in the country) as follows:

in USD thousand	2024	2023
Net trade receivables from countries with increased credit risk (with history of default)	29,333	24,791
Trade receivables from countries with no history of default	65,463	62,977
Total Trade receivables	**94,796**	**87,768**

in USD thousand	Current	Overdue less than 1 month	From 1 to 3 months	Over 91 days	Total
31 December 2024					
Historical credit loss rate (in %)	0.28%	0.27%	0.61%	0.14%	
Estimated total gross carrying amount at default	25,387	3,393	229	324	29,333
Expected credit loss	(70)	(9)	(1)	(1)	(81)
31 December 2023					
Historical credit loss rate (in%)	0.36%	0.81%	1.03%	0.82%	
Estimated total gross carrying amount at default	17,321	1,193	266	6,011	24,791
Expected credit loss	(63)	(10)	(3)	(49)	(125)

Lifetime ECL for trade receivables containing significant financing component

in USD thousand	Risk of default 1	Risk of default 2	Risk of default 3	Total
31 December 2024				
Estimated credit loss rate (in %)	1.00%	1.24%	7.38%	
Estimated total gross carrying amount at default	5,520	4,461	1,314	11,295
Lifetime expected credit loss	(55)	(55)	(97)	(207)
31 December 2023				
Estimated credit loss rate (in %)	0.01%	--	--	
Estimated total gross carrying amount at default	2,926	--	--	2,926
Lifetime expected credit loss	--	--	--	--

Total impairment of financial assets

in USD thousand	31 Dec 2024	31 Dec 2023
Impairment by provision matrix	81	125
Impairment by lifetime individual exposure	207	--
Individual impairment	1,318	1,308
Total impairment of financial assets	**1,606**	**1,433**

Market risk

Market risk is the risk that future cash flows from financial instruments will fluctuate due to changes in market prices. The Group is exposed to market risks arising from open positions in (a) foreign currencies and (b) interest rates. The Group's management is regularly informed about these risks. In case of significant movements on the market, the Group may incur losses.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange rate movements represent a significant risk for the Group as the Group sells its products and purchases raw materials for production and services in foreign currencies. The Group manages currency risk through market analysis. The Group applies natural hedging, i.e. matching of foreign payments with foreign cash proceeds. Where the natural hedging cannot be applied, the Group assess the related foreign currency risk and in case that identified risk is assessed as significant, the Group uses currency derivatives to manage this risk.

The risk exposure based on a foreign currency income and expense structure is reduced by using foreign currency forwards. These forwards are concluded on the basis of the expected cash flows plans which are updated regularly.

The management of the Group is regularly updated on the current status of currency risks.

Currency risk is measured against the functional currency of individual group entities at the balance sheet date, when financial assets and financial liabilities denominated in foreign currencies are translated at the applicable foreign exchange rate.

The following table summarizes the Group's exposure to currency risk at the end of the year:

	31 Dec 2024			31 Dec 2023		
in USD thousand	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**
Euros						
- Trade receivables and Other current financial assets	6,184	--	6,184	3,733	--	3,733
- Cash and cash equivalents	380	--	380	432	--	432
- Trade payable and Other financial liabilities	--	(18,188)	(18,188)	--	(17,354)	(17,354)
Euros total	**6,564**	**(18,188)**	**(11,624)**	**4,165**	**(17,354)**	**(13,189)**
US dollars						
- Trade receivables and Other current financial assets	16,480	--	16,480	7,690	--	7,690
- Cash and cash equivalents	4,084	--	4,084	16,211	--	16,211
- Trade payable and Other financial liabilities	--	(128)	(128)	--	(134)	(134)
US dollars total	**20,564**	**(128)**	**20,436**	**23,901**	**(134)**	**23,767**
Mexican pesos						
- Trade receivables and Other current financial assets	--	--	--	--	--	--
- Cash and cash equivalents	476	--	476	512	--	512
- Trade payable and Other financial liabilities	--	(12,995)	(12,995)	--	(18,468)	(18,468)
Mexican pesos total	**476**	**(12,995)**	**(12,519)**	**512**	**(18,468)**	**(17,956)**
Czech crown						
- Trade receivables and Other current financial assets	60	--	60	32	--	32
- Cash and cash equivalents	59	--	59	1,449	--	1,449
- Trade payable and Other financial liabilities	--	(308)	(308)	--	(339)	(339)
Czech crown total	**119**	**(308)**	**(189)**	**1,481**	**(339)**	**1,142**
South African Rands						
- Other non-current financial assets	1,526	--	1,526	1,496	--	1,496
- Trade receivables and Other current financial assets	481	--	481	--	--	--
- Trade payables and Other current financial liabilities	--	--	--	--	--	--
South African Rands total	**2,007**	**--**	**2,007**	**1,496**	**--**	**1,496**
Canadian dollars						
- Trade receivables and Other current financial assets	23	--	23	41	--	41
- Cash and cash equivalents	229	--	229	43	--	43
- Trade payables	--	(806)	(806)	--	(554)	(554)
Canadian dollars total	**252**	**(806)**	**(554)**	**84**	**(554)**	**(470)**
Australian dollars						
- Cash and cash equivalents	6	--	6	7	--	7
Australian dollars total	**6**	**--**	**6**	**7**	**--**	**7**

Financial assets and liabilities denominated in Mexican pesos are held by a subsidiary having US dollar as a functional currency. Financial assets and liabilities denominated in US dollar and euros as a foreign currency are held mainly by a subsidiary having Czech crown as a functional currency.

The following table details the Group's sensitivity to a reasonably possible change in MXN and EUR exchange rates against US dollar, with all other variables held constant, on Group's loss after tax. The Group does not use any currency hedges as at 31 December 2024 and 31 December 2023. There is no effect on other equity components.

As at 31 December 2024, the Group considers that possible exchange rate movements against the US dollar in the following period are 10% (strengthening of the US dollar) and 10% (weakening of the US dollar) (31 December 2023: +/- 10%).

The Group's exposure to foreign currency changes for all other currencies is not material.

	31 Dec 2024		31 Dec 2023	
in USD thousand	**MXN**	**EUR**	**MXN**	**EUR**
Effect on loss after tax				
+10% change in USD exchange rate against currency	876	791	1,257	1,068
-10% change in USD exchange rate against currency	(876)	(791)	(1,257)	(1,068)

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

in USD thousand	2024	2023
Net foreign exchange gain/(loss) included in other gains/(losses)	(678)	(247)
Net foreign exchange gain/(loss) on foreign currency borrowing included in finance income/(cost)	(4,553)	859
Total net foreign exchange gains/(losses) recognised in loss before income tax for the period	**(5,231)**	**612**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's main interest rate risk arises from non-current borrowings with variable rates.

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group entered into long-term borrowings at floating rates. Until 1 December 2024, the variable interest rates were partly capped into fixed rates that were lower than those available if the Group borrowed at fixed rates directly. The Group's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of future changes in market interest rates.

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

in USD thousand	2024	% of total loans	2023	% of total loans
Variable rate borrowings	355,545	100%	357,409	98%
Fixed rate borrowings – repricing or maturity dates	--	--	8,061	2%
Less than 1 year	--	--	8,061	2%
1 – 5 years	--	--	--	--
Total	**355,545**	**100%**	**365,470**	**100%**

If interest rates as at 31 December 2024 were 100 basis points higher/lower (31 December 2023: 100 basis points higher/lower) with all other variables constant, loss after tax for the year would be USD 2,652 thousand (31 December 2023: USD 1,489 thousand) higher/ USD 2,652 thousand lower (31 December 2023: USD 1,489 thousand), other comprehensive loss after tax for the year would be USD 2,652 thousand lower / USD 2,652 thousand higher (31 December 2023: USD 1,172 thousand lower / USD 1,172 thousand higher). Sensitivity as at 31 December 2023 was affected by interest rate cap described below.

The Group's management regularly monitors and assess the Group's position in relation to interest rate risk. However, the formal criteria for assessing interest rate risk were not internally established. The Group manages interest rate risk via regular assessment of forward looking to future development of Group interest expense, although the objectives, policies and procedures for interest rate risk assessment are not fully formalized, except for hedging documentation for interest rate cap.

Cash flow hedge of variable interest payments

In order to reduce the Group's exposure to interest rate risk arising from variable rate financing, the Group concluded in October 2022 an interest rate cap with notional equal to 50% of the remaining principal of Term Loan B under the Credit Agreement with JPMORGAN CHASE BANK, N.A. facility (details on the credit agreement are provided in Note 15). The variable interest payments on the facility were derived from 3-month USD SOFR.

The interest rate cap was entered into for a 2 years period with maturity in December 2024. The underlying interest rate benchmark was the USD SOFR and the strike rate was 4.25%. The Group designated the derivative as a hedging instrument in a cash flow hedge from October 2022. The notional amount of the derivative was amortized from the initial amount of USD 172,260 thousand to the final amount of USD 163,995 thousand at maturity.

The notional amount of the interest rate cap was determined so as to correspond to the principal repayments on the Term Loan B in order to achieve perfect match of notional amounts between the hedged item and hedging instrument per each quarter. The hedge ratio was therefore established at 1:1.

The Group separated the intrinsic value and the time value of the interest rate cap and designated as the hedging instrument only the change in the intrinsic value. Changes in the time value were recognized in the cost of hedging reserve. The Group considered the time value to be time-period related as the hedging derivative mitigates the risk exposure during the hedged period and the amount representing the time value at the start of the hedge relationship was amortized to profit or loss over the hedged period on a linear basis.

At inception of the hedging relationship the whole fair value of the derivative in the amount of USD 2,800 thousand represented time value. The subsequent changes in time value were recorded in the cost of hedging reserve and the effective changes in the intrinsic value were recorded in the hedging reserve. The cost of hedging reserve was also adjusted for the amount reclassified to profit representing the amortization of the initial time value. (For quantitative information on the movements in the hedge reserve and the cost of hedging reserve refer to Note 14.)

The Group assessed the economic relationship based on comparing the critical parameters of the hedging instrument and the hedged item (most importantly the underlying interest rate, notional of the hedged item and the hedging instrument, payment dates). Based on the match in the critical terms, the Group concluded that a sufficient economic relationship existed between the hedging instrument and the hedged item.

The Group identified the following potential sources of ineffectiveness:

1. Potential reduction or modification in the hedged loan facility (e.g. prepayment). In this respect, the Group did not intend to make any prepayment or additional repayment of the Term Loan B, beyond what's required by the loan agreement, hence the hedged cash flows were considered to be highly probable for the entire hedged period.
2. Unexpected change in the credit risk of the counterparty of the hedging derivative. In this respect as the counterparty was a reputable banking institution, the Group did not expect the credit risk of the counterparty to change.

The hedging relationship was fully effective during its duration in 2024 year and as at 31 December 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The aim of liquidity risk management is to ensure a balance between the financing of operating activities and financial flexibility in order to satisfy the claims of all suppliers and creditors of the Group in a timely manner.

The table below shows liabilities as at 31 December 2024 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Liabilities in foreign currencies are translated using the exchange rate of the national bank as at 31 December 2024 (31 December 2023).

31 Dec 2024 in USD thousand	On request, within 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	Carrying value
Bank loans	9,623	21,604	398,967	--	430,194	346,258
Bank overdrafts	17	9,463	--	--	9,480	9,287
Loans received	--	--	--	10,040	10,040	5,052
Lease liabilities	1,808	4,682	17,465	6,035	29,990	23,295
Trade payables	58,293	1,971	--	--	60,264	60,264
Liabilities under supplier finance arrangement	448	--	--	--	448	448
Other liabilities at amortised costs	1,234	6,849	--	--	8,083	8,082
Other liabilities at fair value through profit or loss	7,077	1,896	--	--	8,973	8,677
Total liabilities	**78,500**	**46,465**	**416,432**	**16,075**	**557,472**	**461,363**

31 Dec 2023 in USD thousand	On request, within 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	Carrying value
Bank loans	8,028	14,502	478,980	--	501,510	357,524
Bank overdrafts	15	7,930	--	--	7,945	7,945
Loans received	125	8	--	9,340	9,473	4,821
Lease liabilities	1,501	4,366	16,692	5,288	27,847	23,663
Trade payables	52,428	--	--	--	52,428	52,428
Other liabilities at amortised costs	853	8,405	334	--	9,592	9,592
Other liabilities at fair value through profit or loss	9,157	--	--	--	9,157	8,964
Total liabilities	**72,107**	**35,211**	**496,006**	**14,628**	**617,952**	**464,937**

The Group regularly monitors its liquidity position and uses overdrafts in exceptional cases. The Group also uses the advantages of commercial terms between the Group and its suppliers to secure sufficient financing funds to cover its needs. The maturity of supplier´s invoices is between 30 to 60 days. Expected cash flow forecast is prepared weekly as follows: (a) expected future cash inflow from main operations of the Group and (b) expected future cash outflows securing operation of the Group and leading to settlement of liabilities of the Group, including tax payables. The cash flow forecast identifies the immediate need for cash and, if funds are available, it enables the Group to make short-term bank deposits.

8.34 Management of Capital

Equity at the level of individual companies of the Group is maintained at a level ensuring the ability of individual entities to continue as a going concern. The Group's management defines capital as the equity presented in these consolidated financial statements in the amount of USD 283,975 thousand (31 December 2023: USD 352,081 thousand).

In the area of capital management, the Group's objectives depend on the covenants set out in the bank loan agreements. During both 2024 and 2023, the Group complied with the covenants stipulated in the bank loan agreements, including the contractual conditions of the equity-to-debt ratio. Apart from the requirements for the equity-to-debt ratio arising from bank agreements, the Group has no other specific objectives in managing its capital.

8.35 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities; (ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and (iii) level 3 measurements are valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Management applies judgement in categorizing financial instruments using the fair value hierarchy.

If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement.

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. Financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position of the Group as at 31 December 2024:

in USD thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Financial derivatives with positive fair value – non-hedge	--	1	--	1
Financial liabilities				
Financial derivatives with negative fair value – non-hedge	--	(160)	--	(160)
Current liabilities at fair value through profit or loss (Note 19)	--	(8,517)	--	(8,517)

Financial assets and liabilities at fair value in the Consolidated Statement of Financial Position of the Group as at 31 December 2023:

in USD thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Financial derivatives with positive fair value – hedge	--	1,221	--	1,221
Financial derivatives with positive fair value – non-hedge	--	33	--	33
Financial liabilities				
Current liabilities at fair value through profit or loss (Note 19)	--	(8,964)	--	(8,964)

Financial derivatives with positive fair value - hedge as at 31 December 2023 of USD 1,221 thousand related to interest rate cap. To set the fair value of these derivatives the Group used the expected discounted cash flows from financial derivates to their maturity. This derivative was classified at level 2.

Current liabilities at fair value through profit or loss relate to precious metal lease from third party. To set the fair value of financial liabilities at fair value through profit or loss the Group uses the expected forward prices of precious metals at the maturity date of the financial liability and the nominal amount of the liability.

Financial assets and liabilities not measured at fair value but for which fair value is disclosed

The fair values analysed by the level of the fair value hierarchy and the carrying value of financial assets and liabilities not measured at fair value are as follows:

	31 Dec 2024		31 Dec 2023	
in USD thousand	**Level 3 Fair value**	**Carrying value**	**Level 3 Fair value**	**Carrying value**
Related party loans - provided	1,456	1,526	1,420	1,496
Related party loans - received	(5,052)	(5,052)	(4,700)	(4,700)
Bank loans	(354,066)	(346,258)	(371,132)	(357,524)

Level 3 fair values according to the fair value hierarchy were determined using the discounted cash-flow method. The fair values of floating rate instruments that are not quoted on an active market are estimated based on discounted cash flows where discount rate is derived from an applicable interest margin plus average floating rate projected for the relevant loan period. The fair value of unlisted fixed-rate instruments was estimated based on estimated future cash flows to be paid and which are discounted at the current interest rates applicable to current instruments with similar credit risk and remaining maturity.

The carrying amount of other financial instruments is close to their fair value.

8.36 Related party transactions

in USD thousand	31 Dec 2024 Join venture	31 Dec 2024 Other related party under common control	31 Dec 2023 Join venture	31 Dec 2023 Other related party under common control
Non-current loans provided	1,526	--	1,496	--
Current loans provided	--	--	--	3
Trade receivables	1	54	1	27
Other receivables	--	1,742	--	1,753
Trade payables	(1)	(37)	(2)	(31)
Other non-current financial liabilities	--	(5,052)	--	(4,700)
Other current financial liabilities	--	(3)	--	--

in USD thousand	2024 Join venture	2024 Other related party	2023 Join venture	2023 Other related party
Sale of services	--	52	--	27
General and administrative expenses	--	(142)	(5)	(103)
Other income	14	--	--	--
Interest income	71	--	70	--
Interest expense	--	(352)	--	(328)

The parties are generally considered to be related if the parties are under common control, or one party can control the other party or may exercise significant influence over the other party when deciding on financial or operating activities. In assessing each possible related-party relationship, attention is focused on the substance of the relationship, not just on the legal form. All transactions with related parties were at arm´s length.

Non-current loan is provided to Draslovka Services RSA (PTY) LTD in amount of USD 1,526 thousand (31 December 2023: USD 1,496 thousand), the company Draslovka Services RSA (PTY) LTD is the Group´s joint venture.

Other receivables in the amount of USD 1,742 thousand (31 December 2023: USD 1,753 thousand) relates to reinvoicing of expenses connected with financing of Group activities to related party companies.

The Group received interest-free loans from related parties in the amount of USD 5,052 thousand as at 31 December 2023 (31 December 2023: USD 4,700 thousand) (Note 15).

Trade receivables, trade payables, provided services and general and administrative expenses relates to daily operations of the Group.

Key management compensation

Key management compensations consist of compensation to key management personnel and members of the Board of Directors. Number of key management personnel is 26 (2023: 19 key managers). Key management personnel includes persons who can act for the Company and senior executives within the entity.

Key management compensation in 2024 amounted to USD 3,928 thousand (2023: USD 5,403 thousand), together with USD 609 thousand represented contributions to pension plans (2023: USD 610 thousand) and USD 265 thousand represented contributions to health insurance plans (2023: USD 278 thousand), and share based payment arrangement of USD 1,059 thousand (2023: USD 4,852 thousand) (Note 21).

Except for the share-based payment arrangements, short-term compensations are fully payable within 12 months from the end of the reporting period in which the related services were provided.

8.37 Subsequent events

On 17 January 2025, the sole shareholder increased the Company's other capital funds by USD 3,710 thousand.

On 4 February 2025, the company DRASCHEM SPECIALTY CHEMICALS was registered in Egypt, the Group holds 25% of voting rights in the company.

2025 US Tariff Policy

The Group with products reaching markets in multiple regions and jurisdictions, is exposed to global trading rules and tariff regimes. The new US tariff policy introduced in April 2025 has caused significant disruptions to global trading practices, negatively impacting various industries across the globe. The Group is a global producer with European and US production facilities with most of its products targeting export markets, with deep market reliance on Mexican and Canadian gold markets from its US operations. During the publication of this report there have been no tariffs introduced in regards to the Group's chemical products, namely NaCN, which would have material impact on its earnings. The Group follows the development of the tariff regime in the US and other markets very closely and due to its global presence and operations has certain flexibility in mitigating potential tariff risks, should they arise.

The new US tariff regime could have impact on the Group's operations when it comes to materials procurement and some services for its US plant from outside the US. However, vast majority of its material and service needs of its Memphis plant are being sourced locally within the USA as of now, mitigating the risks of retaliatory tariffs by US trading partners.

No other significant subsequent events occurred.

Approval

The consolidated financial statements were approved by the Board of Directors and signed on its behalf.

29 May 2025

Pavel Brůžek
Chairman of the Board of Directors

Juraj Bujňák
Member of the Board of Directors

09

Independent auditor’s report

Independent Auditor's Report

To the shareholder of Draslovka a.s.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Draslovka a.s., with its registered office at Generála Píky 430/26, Praha (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the European Union.

What we have audited

The Group´s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024,
- the consolidated statement of changes in equity for the year ended 31 December 2024,
- the consolidated statement of cash flows for the year ended 31 December 2024, and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the consolidated annual report but does not include the consolidated financial statements and our auditor's report thereon.

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Our opinion on the consolidated financial statements does not cover the other information. 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 about the Group obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors and supervisory board of the Company for the consolidated financial statements

The board of directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the board of directors 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, the board of directors 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 the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Company is responsible for overseeing the financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations 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 the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicate with the board of directors and supervisory board 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.

29 May 2025

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Jiří Zouhar
Statutory Auditor, Licence No. 2542

Draslovka

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