Annual Report 2022

Draslovka a.s.

Draslovka

Draslovka

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Letter from CEO

Pavel Brůžek Jr.

Chairman of the Board
Chief Executive Officer

The year 2022 was one of transformation and forging of a new Draslovka, a company that has achieved significant strategic milestones and able to achieve our vision of becoming the leading provider of environmentally sustainable solutions in our markets. As a result of our hard work, Draslovka is a stronger business today, with international reach and a resilient operating model that delivers results across the market cycle.

This transformation, however, was not without its challenges. This year was also one of the most difficult periods in the Company's modern history as we coped with the post-Covid-19 macroeconomic environment, increased competition, high volatility in the energy and raw material markets as well as unusually high demand fluctuation. We have separately addressed the Russian invasion of Ukraine which continues to contribute to global instability.

In the face of these challenges, we remained committed to delivering the right solutions to our customers' needs and the high-quality service that is expected from us. This was achieved by the tireless work of everyone at Draslovka. I am proud to note that Draslovka delivered impressive results in 2022 and is firmly on track to continue delivering in 2023.

In 2022, we have further expanded the Company through value accretive acquisitions, following our long-term strategy. This included purchasing Intreso Group, a leading platform and technology centre for specialised pest control treatment services that significantly strengthens our Agricultural Solutions vertical in Europe. The acquisition of Australia-based Mining & Process Solutions (MPS) gave the Company exclusive rights to the Glycine Leaching process (GLT), an environmentally benign hydrometallurgical process to leach base and precious metal oxide, mixed oxide and sulphide ores. Once fully integrated into our global Mining Solutions group, the technology will be applied to a full suite of products for the leaching of metals. We are currently in the phase of advanced industry testing of GlyCatTM (GlyCat), designed for processing of gold ores. Once tests, some of which are described further below, are completed, we believe that a successful roll-out of the product will make Draslovka one of the most significant companies in the mining sector supply chain due to GLT's ability to addresses the three biggest challenges facing the industry: sustainability, profitability and securing social license to operate. We are also in the process of developing GlyLeachTM (GlyLeach), which works with copper, nickel and cobalt. Throughout 2022 we have also progressed in our efforts of taking over South Africa based Sasol's sodium cyanide business. We expect this transaction to be completed during 2023, subject to additional discussions with local authorities and regulators.

In 2022, we completed the integration of the Mining Solutions business of The Chemours Company, which we acquired for a total consideration of 521 million USD, making us the world's largest producer of solid NaCN and a global leader in the manufacture, technological development, and distribution of hydrogen-cyanide-based specialty chemical products. I am pleased with the results and can report that there were no unexpected issues during the process.

The recent acquisitions were made possible through our partnership with Oaktree Capital Management, L.P. and its investment of 150 million USD in February 2022. The investment was not only a strong endorsement of our past success but also an indication that Draslovka has substantive upside potential in the coming years as we roll out our range of sustainable products and fully realize the economies of scale inherent in our new operational model.

Our commitment to technology and innovation is deeply rooted in our DNA. It makes us a stronger business overall and remains a major driver for our strategy of addressing the biggest pain points of the three markets in which we operate. Our R&D facilities lead the industry and we actively leverage them to unlock unrealized potential. Very soon after the MPS acquisition in 2022, we initiated discussion with Barrick Gold on the global testing and implementation programme for GlyCat across several mines. We also announced GLT's inclusion in a tailings reduction initiative led by Rio Tinto, OZ Minerals and Boliden. This would not have been possible without our R&D investment and I look forward to sharing more updates on GlyCat and GlyLeach as we continue to expand our customer base of companies that seek a sustainable solution for the processing of important metals.

Our proprietary fumigants and biocides position us as the only fully vertically integrated fumigation company with a "future-proofed" environmentally viable multi-product portfolio. These competitive advantages and the on-site fumigation expertise we acquired via our merger with Intreso Group allow us to continue executing our vertical integration strategy.

Safety, and environmental sustainability are at the heart of our operations and achieving our objectives in the sphere remains crucial for Draslovka's further organic growth. To this end, we will formalise our sustainability efforts in a separate Sustainability Report, which will provide an overview of our approach to sustainability, a clear roadmap for consistent improvement into the future, and tactics we have implemented to achieve governance standards that meet the demands of our expanding operations.

I am filled with an overwhelming sense of gratitude for the hard work and dedication of each and every one of our employees and partners. This unwavering dedication to our Company's vision is an inspiration to me. I look forward to our future in 2023 and beyond.


Draslovka

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How Draslovka a.s. performed in 2022

Revenue

2022: **USD 468.0 mil.** 2021: USD 121.3 mil.

Adjusted Pro Forma EBITDA for the year*

2022: **USD 77.3 mil.**

Total Assets

2022: **USD 850.2 mil.** 2021: USD 829.9 mil.

Total Equity

2022: **USD 342.4 mil.** 2021: USD 299.7 mil.

Total Liabilities

2022: **USD 507.7 mil.** 2021: USD 530.1 mil.

Free Cash Flows

2022: **USD 7.9 mil.** 2021: USD 24.6 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 Intreso business
- → pro forma adjustment related to implementation of costs saving initiatives
- → other pro forma adjustments

Adjusted Pro Forma EBITDA for the year 2022 is calculated as if the Intreso and MPS business was acquired on 1 January 2022 and therefore is an approximation that cannot be directly reconciled to the accompanying consolidated statements of Draslovka a.s.

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Draslovka profile

4.1 Company profile

Draslovka is a global leader in cyanides based chemical specialties and agricultural chemicals including next-generation fumigants and biocides. Utilizing the Draslovka's significant expertise, Draslovka 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 experience in hydrogen cyanide (HCN) production and HCN chemistry in the region. Draslovka specializes in the production of fully synthetic and highly purified liquid HCN, which undergoes further processing for application in a variety of downstream products ranging from the mining through to agriculture sectors.

AGRICULTURAL SOLUTIONS

Draslovka is made up of three business units, Mining Solutions, Agricultural Solutions, 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.

MINING SOLUTIONS

Across our business, we offer world-leading alternative products and solutions which offer environmental benefits. Through its scalable chemistry-based solutions, Draslovka aims to unlock transformation and be the leading global player in the production of cyanides for use in synthesis, mining, and industrial and agricultural applications, with safety and environmental sustainability at the heart of all its operations.

SPECIALTY **CHEMICALS**

The most recent program on glycine technology has seen wide interest in the gold mining industry, while Draslovka is successfully engaging with nickel, cobalt, and copper miners. In the upcoming years the company expects this product offering to grow substantially as during the 2023 first commercial deals have been signed for adoption of GlyCat in particular.

4.2
Global presence and diversified product offering

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

1 Specialty Chemicals: Kolin CZ

2 Mining Solutions: Memphis USA

3 Agricultural Solutions: Melbourne AU

4 European fumigation services centre: Belgium, Holland, Slovenia (c.57)

# of employees

c.308

Specialty Chemicals

Kolín, Czech Republic

Revenue breakdown by product

MEKH, Retacel, Syntron, Sam+Sambo

Revenue breakdown by region

South America, North America, Asia, Africa, Europe

c.234

Mining Solutions:

Memphis Tennessee, USA

Revenue breakdown by product

HCN, NaCN

Revenue breakdown by region

North America, Central America, South America

c.73

Agricultural Solutions:

Melbourne, Australia

Revenue breakdown by product

Bluefume, Efume, Fumigation

Revenue breakdown by region

Africa, Asia, North America, Australia

4.3
Legal details of the Company and its shareholder structure

The company Draslovka a.s. has its registered office at Prague 6, Evropská 2758/11, 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.

	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**

As at 31 December 2022, the company Draslovka Beta S.à r.l. is the sole shareholder of Draslovka a.s. and is under joint control of:

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 2022, the Company had a dualistic system of internal structure and its organs were composed as follows:

Statutory body – Board of Directors

Petr Pudil
Chairman of the Board

Pavel Brůžek jr
Member of the Board of Directors

Jonas Mitzschke
Member of the Board of Directors

Anita Orbán
Member of the Board of Directors

Gregory Ronald Warren
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

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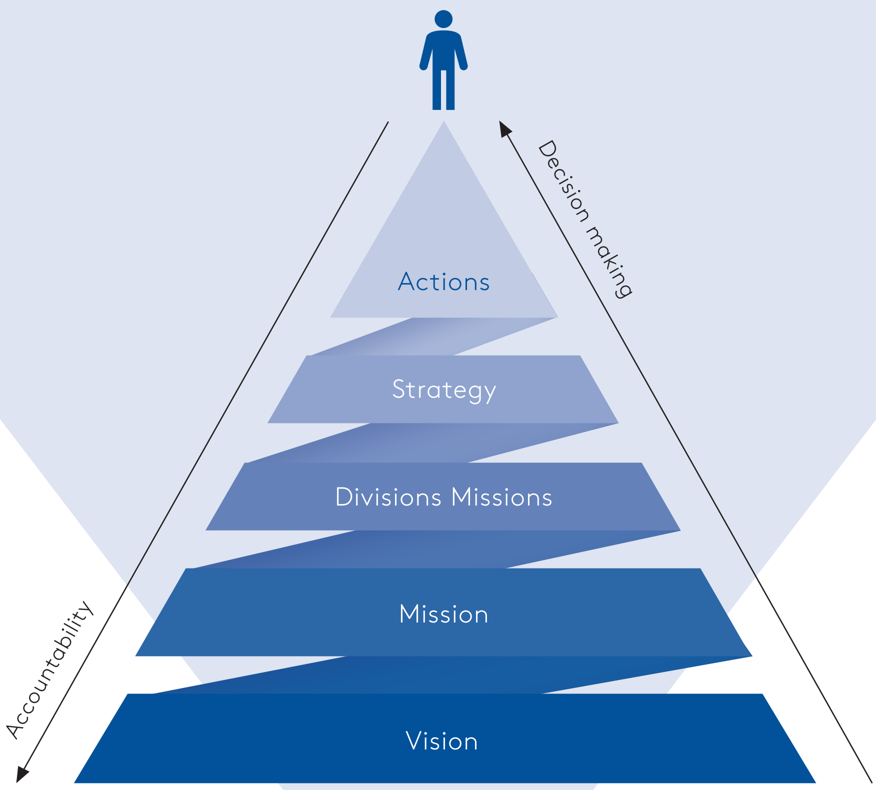
Our Vision and Mission

Our vision

Becoming the leading provider of environmentally sustainable solutions to specific industrial applications and client needs using R&D and 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
- Crossing traditional boundaries

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

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Sustainability & Responsibility

Year 2022 will mark a significant milestone for the company's sustainability strategy, as this year we are excited to present Draslovka's inaugural sustainability report.

At Draslovka, we acknowledge our responsibility to the environment and the people. That is the reason we are dedicated to continuously developing products and practices that leave our planet better than it was yesterday. And year 2022 will mark a significant milestone for the company's sustainability strategy, as this year we are excited to present Draslovka's inaugural sustainability report.

As part of our in-depth materiality assessment that forms the basis of the Sustainability Report, we conducted in-depth interviews with a wide range of internal and external stakeholders, in addition to an employee-wide survey. The results showed the importance our stakeholders attach to the sustainability aspects of the business, above our financial performance. There is a strong support for our sustainability initiatives, and that allows us to aim high. We also looked to leading sustainability frameworks, such as SASB, GRI, and TCFD, to ensure that we are aligned with global best practices, and we have benchmarked ourselves against our peers and reviewed global trends to stay ahead of the curve.

Reflecting our business reality and aligned to the SASB and GRI reporting frameworks, our sustainability strategy is based on four pillars: Innovating for Sustainability, Preserving the Environment, Protecting and Developing our People, and Operating Responsibly. These pillars were derived from the materiality assessment we conducted in the first quarter of 2023 and allow the business to focus on where we can have the most impact. We have also identified and adopted relevant UN Sustainable Development Goals to create a strong foundation for the future of our sustainability journey.

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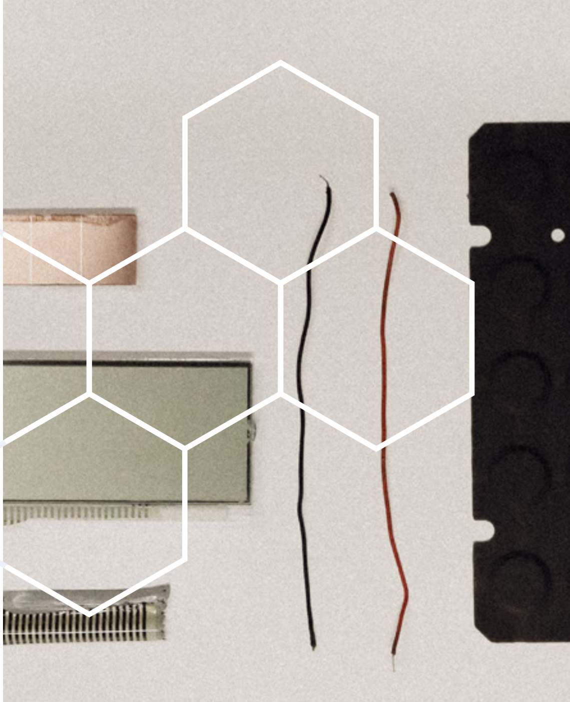
Our performance

Our performance

The Board of Directors of Draslovka a.s., ID No.: 11786728, with registered office at Prague 6, Evropská 2758/11, 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 2022 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 Holding South Africa Proprietary Limited	South Africa	100%
Draslovka South Africa Proprietary Limited	South Africa	74.9%
Draslovka Holding Alpha a.s.	Czech Republic	100%
Draslovka Holding a.s.	Czech Republic	100%
Mining and Process Solutions Pty Ltd (1)	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 Holding Company	Canada	100%
Covoro Mining Solutions Canada Company	Canada	100%
Draslovka Chile Limitada	Republic of Chile	100%
DRASLOVKA SERVICES Pty	Australia	100%
DRASLOVKA SERVICES AFRICA (Pty) Ltd	South Africa	100%
DRASLOVKA SERVICES NZ LIMITED	New Zealand	100%
Draslovka Services India Private Limited	India	89.6%
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%
Joint ventures		
DRASLOVKA SERVICES RSA (PTY) LTD	South Africa	42.5%
ENCORE MINERALS PTY LTD	Australia	50%

(hereinafter referred to as the "Draslovka").



7.1 Economic results

For the financial year ended 31 December 2022, Draslovka generated a loss of (USD 44.8 mil.) of which:

A) operating result:	B) financial result:	C) Income tax:
(USD 38.6 mil.)	**(USD 36.0 mil.)**	**USD 14.0 mil.**

The operating result is mainly determined by sales of products and services in the amount of USD 468.0 mil., cost of goods and services sold of (USD 463.3 mil.), administrative expenses of (USD 35.8 mil.), operating income of USD 0.9 mil. and operating expenses (USD 8.4 mil.).

Consolidated Adjusted Pro forma EBITDA of Draslovka for 2022 amounted to USD 77.3 mil.

7.1.1 War in Ukraine

The single most impactful event that affected operations and performance of Draslovka during 2022 has been the invasion of Ukraine in February 2022. As a result, the Company has faced a market environment with unprecedented increase of raw material and energy prices and inflation across all sites of operations. The war in Ukraine has in many ways slowed down the recovery of logistic routes critical for Draslovka's optimal performance.

7.1.2 Sanctions

Draslovka has historically had very low exposure to the Russian market (approximately 1 million USD in sales from the European operations during pre-sanctions era) and therefore complying with Russian sanctions has not greatly impacted the Company. However the indirect and more significant impact of the sanctions is related to our NaCN competitors' inability to deliver to the Russian market. As a result, producers have started selling their products to markets where Draslovka Mining Solutions has had strong historical presence, such as Mexico. This has led to pressure on pricing.

7.1.3 High energy prices

Gas and ammonia are key raw materials for Draslovka's production and the price volatility impacted the Company's profitability. The steep increase of European gas prices, which started before the invasion of Ukraine, forced Management at our Kolin facility in the Czech Republic to temporarily reduce the production of NaCN in March 2022 as it was no longer economic to continue production at full capacity. During the peak of prices during summer 2022, the price of gas in our European operations reached 250 USD/MWh. For comparison, in 2021, Draslovka's European operations were paying 62.5/MWh for gas. Electricity prices have been following very similar trends.

The reduced output of NaCN in Europe has had no significant impact on our mining customers and our newly acquired facility in Memphis was able to satisfy our customers' needs.

To ensure profitability, the Kolin facility has also taken the measure of switching its production to specialty chemicals that commanded higher margins, such as KCN, chelates and DPG. Thanks to these measures, LZD Kolin was able to stay profitable in 2022.

Our Memphis facility has also experienced higher energy input costs albeit not as material as in the Czech Republic.

7.1.4
Inflation and stagnant gold price

The price of gold at the beginning of 2022 was slightly above 1,800 USD per ounce, which was almost the same price observed at the end of the year. In the year 2022 we have observed a departure of historical trends whereas the NaCN business remains robust during economic downturns, with gold prices increasing. Due to the highest raw material costs (caused by the supply disruptions due to the war in Ukraine, high energy costs and the highest US inflation in decades), the Draslovka's customers have experienced a sharp increase in their production costs, forcing many of them to shut down some of their mines with lower quality ores. As a result, Draslovka's operations have experienced an unprecedented drop in demand, as some of its long-term customers under contracts have failed to consume the planned volume of NaCN. This caused a negative impact on the profitability as well as cash situation of the largest division of Draslovka from the revenue and EBITDA contribution perspective.

Based on our learnings from this case, starting in the second half of 2022, Draslovka has been working on repositioning its sales strategy to mitigate future risks of a sudden drop in demand of its products. Management is confident that we enter 2023 in a much better position when it comes to customer and logistics options for delivering its products. Management also continues to work, across the Group, on improvements of internal processes and cost management to enhance our ability to better handle future market volatility. Draslovka's performance remains depended on external factors, but we are always continuously improving our processes to minimize unexpected downsides.

7.2 Information on the condition of assets

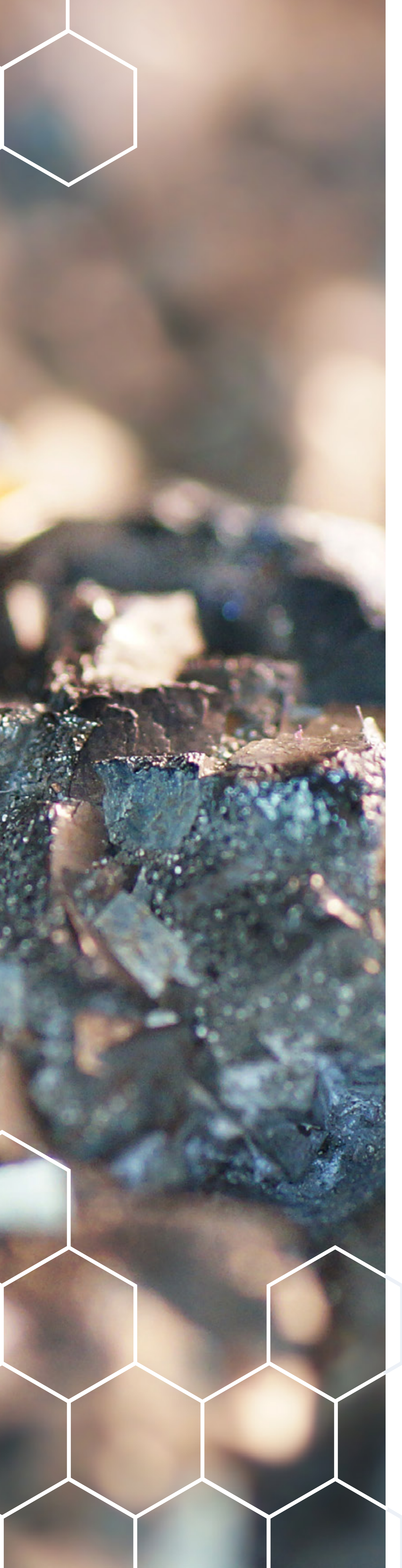
Total assets amounted to USD 850.2 mil. Of the total assets as at 31 December 2022, USD 651.5 mil. were non-current assets and USD 198.0 mil. were current assets. Of the total non-current assets, USD 368.9 mil. were property, plant and equipment, USD 113.9 mil. was goodwill, USD 123.4 mil. were other intangible assets, and USD 3.8 mil. other non-current assets. Of the total current assets, USD 64.9 mil. were inventories, USD 58.4 mil. were trade receivables, USD 14.9 mil. were other current non-financial assets, USD 43.8 mil. were cash and cash equivalents and USD 9.4 mil. were other current financial assets.

The equity of Draslovka of USD 342.4 mil. was increased in 2022 by contribution to other capital funds made by sole shareholder in the amount of USD 101.8 mil.

Non-current financial liabilities, related mainly to long term bank financing, amounted to USD 374.2 mil.

The Company has not acquired its own shares.

Other than the information set out in this Annual Report, the Company has no other information to disclose as required by law.



7.3 Business activity

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

On 30 June 2022 Draslovka Holding a.s. closed an acquisition of the Intreso Group BV. Draslovka provides end-to-end specialized handling solutions for logs, soft commodities and general cargo by fumigations, heat treatments, low oxygen biotreatment methods, quarantine and pre-shipment services, gas measurements and pest control services customization.

Draslovka expects to continue these activities in the future.

7.4 Labor relations

Draslovka had a total of 624 employees as at 31 December 2022.

7.5 Environmental protection

Draslovka's major objectives are continuing reduction of emissions to all environmental media, the creation of safe working conditions for employees, and the prevention of pollution across its production units and supply chains.

7.5.1 Kolin Site Improvements

The main activities with a positive impact on the environment were partial projects to reduce the energy consumption of individual production facilities at the Kolin Site. A new absorption cooler was put into permanent operation which enabled Draslovka to reduce the amount of stored ammonia and thus reduce the risk under the Act on the Prevention of Major Accidents. Draslovka's attention is also focused on the production of industrial waste, where a change in the sorption material used in the production of DPG and Syntron has occurred despite increase in production capacity, waste production has decreased by approximately 35%.

Draslovka perceives the need to implement improvement measures its other Kolin business segments as well. Technological changes in the production of DPG, which follow the reconstruction of part of the chemical and biological treatment plant, were carried out in 2021 resulting in a reduction of the discharged pollution for selected indicators by up to 30% compared to the previous period.

7.5.2
Memphis Site Improvements

The Memphis Site completed a capital project in 2021 that optimized the controls associated with its HCN supplied water system. In 2022, the Hydrogen Cyanide (HCN) production unit achieved a per pound water consumption reduction of approximately 20% vs prior years. This reduction in water consumption translates to a reduction in wastewater discharge from the unit and ultimately the site as well.

In 2023, the Memphis Site HCN production unit will be completing a technology transformation of its HCN storage facilities that will modernize the electrical and process control infrastructure, simplify the piping systems to reduce the potential for human error, and upgrade the metallurgy of the storage tanks to the inherently safest technology. Most importantly, full implementation of this project will significantly reduce the HCN storage footprint.

In summary, it is Draslovka's objective to operate its production activities in line with sustainable development by continuing improvement programs that reduce the potential negative impact of its activities on the environment and that protect the safety and health of its employees. The improvement programs above highlight Draslovka's commitment to this objective.

7.5.3
Sasol acquisition

Throughout 2022 Draslovka has been pro-actively engaged in progressing towards the closure of the acquisition of the South Africa based sodium cyanide business from Sasol. During the publication of this report the process is still pending due to further negotiations with state authority. Draslovka remains committed to gaining ownership and full control over the Sasol sodium cyanide business.

7.6
Research and development and technical development

7.6.1
Kolin Site

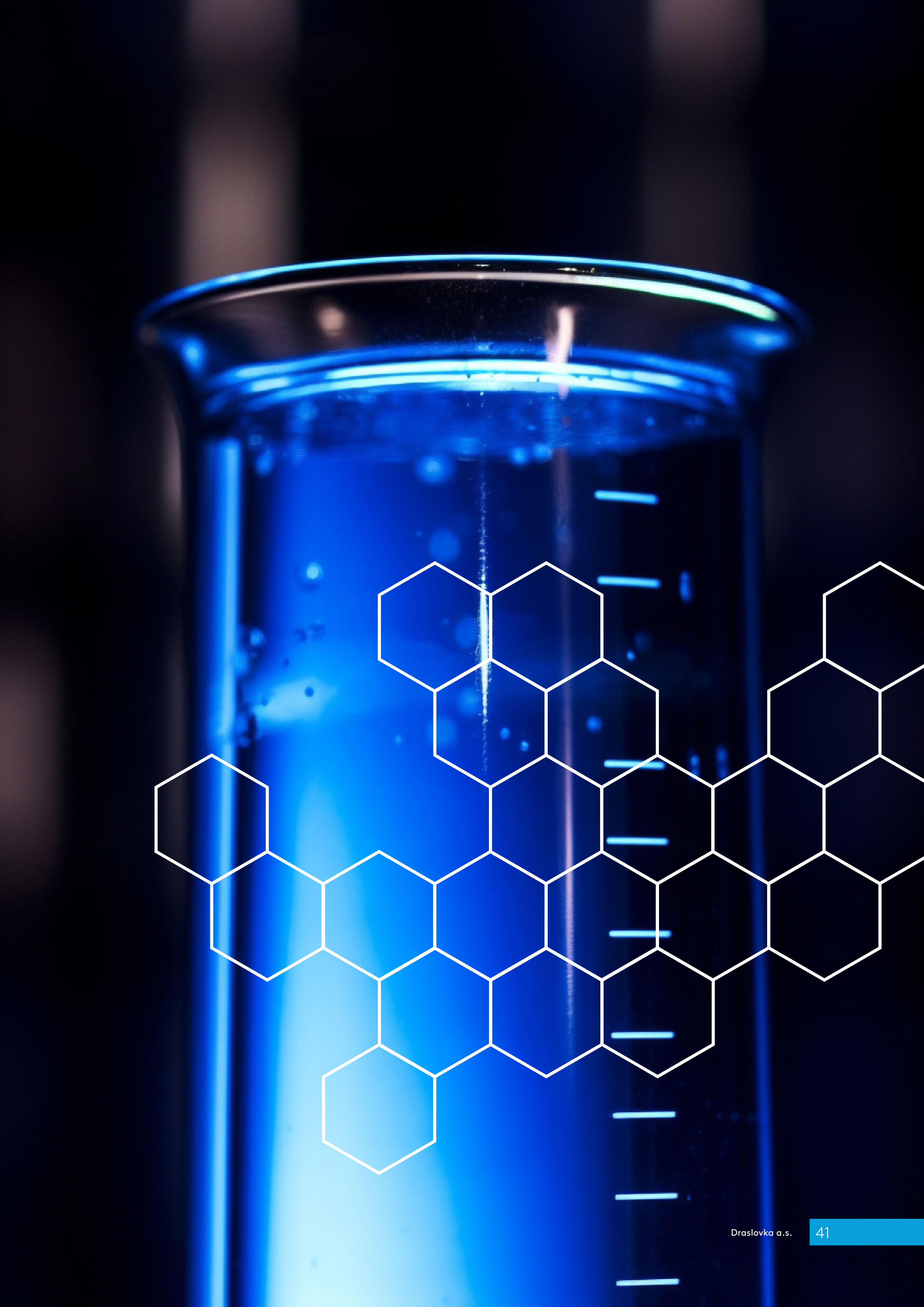
Technical Development was mainly involved in the preparation of and processing of documents for DPG construction projects and ammonium sulphate projects and in the finishing operations production and energy optimization. A major requirement of the Board of Directors was the continuous improvement of technology and reliability of EDN production and preparation for the addition of missing end-of-line operations in production of chemical specialties so that it would no longer be necessary to external production cooperation. Research continued in the deep hydrogen cyanide processing program, perchlorate and now EDN for efficient production chemical specialties. The scale-up production is ready for production of precious metal cyanides to complement the portfolio products for electroplating and research is being finalized of glycine technology and its derivatives within the new technology programs for the recovery of scarce metals in an environmentally efficient manner. In research long-term cooperation with universities is ongoing, selected research institutes and some institutes Academy of Sciences.

The Board of Directors regularly evaluated the progress of the fumigant registration processes in the custody the expansion of their application in the countries of registration.

7.6.2
Memphis Site

The primary technical development activity at the Memphis Site continues to be the evaluation and design of a DPG production unit that will potentially be built at the site in support of projected growth in that business.

Also, the Mining Solutions business is actively evaluating technical and business options to support the projected growth in glycine demand as part of the GlyCat and GlyLeach technologies acquired with the MPS acquisition in 2022. This program will evolve as the scale-up activities at mining customer sites continues in 2023.



7.7 Subsequent events

7.7.1 Banking turmoil of Q1 2023

During the first quarter of 2023 a wave of shocks coming from the banking sector has shaken the markets. During the publication of this report, Draslovka has not been engaged nor has done any business historically with any of banks in US or Europe that have been affected by this turmoil. Draslovka's financial and banking partners remain stable and reliable.

7.7.2 Capital funds contribution

On 30 January 2023 and on 24 April 2023, the sole shareholder increased the Company's other capital funds by USD 30,000 thousand and by USD 20,000 thousand respectively.

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7.7.3 Blue Cube acquisition

On 3 April 2023 Sale of Shares Agreement was signed between Draslovka Holding a.s., Blue Cube Systems Proprietary Limited and Blue Cube Technology Proprietary Limited with its subsidiaries ("BCS"). Draslovka Holding a.s. is becoming 100% owner of the "BlueCube group entities". Closing date of the transaction was 25 April 2023. The total purchase consideration for the Sale Shares totaled USD 3,184 thousand. The Group also refinances loan in total amount of USD 251 thousand.

BSC 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.

The acquisition of BCS allows Draslovka to bring added value to our existing customers and target markets, with improved data collection and quality that will allow them to optimize their leaching processes. As the mining industry continues wider adoption of data analytics and artificial intelligence, products like BCS's will be the foundation of process improvement. Additionally, BCS has a product portfolio with broad application across segments of the mining industry, increasing Group's access to important new segments.

Prague, 9 June 2023

For Draslovka a.s.

Pavel Brůžek
Member A of the Board of Directors

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Consolidated Financial Statements

Consolidated Statement of Financial Position

as at 31 December 2022

In thousands of US dollars	Note	31 Dec 2022	31 Dec 2021 as restated*
ASSETS			
Property, plant and equipment	4	368,974	374,215
Right-of-use assets	4	17,847	745
Goodwill	5	113,900	95,534
Other intangible assets	4	123,423	108,974
Investments in joint ventures	6	861	906
Restricted cash	7	2,400	96,022
Other non-current financial assets	8	3,786	2,598
Deferred income tax assets	27	20,298	5,354
Total non-current assets		**651,489**	**684,348**
Inventories	9	64,907	43,674
Trade receivables	10	58,444	48,846
Other current financial assets	11	9,377	2,943
Other current non-financial assets	12	14,884	13,606
Current income tax prepayments	27	6,572	379
Cash and cash equivalents	13	43,789	36,071
Total current assets		**197,973**	**145,519**
Assets classified as held for sale	14	694	--
Total current assets incl. assets held for sale		**198,667**	**145,519**
TOTAL ASSETS		**850,156**	**829,867**

In thousands of US dollars	Note	31 Dec 2022	31 Dec 2021 as restated*
LIABILITIES AND EQUITY			
Share capital	15	315,630	315,630
Share premium	15	168,726	168,726
Other capital funds	15	353,864	252,030
Accumulated losses	15	(73,789)	(17,275)
Capital reorganisation reserve/(deficit)	15	(419,333)	(419,333)
Currency translation reserve	15	(2,017)	(46)
Hedging reserve	15	(679)	--
Equity attributable to owners of the Company		**342,402**	**299,732**
Non-controlling interest	30	5	1
Total equity		**342,407**	**299,733**
Non-current financial liabilities	16	374,277	429,090
Deferred income tax liability	27	9,505	2,920
Total non-current liabilities		**383,782**	**432,010**
Trade payables	17	69,428	72,838
Other current financial liabilities	18	33,547	14,281
Other current non-financial liabilities	19	20,264	9,804
Current income tax payable	27	654	1,113
Provisions	20	74	88
Total current liabilities		**123,967**	**98,124**
TOTAL LIABILITIES AND EQUITY		**850,156**	**829,867**

*See Note 3 for details regarding the restatement

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

In thousands of US dollars	Note	2022	2021
Revenue	21	468,031	121,344
Cost of sales	22	(463,343)	(106,876)
- Out of which depreciation and amortisation	22	(74,143)	(14,107)
Gross profit		**4,688**	**14,468**
Administrative expenses	23	(35,840)	(22,074)
Other operating income	24	868	2,650
Other operating expenses	25	(8,358)	(1,483)
Operating profit / (loss)		**(38,642)**	**(6,439)**
Finance income	26	202	1,433
Finance costs	26	(36,214)	(4,333)
Net finance costs		**(36,012)**	**(2,900)**
Share of net profit of joint ventures accounted for using the equity method	30	(45)	--
Loss before income tax		(74,699)	(9,339)
Income tax benefit	27	14,008	784
Loss for the year		**(60,691)**	**(8,555)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation of financial statements of foreign operations to presentation currency	15	(1,971)	(2,125)
Effective portion of changes in fair value cash flow hedge	15	(891)	--
Income tax on other comprehensive income	27	212	--
Other comprehensive loss for the year		**(2,650)**	**(2,125)**
Total comprehensive loss for the year		**(63,341)**	**(10,680)**
Loss for the year attributable to:			
Owners of the Company		(60,681)	(8,547)
Non-controlling interest		(10)	(8)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(63,331)	(10,672)
Non-controlling interest		(10)	(8)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

In thousands of US dollars	**Share capital**	**Share premium**	**Other capital funds**	**Capital reorganisation reserve/(deficit)**	**Currency translation reserve**	**Hedging reserve**	**Accumulated losses**	**Equity attributable to owners of the Company**	**Non-controlling interest**	**Total equity**
As at 1 January 2021	**--**	**--**	**--**	**64,931**	**2,079**	**--**	**(8,728)**	**58,282**	**(116)**	**58,166**
Loss for the year	--	--	--		--	--	(8,547)	(8,547)	(8)	(8,555)
Other comprehensive loss for the year	--	--	--		(2,125)	--	--	(2,125)	--	(2,125)
Total comprehensive loss for the year	**--**	**--**	**--**		**(2,125)**	**--**	**(8,547)**	**(10,672)**	**(8)**	**(10,680)**
Transactions with owners:										
Contribution in cash (Note 15)	92	--	252,030	--	--	--	--	252,122	--	252,122
Capital reorganisation (Note 15)	315,538	168,726	--	(484,264)	--	--	--	--	--	--
Non-controlling interest increase (Note 30)	--	--	--	--	--	--	--	--	5	5
Disposal of subsidiary (Note 30)	--	--	--	--	--	--	--	--	120	120
As at 31 December 2021	**315,630**	**168,726**	**252,030**	**(419,333)**	**(46)**	**--**	**(17,275)**	**299,732**	**1**	**299,733**
As at 1 January 2022	**315,630**	**168,726**	**252,030**	**(419,333)**	**(46)**	**--**	**(17,275)**	**299,732**	**1**	**299,733**
Loss for the year	--	--	--	--	--	--	(60,681)	(60,681)	(10)	(60,691)
Other comprehensive loss for the year	--	--	--	--	(1,971)	(679)	--	(2,650)	--	(2,650)
Total comprehensive loss for the year	**--**	**--**	**--**	**--**	**(1,971)**	**(679)**	**(60,681)**	**(63,331)**	**(10)**	**(63,341)**
Transactions with owners:										
Contribution to other capital funds (Note 15)	--	--	101,834	--	--	--	--	101,834	--	101,834
Non-controlling interest increase (Note 30)	--	--	--	--	--	--	--	--	14	14
Difference between initial fair value and proceeds received from interest free loans (Note 16)	--	--	--	--	--	--	5,144	5,144	--	5,144
Deferred tax from difference between initial fair value and proceeds received from interest free loans (Note 16)	--	--	--	--	--	--	(977)	(977)	--	(977)
As at 31 December 2022	**315,630**	**168,726**	**353,864**	**(419,333)**	**(2,017)**	**(679)**	**(73,789)**	**342,402**	**5**	**342,407**

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

In thousands of US dollars	Note	2022	2021 as restated*
Cash flow from operating activities			
Loss before income tax		(74,699)	(9,339)
Adjustments for:			
Depreciation and impairment of property, plant and equipment, right of use assets and amortization of intangible assets	22	74,294	14,107
Goodwill write off	5	554	--
Loss from sale of property, plant and equipment	25	234	145
Net interest expenses	26	33,753	4,152
Impairment of inventories and financial assets	22	1,948	(21)
Revaluation of derivatives	11	959	223
Net gain from disposal of subsidiary	24	--	(484)
Unrealized foreign exchange differences	26	892	(1,900)
Revaluation of financial liabilities at fair value through profit or loss	26	905	--
Share of net profit of joint ventures accounted for using the equity method	30	45	--
Deferred tax restatement	3	(89)	--
Other non-cash transactions		--	(22)
Changes in working capital, net of effects from acquisition and disposal of subsidiaries:			
Changes in trade and other receivables	10, 11	(13,565)	(26,433)
Changes in inventories	9	(21,304)	(1,545)
Changes in trade and other liabilities	17, 18	946	28,935
Income taxes paid	27	(8,385)	(2,011)
Net cash inflow/ (outflow) from operating activities		**(3,512)**	**5,807**

In thousands of US dollars	Note	2022	2021 as restated*
Cash flow from investing activities			
Payments for the acquisition of property, plant and equipment	4	(47,881)	(23,202)
Proceeds from sales of property, plant and equipment	4, 25, 26	--	13
Payments for the acquisition of intangible assets	4	(3,743)	(1,371)
Loans repaid by related parties	8	2	--
Payment for acquisition of subsidiary, net of cash acquired	30	(46,409)	(508,048)
Proceeds from disposal of subsidiary on loss of control	30	--	39
Net cash outflow on sale of interest in subsidiary resulting in loss of control	30	--	(181)
Interest income received	26	--	2
Change in restricted cash	7	93,622	--
Net cash (outflow) from investing activities		**(4,409)**	**(532,748)**
Cash flow from financing activities			
Contribution to other capital funds	15	74,500	252,122
Acquisition of non-controlling interest	30	(15)	--
Non-controlling interest contribution	30	--	5
Proceeds from borrowings	16	40,806	350,870
Repayment of borrowings	16	(67,868)	(50,800)
Repayment of principal of lease liabilities	16	(738)	(147)
Acquisition of interest rate hedge	16	(2,800)	--
Interest paid	16	(28,039)	(483)
Net cash inflow from financing activities		**15,846**	**551,567**
Net increase in cash and cash equivalents		7,925	24,626
Cash and cash equivalents at the beginning of the year	**13**	**36,046**	**10,520**
Foreign exchange gain/ (loss) on cash and cash equivalents		(204)	900
Cash and cash equivalents at the end of the year	**13**	**43,767**	**36,046**

*See Note 3 for details regarding the restatement

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 International Financial Reporting Standards as adopted by the European Union (IFRS).

The Company is seated in the Czech Republic, Prague, Dejvice, Evropská 2758/11. The Company was registered in the Commercial Register on 27 August 2021.

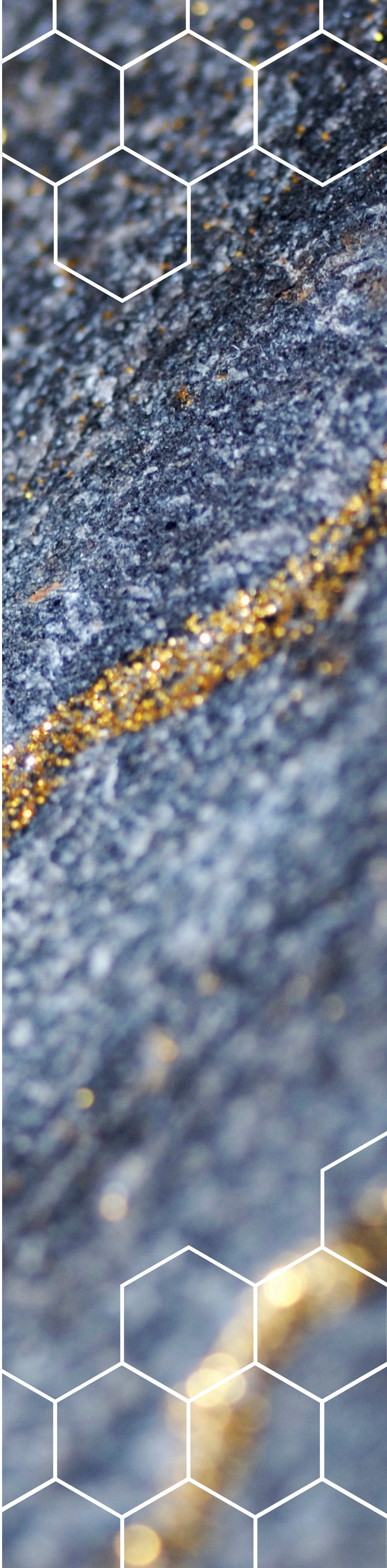
The Company is joint-stock company and its tax domicile is in the Czech Republic.

Group activities

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

On 30 June 2022, Draslovka Holding a.s. acquired Intreso Group BV. The group provides end-to-end specialized handling solutions for logs, soft commodities and general cargo by fumigations, heat treatments, low oxygen biotreatment methods, quarantine and pre-shipment services, gas measurements and pest control services customization (refer to Note 30).

On 28 April 2022, the Company acquired Mining and Process Solutions Pty Ltd (further "MPS") in Australia. The acquisition of MPS adds an environmentally sustainable solution for the extraction of a number of precious metals, as well as copper,



nickel, and cobalt, to the Group's offering. MPS holds an exclusive licensing agreement for the glycine leaching process, allowing ongoing support and access to the latest research being progressed.

The acquisition allows the Group to supply a highly competitive and environmentally sustainable offering to the global market for the metals utilised in the digitalisation of the economy and the transition to electromobility.

As glycine leaching provides a viable solution in sensitive environmental locations where other forms of leaching are not appropriate, the acquisition adds significantly to the Group's diverse mining solutions product portfolio and allows the business to service customers in a broad range of regulatory situations.

Glycine is a non-toxic chemical that is fully bio-degradable. Glycine is a readily available chemical that is manufactured in large quantities in the USA, Germany, Japan, China, and India. Among the common manufacturing processes to obtain glycine is combining formaldehyde and ammonia along with hydrogen cyanide (HCN), a key product of the Group.

On 1 December 2021, the Group has acquired the Mining Solutions business of The Chemours Company. Chemours Mining Solutions operates the largest solid sodium cyanide plant in the world in Memphis, Tennessee (USA), with a market presence in Mexico, Canada and South America. The acquisition was funded by USD 348 million syndicated Term Loan B in November 2021 via sole bookrunner J.P. Morgan and equity contribution from existing shareholders (refer to Note 30).

War in Ukraine

The single most impactful event that affected operations and performance of the Group during 2022 was the invasion of Ukraine by Russia in the February 2022. As a result, the Group has faced a market environment with unprecedented increases of raw material and energy prices and inflation across all sites of its operations. The lingering impact from Covid 19 restrictions and disruption to global supply chains continued to impact the markets. The war in Ukraine has in many ways slowed down the recovery of logistic routes critical for the Group's optimal performance.

Sanctions

As market and political conditions have started deteriorating, the Group has reacted immediately at all levels of operations by complying, first of all, with sanctions that have been imposed on Russia. The Group has had historically low exposure levels to the Russian market, which has been around 1 mil USD in sales from the European operations during the pre-sanctions era. The indirect and more significant impact of the sanctions was the inability of our competitors, who were historically present in Russia selling sodium cyanide (NaCN) products, to deliver their products to the Russian market. As a result, producers mostly in Asia, have started placing their products to markets where the Group has had strong historical presence (mainly Mexico and South America), creating a downward pressure on pricing.

High energy prices

Natural gas (and ammonia are the key raw materials for the Group's production. Despite the Group's wide portfolio of products, any major changes in the prices of these raw materials have a significant impact on the Group's profitability. The accentuated increase of European gas prices forced the management in our Kolín facility in the Czech Republic to temporarily reduce the production of NaCN in March 2022, as it was no longer economically viable to continue production at the full capacity. Our Memphis facility has also experienced higher energy input costs, albeit not as material as in the Czech Republic. During the peak of prices during summer 2022, the price of gas per MWh in our European operations reached 250 USD/MWh, which was almost eight times higher than the cost observed by our US operations. For comparison, the costs in 2021 for natural gas in our European operations were a quarter of costs observed in 2022. Electricity prices have been following very similar trends.

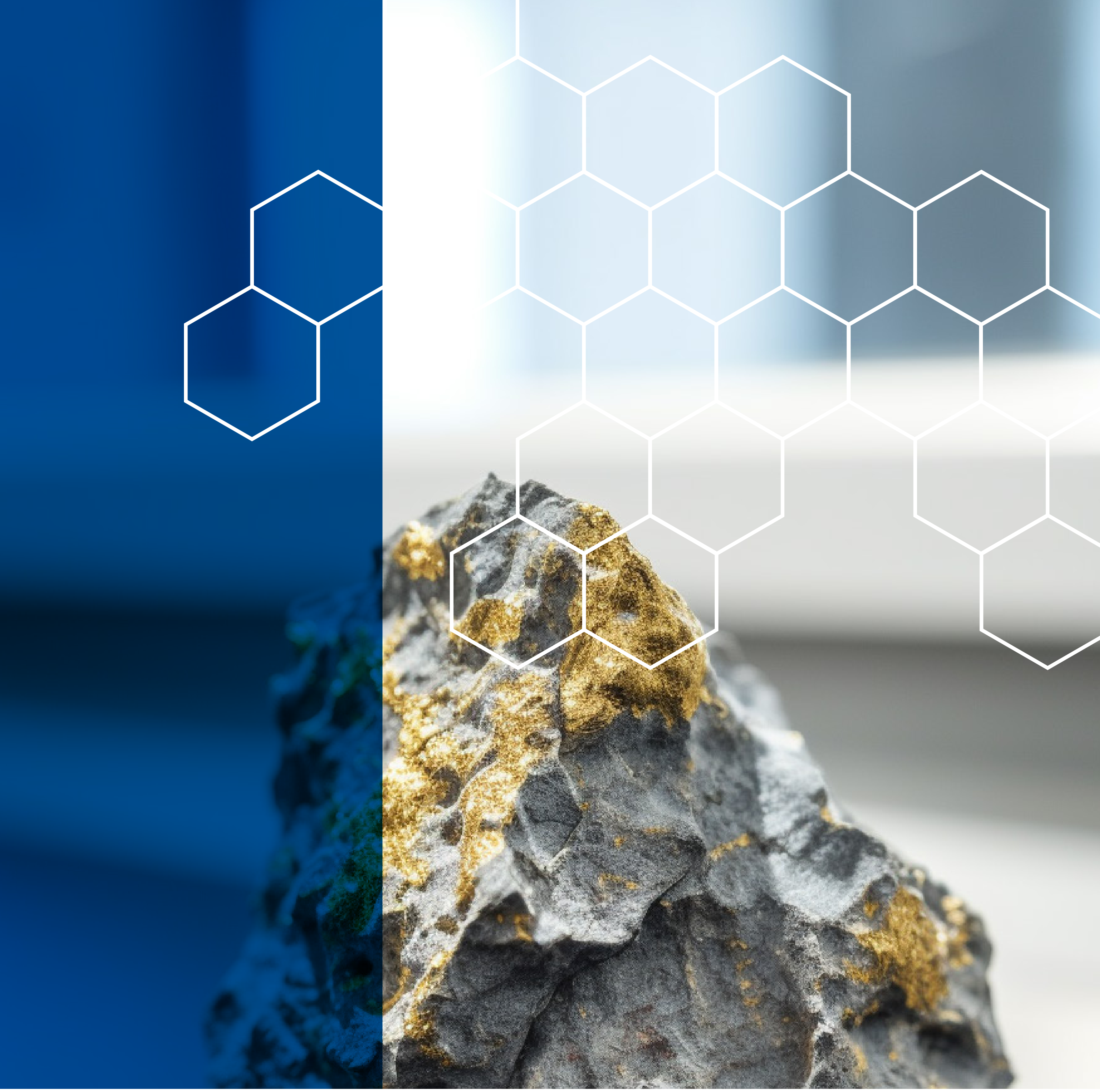
The reduced output of NaCN in Europe had no significant impact on the operations of our mining customers base as, due to synergies with newly acquired US operations in Memphis we were able to adjust our supply chain to continue supplying our customers globally.

As a result of these negative pressures, Lučební závody Draslovka a.s., Kolín facility implemented actions to allow its production to be shifted to specialty chemicals that commanded higher margins such as Potassium Cyanide (KCN), chelates and DPG. Thanks to these measures, Lučební závody Draslovka a.s., Kolín was able to generate profits on these products in 2022.

Inflation and stagnant gold price

The price of gold at the beginning of 2022 was slightly above 1,800 USD per ounce, which was almost the same price observed at the end of the year 2022. In the year 2022 we have observed a departure from historical trends when the NaCN demand remained robust during economic downturns, with gold prices increasing. Due to the higher raw material costs (caused by the supply disruptions due to the war in Ukraine, high energy costs and the highest US inflation in decades), the Group's customers have experienced a sharp increase in their production costs, forcing many of them to temporarily suspend the production in some of their mines with lower quality ores while, in some other cases, production was redirected to richer ore bodies that required lower NaCN consumption. As a result, Group's operations have experienced an unprecedented drop in demand, as some of its long-term customers under contracts have failed to consume the planned volume of NaCN. We also suffered, just like several other industries in the world, of a lack of transportation availability as the global freight industry was still recovering from the COVID-era restrictions. This created a downward pressure in profitability and cash flow generation of the largest division of the Group.

Based on our learnings, starting in the second half of 2022, the Group has been working on repositioning its sales strategy to mitigate future risks of a sudden drop in demand of its products. Management is confident that the Group has a chance to move through the year 2023 in a much better position when it comes to customer and logistics options for delivering its products. Management also continues to work, across the Group, on improvements of internal processes and cost management to enhance our ability to better handle future market volatility. The Group's performance remains depended on external factors, but we are always continuously improving our processes to minimize unexpected downsides.



Banking turmoil of Q1 2023

During the first quarter of 2023 a wave of shocks coming from the banking sector has shaken the markets. During the publication of this report, the Group has not been engaged nor has done any business historically with any of the banks in the US or Europe that have been affected by this turmoil. The Group's financial and banking partners remain stable and reliable.

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

The following amendments became effective as at 1 January 2022:

- IFRS 3 – Amendments to IFRS 3 – Reference to the Conceptual Framework for Financial Reporting
- IAS 16 – Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
- IAS 37 – Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The adoption of the above standards, amendments and interpretations during the period did not have a material impact on the disclosures or amounts reported in these financial statements.

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 2023:

- IAS 1 – Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies
- IAS 8 – Amendments to IAS 8 – Definition of Accounting Estimates
- IAS 12 – Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 – Insurance contracts and Amendments to IFRS 17 and IFRS 4

Standards and interpretations effective for periods beginning on or after 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
- IFRS 16 – Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The Group's management anticipates that the adoption of these standards, novels and interpretations in the following periods will not have a significant impact on the Group.

IFRS first-time adoption

The Group became a first-time adopter as at 1 January 2021, including its parent prepares its first IFRS financial statements and adopts IFRS by including an explicit and unreserved statement of compliance with all IFRSs.

The Group became a first-time adopter later than its subsidiary Draslovka Holding a.s. (and the subgroup under control of Draslovka Holding a.s.). The Group in its consolidated financial statements measures the assets and liabilities of the subsidiary Draslovka Holding a.s. (and the subgroup beneath it) at the same carrying amounts as in the consolidated financial statements of the subgroup. No adjustments to the carryover carrying amounts have been made, because under the capital reorganisation accounting no fair value or other business combination uplifts should be recognised. The Company didn't apply any other voluntary exemptions from IFRS 1 except for this one described.

The Group didn't prepare consolidated financial statements under other GAAP than IFRS, therefore no reconciliations from previous GAAP is disclosed.

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 2022 to 31 December 2022.

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Company reorganisation

Purchases of subsidiaries under capital reorganisation were in 2021 accounted for using the retrospective predecessor values method.

The Group was under the 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%), which was based on a contractual arrangement between the companies as at 31 December 2020.

The capital reorganisation of the Group occurred in 2021 and following changes in the Group structure have been made:

- entities Draslovka Invest a.s., Draslovka Global Holding a.s., Draslovka Alpha S.à.r.l. and Draslovka Beta S.à.r.l. (intermediate parent companies of the Company) were newly established in 2021 and are 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 a.s. was newly established on 23 August 2021 by its sole shareholder Draslovka Invest a.s.

- Draslovka Holding Alpha a.s. was newly established on 30 August 2021 by its sole shareholder Draslovka a.s.

- 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.

- Draslovka Invest a.s. contributed the shares of Draslovka Holding a.s. to Draslovka a.s. on 20 October 2021

- Draslovka a.s. contributed the shares of Draslovka Holding a.s. to its subsidiary Draslovka Holding Alpha a.s. on 25 October 2021

- on 21 December 2021 Draslovka Invest a.s. contributed its share in the Company to Draslovka Global Holding a.s.

- on 31 December 2021 Draslovka Global Holding a.s. contributed its share in the Company to Draslovka Alpha S.à.r.l.

- on 31 December 2021 Draslovka Alpha S.à.r.l. contributed its share in the Company to Draslovka Beta S.à.r.l.

8.2.2
Basis of consolidation

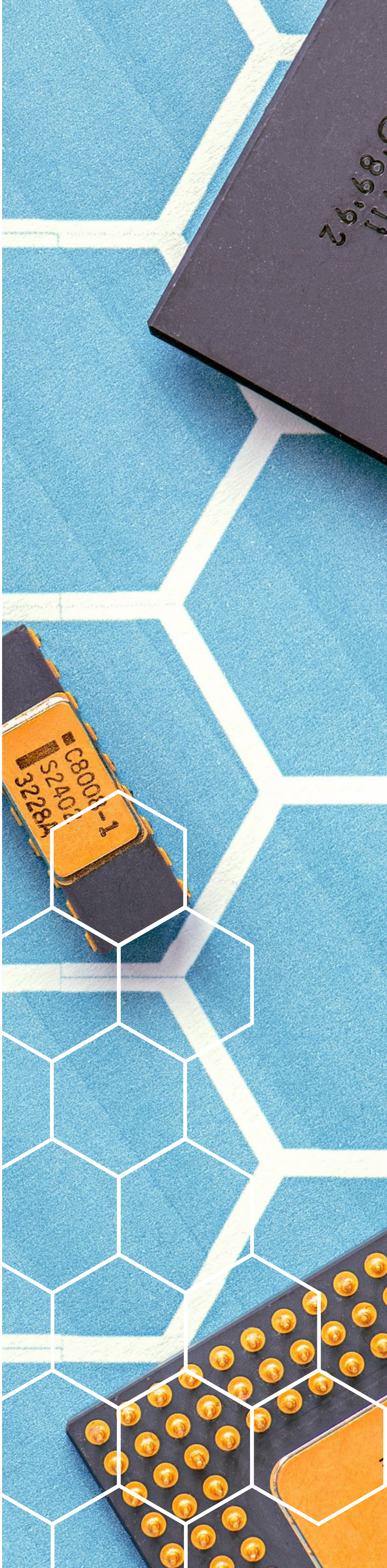
The consolidated financial statements include the financial statements of the Company and the entities controlled by the Group (including structured entities and their subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has the right, to variable revenues from its involvement with the investee; and
- has the ability to use its power over the investees to affect the amount of the investor's returns.

The Company reassesses whether or not the Group controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group holds less than a majority of the voting rights of an investee, it has control over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether the Group's voting rights in an investee are sufficient to gain the control, including:

- the size of the Group's holding of voting rights relative to the size and distribution of the holdings of the other vote holders;
- potential voting rights held by the Group, by other vote holders or by other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.



Consolidation of a subsidiary begins when the Group gains control over a subsidiary and ends when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group loses control over the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owner of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intercompany assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Changes in the Group's Ownership Interests in Subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's controlling interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owner of the Group.

When the Group loses control over a subsidiary, a gain or a loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. All amounts previously recognized in the other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. are reclassified to the profit or loss or transferred directly to other category of equity if required by relevant IFRS).

Business Combinations using the acquisition method

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are recognized in profit or loss as incurred.

Identifiable assets acquired and liabilities assumed are stated at fair value.

Contingent liabilities are measured as the best estimate of the present value of the probable outflow of resources embodying economic benefits.

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. If, after reassessment, the Group's interest in the fair value of net identifiable assets acquired exceeds 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 interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportional share of the entity's net assets in the event of liquidation can be at initial recognition measured at either fair value or at the non-controlling interests' proportional share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

If the Group does not also acquire significant processes related to the acquired assets during the acquisition, this acquisition is accounted for as an asset acquisition, not as a business combination.

Purchases of subsidiaries as a result of capital reorganisations

In its consolidated financial statements, the Company incorporated assets and liabilities of the existing entity, Draslovka Holding a.s., at their pre-reorganisation carrying amounts without fair value uplift. The pre-reorganisation carrying amounts were not those from the highest level of common control, but they reflected the carrying values in the books of Draslovka Holding a.s. as this reorganisation didn't represent substantive economic change.

Purchases of subsidiaries under capital reorganisations were accounted for using the retrospective predecessor values method. Under this method the consolidated financial statements of the combined entity are presented as if the combining entities had been combined from the beginning of the earliest period presented or, if later, the date when the combining entities were first brought under the common control with the reorganised Group. The assets and liabilities of the business transferred (subgroup) under a capital reorganisation are at the predecessor entity's (subgroup) carrying amounts.

The Group's consolidated financial statements include the predecessor business' full-year results (and comparatives), regardless of when, during the reporting period, the capital reorganisation occurs. Any consideration paid by the legal acquirer outside of the Group is accounted for as a reduction of equity (Capital reorganisation reserve/(deficit)).

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.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units, further "CGU") that are expected to benefit from the synergies of the business combination. 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.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in profit or loss as a part of the gain or loss on disposal.

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets covered by this joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The gains or losses, assets and liabilities of joint ventures are accounted for using the equity method within these consolidated financial statements. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses in an associate or in a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the official exchange rate of the country where the Group entity resides as at the date of the transaction. Foreign exchange gains or losses resulting from these transactions and from the translation of monetary assets and liabilities into the functional currency at year-end official exchange rates of the country where the Group entity resides are recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, as part of financial income or financial costs. All other foreign exchange gains and losses are presented in profit or loss on a net basis within Other operating income or Other operating expenses.

Foreign exchange differences arising on the translation of the functional currency of the Group entities into the presentation currency are recognized in other comprehensive income and accumulated in the Currency translation reserve within equity. If a subsidiary is excluded from the Group, the aggregate amount of exchange differences is recognized in profit or loss.

Loans between the Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where a loan is provided between companies in the Group that have different functional currencies, the foreign exchange gain or loss cannot be fully eliminated and is recognized in profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognized in other comprehensive income.

When control over a subsidiary with a functional currency other than the functional or presentation currency of the Group is lost, the exchange differences recognized previously in other comprehensive income are reclassified to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the official exchange rates of the Czech National Bank as at the balance sheet date. Exchange differences arising are recognized in Other comprehensive income.

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.

Costs of repairs and maintenance are expensed when incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

General and specific borrowing costs directly attributable to the acquisition of property, plant and equipment that necessarily take a substantial time longer than 1 year to get ready for intended use or sale (qualifying assets) are capitalized as part of the costs of those assets. Capitalization of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

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

The estimated useful lives and the depreciation method are reviewed, and prospectively adjusted if appropriate, at the end of each reporting period. Property, plant and equipment is derecognized upon disposal or when no economic benefits are expected from its use. Gains and losses on disposals are determined by comparing the proceeds from the sale with the carrying amount and are recognized in profit or loss for the year.

Depreciation, repair or maintenance costs are expensed when incurred. Technical improvements of tangible fixed assets are capitalized.

8.2.5
Precious metals equipment accounting

The Group accounts for portable laboratory equipment, catalysts made of precious metals, major overhaul 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
Non-current assets classified as held for sale

Non-current assets and disposal groups (which may include both non-current and current assets) are classified in the consolidated statement of financial position as 'non-current assets classified as held for sale' if their carrying amount will be recovered principally through a sale transaction rather than through continuing use (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period. Assets are classified as held for sale when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

Non-current asset or disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sale. Non-current asset or disposal group classified as held for sale are not depreciated or amortised.

Liabilities directly associated with the non-current asset or disposal group classified as held for sale that will be transferred in the sale transaction are reclassified and presented separately in the consolidated statement of financial position.

8.2.7
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 measured at cost comprising the following:

- the amount of the initial measurement of a lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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.

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 22 – Cost of sales detail table.

8.2.8
Other intangible assets

Other 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.

8.2.9 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.

8.2.10 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 of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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).

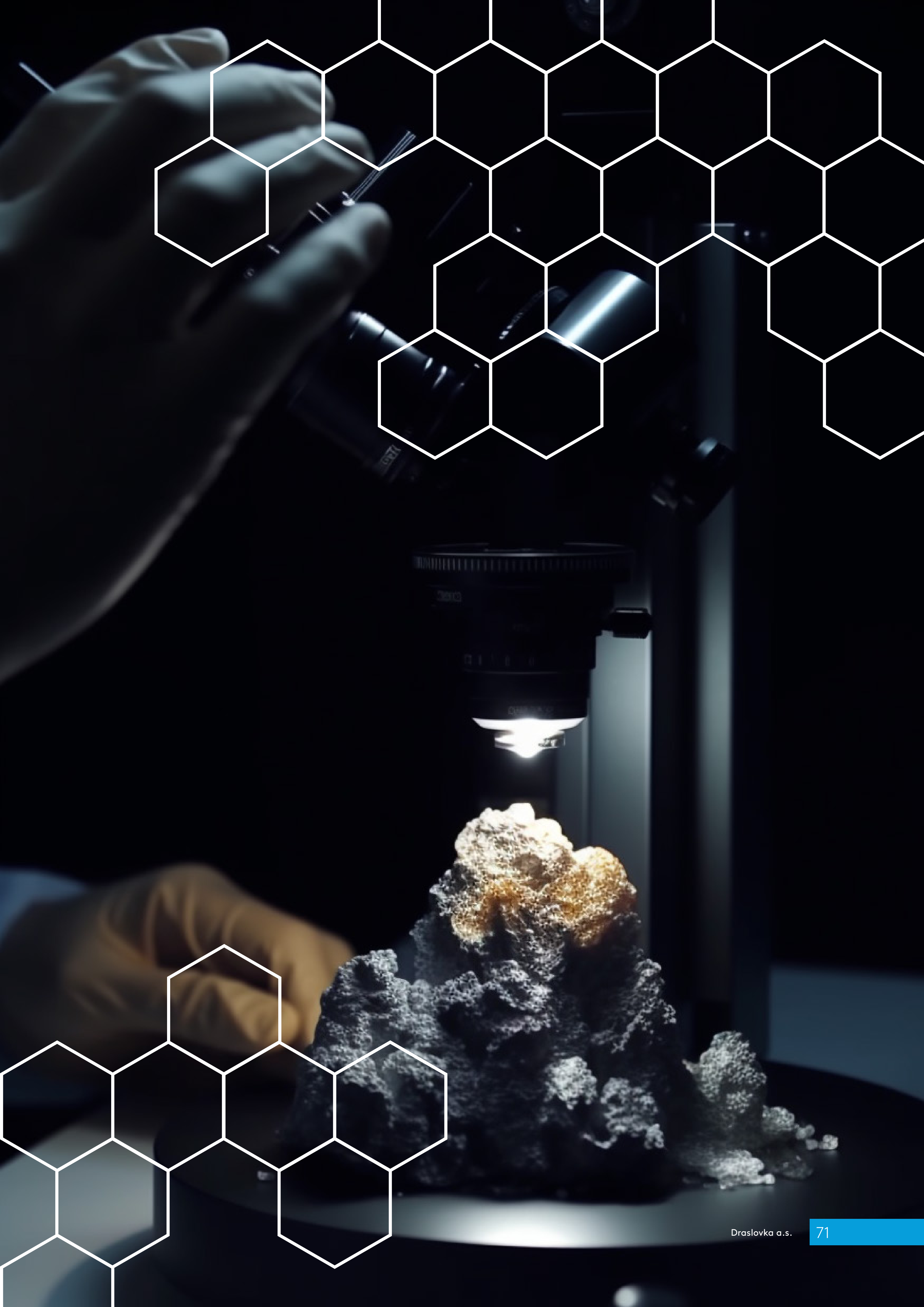
Directly attributable costs to these development activities are allocated to the ongoing or planned registration activities in each of the relevant countries and are allocated to a given country/ product or it is apportioned among several registrations.

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.



8.2.11
Financial assets

Classification and measurement of financial assets

The Group classifies financial assets at the initial recognition depending on the business model that the Group uses to manage the financial asset and depending on whether its contractual cash flows represent only payments of principal and interest ("SPPI" – solely payments of principal and interest).

As part of the business model test and the SPPI test, the Group verifies whether the objective of holding a financial asset is to collect all contractual cash flows arising from it ("hold to collect" model), whether the objective is to hold contractual cash flows and sell a financial asset ("hold to collect-and-sell" model), or whether the Group has other objective ("other" model). Further, the Group examines and determines whether the contractual cash flows have a character of principal and interest, i.e., whether the instrument corresponds to a "basic lending arrangement".

The Group classifies financial assets in the following measurement categories: (a) financial assets subsequently measured at amortized cost using the effective interest rate method (financial assets at amortized cost), (b) financial assets subsequently measured at fair value with change in fair value included in other comprehensive income (financial assets at fair value through other comprehensive income), (c) financial assets subsequently measured at fair value through profit or loss (financial assets at fair value through profit or loss).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets at amortized cost (AC portfolio)

Amortized cost ("AC") is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

Financial assets at fair value through other comprehensive income (FVOCI portfolio)

In this category, the Group recognizes financial assets if they meet both of the following conditions: a) they are held under a business model that aims at both collecting contractual cash flows and selling the financial asset, and b) they have contractual cash flows representing solely payments of principal and interest on the outstanding value of the principal. They are measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss (FVPL portfolio)

Within this category, the Group classifies all other financial assets that cannot be classified into the above-mentioned categories. These financial assets are either held for trading or their contractual cash flows do not represent solely payments of principal and interest on the outstanding value of the principal. They are subsequently measured at fair value through profit or loss.

Derivatives are classified in the FVPL category.

Equity instruments

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

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Group has implemented an impairment model reflecting the expected credit losses (ECL) of financial assets. Except for trade receivables, the Group applies the "general approach" to impairment of financial assets.

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

General approach to impairment of financial assets

Under the general approach, the Group recognizes an allowance for a lifetime ECL if there is a significant increase in credit risk (measured by the probability of default) since the initial recognition of the financial asset. To assess the probability of a default, the Group assess the historical experience and also forward-looking information. The Group uses the expected gross domestic product development in relevant countries as presented in publicly available resources as basis for the projections. If, at the balance sheet date, the credit risk associated with a financial asset has not increased significantly since initial recognition, the Group recognizes an allowance for the 12-month ECL.

The lifetime ECL represents the expected credit losses that arise as a result of all potential defaults over the expected duration of the financial asset. The 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the balance sheet date.

The Group uses a three-stage ECL model. On initial recognition of a financial asset, unless there is evidence of default, the Group classifies the financial asset in Stage 1 and recognizes an allowance for the 12-month ECL. If the credit risk associated with a financial instrument

has not increased significantly since the date of initial recognition, the financial asset remains in Stage 1 and the allowance is measured at the 12-month ECL at the balance sheet date. If there has been a significant increase in credit risk since the date of initial recognition, the Group classifies a financial asset in Stage 2 and recognizes an allowance for the lifetime expected credit losses at the balance sheet date. The Group assumes that there is a significant increase in the credit risk if the financial asset becomes 30 days overdue. In the event of default, the Group classifies it to Stage 3 and recognizes the allowance for lifetime expected credit losses at the balance sheet date. The Group includes the credit-impaired financial asset in Stage 3.

The Group considers the event of default to be a situation in which the Group will not be able to collect its financial assets according to the originally agreed conditions. The Group considers default indicators to be significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial restructuring or non-compliance or delay with contractual payments for more than 90 days.

The Group calculates the expected credit losses using the following formula:

Expected credit losses (ECL) = probability of default (PD) x loss given default (LGD) x exposure at default (EAD), see Note 31.

Potential defaults for cash and cash equivalents are considered by the Group based on the rating of the bank in which the cash and cash equivalents are deposited.

Simplified approach to impairment of trade receivables

The simplified approach allows the Group to report expected credit losses of trade receivables that do not contain a significant financing element over their lifetime without the need to identify a significant increase in credit risk.

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 (i.e., 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.

If a trade receivable 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.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

8.2.12 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 realized. 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.

Derecognition

The Group derecognizes financial liabilities when, and only when, the Group's obligations are fulfilled, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or liability is recognized in profit or loss.

8.2.13 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 is 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 interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options 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 2.12. 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).

At the inception of the hedge accounting, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash-flow hedges is recognised in the cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is immediately recognised in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

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.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in equity at that time remains in equity and is reclassified to profit or loss in the same period when the hedged transaction affects profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

Offsetting financial instruments

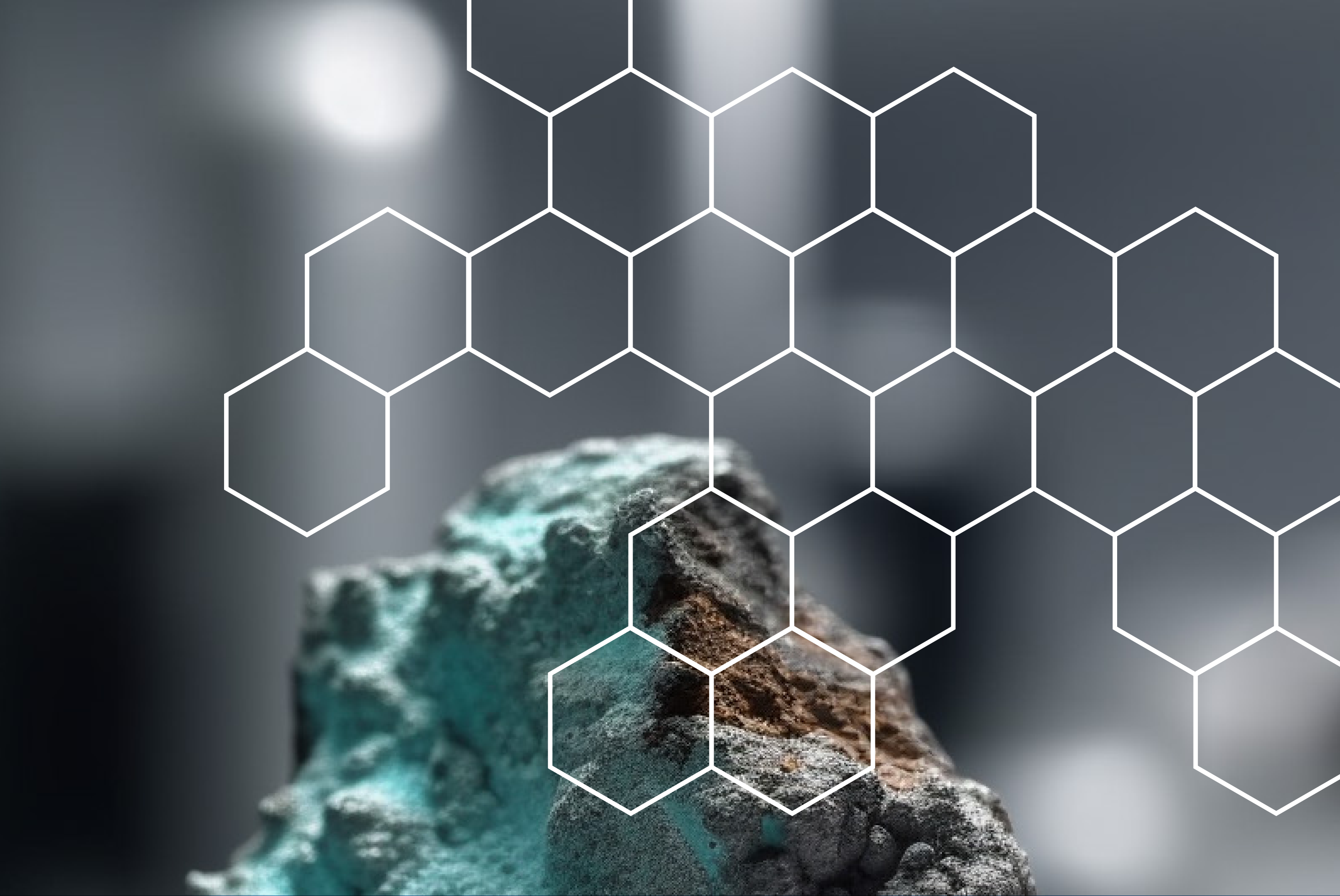
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The legal right must be enforceable not only in the ordinary course of business, but also in the event that one of the contracting parties fails to fulfil its obligations or bankruptcy and insolvency proceedings are instituted against it.

8.2.14 Value added tax

The Group reports receivables or liabilities from value added tax. In the case of impairment of a receivable from value added tax, the impairment is charged to profit or loss.

8.2.15 Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets and goods are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognized in profit or loss for the year.



8.2.16
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 generated from own production, e.g., work-in-progress and finished goods, are stated at the lower of production cost and estimated net realisable value. Production cost includes direct materials, direct wages and production overheads.

Administrative overhead is not included in the valuation of work-in-progress and finished goods.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Net realizable value considers all risks related to useless or excessive inventories.

The weighted average cost method is applied for all disposals.

8.2.17 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.

Cash flows are recognized in the consolidated statement of cash flows and are divided into cash flows from operating, investing and financing activities. Cash flows from operating activities are derived indirectly from profit before tax. Subsequently, the profit/loss before tax is adjusted for non-cash transactions (mainly depreciation) and changes in working capital.

8.2.18 Equity

Ordinary shares are classified as share capital. Dividends are recognized as a liability and reduce the value of equity in the period in which they are approved. Dividend payments approved after the balance sheet date are presented as a subsequent event.

8.2.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. All provisions are reported in liabilities.

The creation of provisions is recognized in profit or loss. Usage of provision is recognized in profit or loss together with the expenses or losses for which they were created.

Provisions are calculated in the currency in which the obligation is expected to be settled.

8.2.20 Current and deferred income tax

The income tax expense for the period comprises current tax and deferred tax and is recognized in profit or loss for the year, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Current tax

Current tax liabilities (receivable) for the current and previous periods are accounted for in the amount of the expected payment to (or the claim from) the tax authorities using the tax rates (and tax laws) applicable for the relevant period. Current and prior period tax liability is recognized as a liability in the outstanding amount. If the amount already paid in the current and previous periods exceeds the amount related to these periods, this difference is accounted for as a receivable (receivable from income taxes due). Situations in which the amount of the expected payment to (or the claim from) the tax authorities depend on the interpretation of the tax rules are reassessed on a regular basis, or the expected payments to (or the claim from) the tax authorities are adjusted to reflect the best possible estimate of the amount to be paid to (or received from) the tax authorities under legislation adopted or substantially enacted as at the balance sheet date.

Deferred tax

Deferred tax is provided for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using the full liability method. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred income tax is calculated, using tax rates and tax laws that have been enacted by the balance sheet date, for the period in which the related tax assets or the liabilities are settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the related temporary differences can be utilized.

In accordance with IAS 12, deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The Group did not recognise deferred tax liability/asset arising from the translation of the financial statements of the group's subsidiaries as this tax liability/asset will only crystallise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

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.

Deferred tax relating to items recognized directly in other comprehensive income (i.e. changes in the fair value of financial derivatives that meet the criteria for effective cash flow hedging) is also recognized in other comprehensive income.

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.

8.2.21 Revenue and expense recognition

Revenue recognition

In the first stage, all contracts with customers are analysed in order to identify all performance obligations towards the customer. Subsequently, the transaction price is determined, which is allocated according to the relevant key to identified performance obligations. Further, the revenue is recognized for individual performance obligation in the appropriate amount either at a certain point in time or recognized continuously over a certain period of time. If a cash consideration has already occurred, a liability from contracts with customers is recognized. Revenue from the sale of products and goods is recognized when the control is transferred to the customer, depending on the specific contractual terms and conditions, the amount of revenue is agreed or reliably measured, and the receipt of payment is probable.

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 services agreement ("MSA") 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 MSA, 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 not offer longer warranty for goods. The claims and complaints for the deliveries are not significant. 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

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 an therefore higher crop yields.

OTHERS

Other products include innovative sustainable fumigation products EDN and BLUEFUME that are being rolled on to the market as the number of new registrations across the globe increases.

Revenues from sale of services - fumigations

The Group is also the only 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 firm is directly engaged in the application phase through the Draslovka Services Group, currently primarily in Australia, New Zealand, South Africa and the Czech Republic. The Group assesses fumigation as one performance obligation.

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. Revenues from providing a licence is recognized at a point in time when the licence is provided to a customer. Contracts on sale of licences are for an unlimited period of time (recognized at the point in time) without further obligations over next periods, if not specified in the contract otherwise.

Being recognized as a technology champion with proprietary and highly effective production technology, the Group shows leading margins and maintains several licensing agreements. The majority of this licensing income is linked to Acrylonitriles (ACN), which the Group is comfortable licensing as it prefers to focus on NaCN. The Group has a licensing agreement with the company AnQore and sold licences to India and Korea in the past. Draslovka Mining Solutions has several HCN, NaCN, and ACN licences.

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 service is provided, or on a linear basis over a given period of time if the services are provided through an indefinite number of operations during a given period of time. Except for the services specified below, other services provided by the Group include rent, transportation and sale of electricity.

The payment terms for sales of products manufactured by the Group commonly range from 30 to 90 days. The Group does not expect to 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. Only in case of revenues from sale of licences, there may be a small portion of the sales with the payment terms exceeding one year. In this case, the transaction prices are adjusted for the time value of money.

8.2.22 Related parties

The Group has defined its related parties in accordance with IAS 24 Related Party Disclosures as follows:

The party is related to the entity when the following conditions are met:

A The party:
  - (i) controls the entity, is controlled by the entity or is under joint control with the entity (these are parent companies, subsidiaries and sister companies);
  - (ii) has an interest in the entity that gives it significant influence; or
  - (iii) has joint control over the entity;

B the party is an associate of the entity;

C the party is a joint venture in which the entity is a venturer;

D the party is a member of the key management personnel of the entity or its parent;

E the party is a close member of the family of an individual who falls under letter A or D;

F a party is an entity that is controlled, jointly controlled or significantly influenced directly or indirectly by any individual under D or E or has significant voting rights in that party, directly or indirectly; or

G a party is a post-employment benefit plan for the benefit of employees of the entity or any other entity that is a related party of such an entity.

8.2.23 Lease – The Group as a Lessor

Rental income from leases is recognized on a straight-line basis over the duration of the relevant lease. Initial direct costs incurred during the negotiating and arranging of a lease are capitalized to the carrying amount of the leased asset and released on a straight-line basis over the lease term.

The Group provides temporary leases of small non-residential premises to third parties (doctor, rental of advertising space, etc.) within its premises. Rentals are payable monthly.

8.2.24
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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

8.2.25
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.

8.2.26
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.

Tax investment incentives are described in Note 2.20.

8.2.27
Employment benefits

The Group pays regular contributions to the state budget to finance the state pension plan using rates valid during the period based on gross salaries. The Group has no additional costs with this insurance after performing the payment. Related expenses are recognized in profit or loss in the same period with the payment of wages and salaries to which they relate. The Group also provides its employees with supplementary pension contributions. These costs are charged to profit or loss in the period to which they relate. The Group has no additional costs with this insurance after payment.

8.2.28
Dividend distribution

The payment of dividends to the Company's shareholders is recognized in the Group's financial statements as a liability and deducted from equity at the moment the payment of dividends is approved by the General Meeting of the Company.

8.2.29
Subsequent events

The effects of events, which occurred between the balance sheet date and the date of preparation of the consolidated financial statements, are recognized in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the consolidated financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are quantified and disclosed but are not themselves recognized in the consolidated financial statements.

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 are as follows:

Company	Functional currency
Draslovka a.s.	USD
Draslovka Holding Aplha a.s.	USD
Draslovka Holding a.s.	USD
Draslovka Holdings South Africa (Pty) Ltd	ZAR
Draslovka South Africa (Pty) Ltd	ZAR
Lučební závody Draslovka a.s. Kolín	CZK
Mining and Process Solutions (Pty) Ltd	AUD
Encore Minerals (Pty) Ltd	AUD
Manchester Acquisition Sub LLC	USD
Covoro Mining Solutions LLC	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 Holding Company	USD
Covoro Mining Solutions Canada Company	USD
Draslovka Chile Limitada	USD
DRASLOVKA SERVICES PTY LTD	AUD
DRASLOVKA SERVICES RSA (PTY) LTD	ZAR
DRASLOVKA SERVICES AFRICA (Pty) Ltd	ZAR
DRASLOVKA SERVICES NZ LIMITED	NZD
Draslovka Services India Private Limited	INR
Intreso Group B.V.	EUR
Fumico Holding B.V.	EUR
Fumico Fumigations B.V.	EUR
Fumico Bio & QPS Services B.V.	EUR
Descroes B.V.	EUR
Dezinfekcija, dezinsekcija, deratizacija, d.o.o.	EUR

The function currency of Draslovka a.s. changed from CZK to USD in 2022 (refer to comments below).

Following the acquisition of Covoro Mining Solution business (refer to Note 30), the Company has assessed in accordance with IAS 21 whether this transaction leads to a significant change in the underlying events and conditions that would determine the functional currency of the Company. The Company re-assessed the primary and secondary indicators as a consequence of the acquisition and concluded that the functional currency of the Company has changed to USD.

For practical purposes, the Company has determined that the date of change in the functional currency was 1 January 2022, being the beginning of the current reporting period, given that the changes in the underlying events and conditions as a consequence of the acquisition are expected to occur gradually from the acquisition date, being 1 December 2021.

Restatement of goodwill

On 26 July 2021, Manchester Acquisition Sub LLC has signed a Purchase and Sale Agreement with The Chemours Company TT, LLC to acquire its mining solutions business.

On 1 December 2021, the acquisition of the Mining Solutions business of The Chemours Company was completed. The Closing purchase price was adjusted from the Base purchase price (USD 520,000 thousand) by calculation of the working capital, the cash amounts and the funded debt set at the closing date. The consideration paid totaled to USD 521,456 thousand.

In accordance with the provisions of the Purchase and Sale Agreement, the Post-Closing Statement was prepared by Manchester Acquisition Sub LLC and the revised purchase price according to the Post-Closing Statements totaled to USD 518,323 thousand. The difference between the consideration paid and the revised purchase price in the amount of USD 3,133 thousand was posted as Receivables from the acquisition as at 31 December 2021.

The revised purchase price was subject to negotiations between the parties of the transaction.

On 8 September 2022, the final purchase price was agreed in the amount of USD 521,075 thousand. Group recognised the receivable from the acquisition of USD 381 thousand.

During the measurement period, in its financial statements as at 31 December 2022 and for the year then ended, the Group also retrospectively adjusted the goodwill amount recognised at the acquisition date.

in USD thousand	**31 December 2021**
Goodwill in financial statements as at 31 December 2021 (before restatement)	85,438
Restatement of goodwill as at 31 December 2021	
Goodwill additionally recognised on the balance sheet	9,542
Restated goodwill as at 31 December 2021	94,980

Adjustments to identifiable assets and liabilities	**31 December 2022**
Other current financial liabilities	(6,575)
Deferred tax	(89)
Property, plant and equipment - precious metals	(653)
Inventory	(1,545)
Trade payables	147
Trade receivables	1,925
Other current financial asset	(2,752)
Total adjustment to identifiable assets and liabilities	**(9,542)**

In USD thousand	31 Dec 2021	Restatement	31 Dec 2021 as restated
Property, plant and equipment	374,868	(653)	374,215
Right-of-use assets	745	--	745
Goodwill	85,992	9,542	95,534
Other intangible assets	108,974	--	108,974
Investments in joint ventures	906	--	906
Restricted cash	96,022	--	96,022
Other non-current financial assets	2,598	--	2,598
Deferred income tax asset	5,354		5,354
Total non-current assets	**675,459**	**8,889**	**684,348**
Inventories	45,219	(1,545)	43,674
Trade receivables	46,921	1,925	48,846
Other current financial assets	5,695	(2,752)	2,943
Other current non-financial assets	13,606	--	13,606
Current income tax prepayment	379		379
Cash and cash equivalents	36,071	--	36,071
Total current assets	**147,891**	**(2,372)**	**145,519**
TOTAL ASSETS	**823,350**	**6,517**	**829,867**
Share capital	315,630	--	315,630
Share premium	168,726	--	168,726
Other capital funds	252,030	--	252,030
Accumulated losses	(17,275)	--	(17,275)
Capital reorganisation reserve/(deficit)	(419,333)	--	(419,333)
Currency translation reserve	(46)	--	(46)
Total attributable to owners	**299,732**	**--**	**299,732**
Non-controlling interests	1	--	1
Total equity	**299,733**	**--**	**299,733**
Non-current financial liabilities	429,090	--	429,090
Deferred income tax liability	2,831	89	2,920
Total non-current liabilities	**431,921**	**89**	**432,010**
Trade payables	72,985	(147)	72,838
Other current financial liabilities	7,706	6,575	14,281
Other current non-financial liabilities	9,804	--	9,804
Current income tax payable	1,113	--	1,113
Provisions	88	--	88
Total current liabilities	**91,696**	**6,428**	**98,124**
TOTAL LIABILITIES AND EQUITY	**823,350**	**6,517**	**829,867**

Impairment of intangible assets not yet available for use

The Group performs annual impairment assessments of intangible assets not yet available for use. The recoverable amount of these intangible assets is determined based on a value in use that is calculated based on projected future discounted cash flows over the expected useful life of the asset. Determining the expected period of return of the asset requires use of a judgement.

The Group assesses the useful lives of amortizable assets and the expected pattern of consumption of the future economic benefits embodied in the amortizable assets. The Group also reviews the method, amortization period and residual value of amortized assets and makes any adjustments if needed. The effect of any changes in estimates is accounted for prospectively.

As at 31 December 2022, total amount of intangible assets not yet available for use amounted to USD 4,195 thousand (31 December 2021: USD 3,466 thousand).

Depreciation periods, expected future economic benefits of depreciated assets

At the date of preparation of these consolidated financial statements the Group reviews the method, the depreciation periods and the net book value of depreciated assets and performs adjustments if needed. Impact of the changes is recognized prospectively.

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

8.4.1
Property, Plant and Equipment

Details for Property, plant and equipment:

in USD thousand	Land	Buildings	Plant and equip-ment	Other	Precious metal value catalyst	Assets under construc-tion	Total
Cost as at 1 January 2021	4,068	45,261	73,456	1	2,103	4,863	129,752
Accumulated depreciation and impairment	--	(20,667)	(38,809)	--	--	--	(59,476)
Carrying amount as at 1 January 2021	**4,068**	**24,594**	**34,647**	**1**	**2,103**	**4,863**	**70,276**
Additions	--	--	244	13	9,620	12,241	22,118
Acquisitions through business combinations (see Note 30)	10,564	16,970	219,406	--	1,657	48,037	296,634
Disposals through business combinations (see Note 30)	(70)	(116)	(711)	--	--	--	(897)
Transfers	571	5,728	5,499	13	648	(12,459)	--
Disposals	--	--	(35)	--	--	--	(35)
Depreciation (see Note 22)	--	(2,249)	(9,582)	(2)	(857)	--	(12,690)
Impairment (see Note 22)	--	--	476	--	--	--	476
Impact of exchange rate differences (net)	(111)	(1,265)	(179)	32	(30)	(114)	(1,667)
Final Carrying amount as at 31 December 2021 (as restated)*	**15,022**	**43,662**	**249,765**	**57**	**13,141**	**52,568**	**374,215**
Cost as at 1 January 2022	15,022	66,529	294,477	60	13,185	52,568	441,841
Accumulated depreciation and impairment	--	(22,867)	(44,712)	(3)	(44)	--	(67,626)

in USD thousand	Land	Buildings	Plant and equip-ment	Other	Precious metal value catalyst	Assets under construc-tion	Total
Carrying amount as at 1 January 2022 (as restated)*	**15,022**	**43,662**	**249,765**	**57**	**13,141**	**52,568**	**374,215**
Additions	--	--	84	11,697	1,835	33,261	46,877
Acquisitions through business combinations (see Note 30)	--	67	2,326	--	--	--	2,393
Government grant	--	--	--	--	--	(802)	(802)
Transfers	--	668	10,102	--	--	(10,770)	--
Carrying amount of disposals	--	--	(653)	(5)	(1,642)	--	(2,300)
Accumulated depreciation of disposed assets	--	--	396	--	1,642	--	2,038
Assets classified as held for sale	--	--	--	--	--	(694)	(694)
Depreciation (see Note 22)	--	(4,397)	(39,347)	(5,077)	(1,604)	--	(50,425)
Impairment (see Note 22)	--	--	(151)	--	--	--	(151)
Impact of exchange rate differences (net)	(131)	(855)	(1,043)	(2)	(43)	(103)	(2,177)
Final Carrying amount as at 31 December 2022	**14,891**	**39,145**	**221,479**	**6,670**	**13,329**	**73,460**	**368,974**
Cost	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)
Final Carrying amount as at 31 December 2022	**14,891**	**39,145**	**221,479**	**6,670**	**13,329**	**73,460**	**368,974**

*See Note 3 for details regarding the restatement

During 2022, acquisition through business combinations in the amount of USD 2,393 thousand relates to the acquisition of Intreso Group (refer to Note 30).

Most significant additions in property, plant and equipment under construction during 2022 relate to finalizing of HCN storage tank projects in Covoro Mining Solutions LLC in the total amount of USD 22,843 thousand.

During 2021, acquisition through business combinations in the amount of USD 296,634 thousand related to the acquisition of Covoro Mining Solutions business as of 1 December 2021 (refer to Note 30).

Part of the land in the Memphis site in total amount of USD 240 thousand (31 December 2021: USD 240 thousand) is rented to third parties.

As at 31 December 2022, property, plant and equipment in the carrying amount of USD 367,730 thousand were pledged by the Group as collateral for bank loans (31 December 2021: USD 373,877 thousand).

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. Current overhaul period in 2022 was 18 months.

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 2021	935	--	--	935
Accumulated depreciation and impairment as at 1 January	(233)	--	--	(233)
Carrying amount as at 1 January 2021	**702**	**--**	**--**	**702**
Additions	377	--	--	377
Disposals	(123)	--	--	(123)
Depreciation (see Note 22)	(188)	--	--	(188)
Impact of exchange rate differences (net)	(23)	--	--	(23)
Final carrying amount as at 31 December 2021	**745**	**--**	**--**	**745**
Cost as at 1 January 2022	1,130	--	--	1,130
Accumulated depreciation and impairment	(385)	--	--	(385)
Carrying amount as at 1 January 2022	**745**	**--**	**--**	**745**
Additions	--	17,069	29	17,098
Acquisition through business combinations (see Note 30)	1,585	584	--	2,169
Disposals	(160)	--	--	(160)
Depreciation (see Note 22)	(207)	(1,835)	(6)	(2,048)
Impact of exchange rate differences (net)	(31)	74	--	43
Final Carrying amount as at 31 December 2022	**1,932**	**15,892**	**23**	**17,847**
Cost	2,445	17,729	29	20,203
Accumulated depreciation and impairment	(513)	(1,837)	(6)	(2,356)
Final Carrying amount as at 31 December 2022	**1,932**	**15,892**	**23**	**17,847**

Lease liabilities:

in USD thousand	31 Dec 2022	31 Dec 2021
Non-current lease liabilities	15,552	569
Current lease liabilities	2,639	186
Total lease liabilities	**18,191**	**755**

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

in USD thousand	2022	2021
Depreciation charge of right of use assets	(2,048)	(188)
Interest expense	(883)	(20)
Total	**(2,931)**	**(208)**

The Group mostly leases non-residential premises and means of transport. The Group used a discount rate of 0.47% - 6.5% 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.

Significant additions in 2022 relate to lease agreements in the Covoro Mining Solutions LLC, mainly hopper cars, rail box cars and other equipment used for production.

As at 31 December 2022, right-of-use assets at the carrying amount of USD 17,681 thousand were pledged by the Group as collateral for bank loans (31 December 2021: USD 0 thousand) (Note 16).

8.4.3
Other intangible assets

in USD thousand	Software	Other intangible assets	Customer relation-ships	Licensed techno-logy	Internally generated intangible assets not yet ready for use	Other intangible assets not yet ready for use	Total
Cost as at 1 January 2021	188	3,205	723	--	2,572	5,611	12,299
Accumulated amortisation and impairment	(94)	(1,842)	(449)	--	--	--	(2,385)
Carrying amount as at 1 January 2021	**94**	**1,363**	**274**	**--**	**2,572**	**5,611**	**9,914**
Additions	--	--	--	--	1,046	325	1,371
Acquisitions through business combinations (see Note 30)	--	--	72,490	27,550	--	--	100,040
Disposals through business combinations (see Note 30)	--	(33)	(274)	--	--	--	(307)
Transfers	82	667	--	--	--	(749)	--
Amortisation (see Note 22)	(14)	(330)	(1,208)	(153)	--	--	(1,705)
Impact of exchange rate differences (net)	--	(58)	--	--	(152)	(129)	(339)
Final carrying amount as at 31 December 2021	**162**	**1,609**	**71,282**	**27,397**	**3,466**	**5,058**	**108,974**
Cost as at 1 January 2022	270	3,671	72,490	27,550	3,466	5,058	112,505
Accumulated amortisation and impairment	(108)	(2,062)	(1,208)	(153)	--	--	(3,531)
Carrying amount as at 1 January 2022	**162**	**1,609**	**71,282**	**27,397**	**3,466**	**5,058**	**108,974**
Additions	--	--	--	--	1,195	4,498	5,693
Acquisitions through business combinations (see Note 30)	320	316	18,585	11,695	--	--	30,916
Disposals	--	--	--	--	(249)	--	(249)
Transfers	2,311	2,006	--	--	--	(4,317)	--
Amortisation (see Note 30)	(59)	(371)	(18,275)	(2,965)	--	--	(21,670)
Impact of exchange rate differences (net)	(8)	(89)	444	(220)	(217)	(151)	(241)
Final carrying amount as at 31 December 2022	**2,726**	**3,471**	**72,036**	**35,907**	**4,195**	**5,088**	**123,423**
Cost	2,893	6,111	91,574	39,025	4,195	5,088	148,886
Accumulated amortization and impairment	(167)	(2,640)	(19,538)	(3,118)	--	--	(25,463)
Final carrying amount as at 31 December 2022	**2,726**	**3,471**	**72,036**	**35,907**	**4,195**	**5,088**	**123,423**

The Group's licensed technology consist of the leading practices covering the production of hydrogen cyanide, sodium cyanide and acrylonitrile. The Group has demonstrated the ability to out-license its know-how given its longstanding position as a leader in the industry. The licenced technology was identified as an intangible asset at the acquisition date of Covoro group, 1 December 2021, totalling to USD 27,550 thousand.

The increase in 2022 of USD 3,819 thousand relates to acquisition of Intreso Group. Intreso Group has technology related to fumigations.

The increase in 2022 of USD 7,876 thousand relates to acquisition of MPS. MPS possess technology for glycine leaching, environmentally sustainable solution for the extraction of a number of precious metals, as well as copper, nickel, and cobalt.

Intangible assets not yet ready for use and internally generated intangible assets 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 costs mostly comprise of expert studies (toxicological studies, efficacy studies, evaluation of biological samples, chemical stability tests, etc.), registration fees paid to authorities at targeted markets, advisory and consultation services for intermediation of registration services and attributable internal costs. 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.

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.

As at 31 December 2022, intangible assets at the carrying amount of USD 108,643 thousand were pledged by the Group as collateral for bank loans (31 December 2021: USD 105,351 thousand) (Note 16). From pledged assets customer relationship totaled to 71,653 thousand (31 December 2021: USD 71,282 thousand), licenced technology to USD 28,699 thousand (31 December 2021: USD 27,397 thousand), other intangible assets not yet ready for use USD 5,088 thousand (31 December 2021: USD 5,058 thousand).

8.5 Goodwill

Goodwill from acquisitions through business combinations:

in USD thousand	2022	2021 as restated*
Goodwill as at January 1	95,534	795
Additions – Intreso Group (Note 30)	10,738	85,438
Additions – MPS (Note 30)	8,223	--
Restatement of goodwill*	--	9,542
Disposals in business combinations	--	(234)
Goodwill write off	(554)	--
Impact of exchange rate differences	(41)	(7)
Goodwill as at 31 December	**113,900**	**95,534**

*See Note 3 for details regarding the restatement

Impairment test

Goodwill in the amount of USD 554 thousand (31 December 2021: USD 554 thousand) allocated to the cash-generating unit Lučební závody Draslovka a.s. Kolín (further "CGU 1") was fully written off in the first part of the year 2022. After considering external factors, extremely high prices of raw materials and war in Ukraine impact, the Group carried out goodwill impairment testing and as of 30 June, 2022 wrote the goodwill for CGU 1 off.

Goodwill in the amount of USD 85,438 thousand is allocated to the cash-generating unit Covoro Mining Solution Business (further "CGU 2") acquired in 2021. The Group performed restatement of the goodwill and increased the amount to USD 94,980 thousand (Note 3 and Note 30).

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 the CMS group.

Goodwill in the amount of USD 11,023 thousand is allocated to cash-generating unit Intreso Group (further "CGU 3") that was acquired in 2022. Intreso 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.

In USD thousand	**2022**
Goodwill on acquisition	10,738
Impact of exchange rate differences	285
Total carrying amount of goodwill at 31 December	**11,023**

Goodwill in the amount of USD 7,897 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.

In USD thousand	**2022**
Goodwill on acquisition	8,223
Impact of exchange rate differences	(326)
Total carrying amount of goodwill at 31 December	**7,897**

in USD thousand	**2022**	**2021** as restated
CGU 1	--	554
CGU 2	94,980	94,980
CGU 3	11,023	--
CGU 4	7,897	--
Total carrying amount of goodwill at 31 December	**113,900**	**95,534**

The recoverable amount of CGU's 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 value of cash flows covering a period longer than five years was derived using a growth rate. The growth rate for the period longer than five years is in line with the growth rate used for the fifth year and in line with a growth rate for the given industry 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.

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:

	2022	2021
CGU 1		
Pre-tax discount rate	--	12.6%
Growth rate beyond five years	--	1.1%
Gross margin	--	17.4%
CGU 2		
Pre-tax discount rate	15.7%	17.0%
Growth rate beyond five years	1.5%	1.5%
Gross margin	25.4%	29.7%
CGU 3		
Pre-tax discount rate	25.7%	--
Growth rate beyond five years	2.0%	--
Gross margin	33.2%	--
CGU 4		
Pre-tax discount rate	24.8%	--
Growth rate beyond five years	1.5%	--
Gross margin	28.4%	--

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

in USD thousand	2022	2021 as restated
CGU 1	--	2,129
CGU 2	64,827	1,792
CGU 3	1,072	--
CGU 4	4,267	--

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

	2022 value actual	2021 value actual	2022 value increased	2021 value increased
Pre-tax discount rate				
CGU 1	--	12.6%	--	12.9%
CGU 2	15.7%	17.0%	17.3%	17.04%
CGU 3	25.7%	--	26.5%	--
CGU 4	24.8%	--	28.7%	--

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

	2022 value actual	2021 value actual	2022 value decreased	2021 value decreased
Growth rate beyond five years				
CGU 1	--	1.1%	--	0.6%
CGU 2	1.5%	1.5%	(1.2)%	1.4%
CGU 3	2.0%	--	(0.2)%	--
CGU 4	1.5%	--	(7.3)%	--

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

	2022 value actual	2021 value actual	2022 value decreased	2021 value decreased
Gross margin				
CGU 1	--	17.4%	--	17.1%
CGU 2	25.4%	29.7%	21.6%	29.5%
CGU 3	33.2%	--	30.6%	--
CGU 4	28.4%	--	19.8%	--

8.6 Investments in joint ventures

31 December 2022

Name and main subject of business	Acquisition costs in USD thousand	Carrying amount in USD thousand	Share (%)	Total company: Equity in USD thousand	Total company: Share capital in USD thousand
DRASLOVKA SERVICES RSA (PTY) LTD (agriculture industry through the provision of specialised fumigation services)	930	861	42.5	892	1,634
ENCORE MINERALS PTY LTD (technology for mining industry)	--	--	50	2	2

31 December 2021

Name and main subject of business	Acquisition costs in USD thousand	Carrying amount in USD thousand	Share (%)	Total company: Equity in USD thousand	Total company: Share capital in USD thousand
DRASLOVKA SERVICES RSA (PTY) LTD (agriculture industry through the provision of specialised fumigation services)	930	906	42.5	1,060	1,634

DRASLOVKA SERVICES RSA (PTY) LTD is jointly controlled by the Group and a third party. The joint control is based on the Shareholders agreement concluded between the entity's owners.

The investment in the joint venture was recognized in its fair value at the date of recognition (loss of control over the entity).

The lower carrying amount than the acquisition costs is attributable to the movements in foreign exchange rates.

8.7 Restricted cash

On 9 July 2021 the Group has signed an agreement with Sasol South Africa Limited ("Sasol") to acquire its Sodium Cyanide business, located in Sasolburg for ZAR 1,462,000 thousand (USD 96,022 thousand).

To fund this acquisition, the Group drew loans from a related party in the total amount of USD 96,000 thousand and deposited the proceeds raised to an escrow account in ČSOB bank. The money will be released to the seller on the closing date of the acquisition.

Following the Competition Commission's decision in November 2021, which prohibited the transaction, and which was then appealed by the parties, the Group concluded on 4 February 2022 an amendment to an agreement with Sasol and received the balance of USD 93,622 thousand of its deposit on the escrow account in ČSOB bank back. The Group used the proceeds to repay the related party loan and related interest during January to April 2022.

Since the Group doesn't have a right to use the money on the escrow account for other purposes, the Group does not classify the escrow account as cash and cash equivalents. Instead, the Group presents it as a restricted cash.

Therefore, the drawing of the loans and depositing the money to the escrow account are reported as non-cash transactions in the consolidated financial statements (refer to Note 28 for further information).

8.8 Other non-current financial assets

in USD thousand	31 Dec 2022	31 Dec 2021
Loans provided - related parties (see Note 34)	1,546	1,561
Cash deposit	2,240	565
Non-current trade receivables	--	472
Total other non-current financial assets	**3,786**	**2,598**

Other non-current loans of USD 1,546 thousand (31 December 2021: USD 1,561 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 a leasing of vehicles.

Pledged other financial and non-financial assets are described in Note 16.

8.9 Inventories

in USD thousand	31 Dec 2022	31 Dec 2021 as restated*
Raw material	18,709	14,282
Work in progress	4,739	4,337
Finished products and goods	41,459	25,055
Total inventories	**64,907**	**43,674**

*See Note 3 for details regarding restatement

Inventories as at 31 December 2022 in the amount of USD 57,932 thousand have been pledged as collateral for borrowings (31 December 2021: USD 40,886 thousand).

Carrying amount of inventory as at 31 December 2022 was lower by USD 704 thousand compared to its net realizable value (31 December 2021: USD 48 thousand). Impairment to inventory was recognized in profit or loss.

Inventories recognized as an expense during 2022 reached the amount of USD 367,878 thousand (2021: USD 81,570 thousand).

8.10 Trade receivables

in USD thousand	31 Dec 2022	31 Dec 2021 as restated*
Trade receivables - third parties	59,821	48,811
Trade receivables – related parties (see Note 34)	10	116
Less allowance for expected credit losses (see Note 31)	(1,387)	(81)
Total trade receivables	**58,444**	**48,846**

*See Note 3 for details regarding restatement

Trade 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 1 thousand in 2022 (2021: USD 104 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 15,860 thousand of receivables was insured as at 31 December 2022 (out of USD 58,434 thousand) (31 December 2021: USD 7,342 thousand out of USD 48,730 thousand).

The expected credit loss (ECL) measurement and the Group's exposure to credit and currency risk are described in Note 31.

Trade receivables in the amount of USD 52,135 thousand have been pledged as at 31 December 2022 as collateral for borrowings (31 December 2021: USD 44,917 thousand).

8.11 Other current financial assets

in USD thousand	31 Dec 2022	31 Dec 2021 as restated*
Receivables from rentals and recharge of rental related expenses	3,621	1,706
Other receivables – related parties (see Note 34)	951	408
Accrued income	26	160
Government subsidy for high energy prices	1,990	--
Financial derivatives with positive fair value – hedge (Note 31)	1,909	--
Financial derivatives with positive fair value – non-hedge	--	114
Receivable from acquisition (Note 30)	--	381
Loans provided – related parties (see Note 34)	44	46
Other financial current receivables	836	128
Total other current financial assets	**9,377**	**2,943**

*See Note 3 for details regarding restatement

Other current financial assets are classified as financial assets at amortized cost, except for financial derivatives, which are classified as financial assets at fair value through profit or loss and except for financial derivatives meeting the conditions of hedge accounting.

Other receivables from related parties (Note 34) include receivables of USD 951 thousand (31 December 2021: USD 0 thousand) connected to reinvoicing of expenses connected with financing of Group activities to related party companies.

Based on the Purchase and Sales Agreement the Group paid the consideration in the amount of USD 521,456 thousand. After the Closing date, the Group has submitted its proposal for the revised purchase price totalling to USD 518,323 thousand. The revised purchase price was subject to negotiations between the parties of the transaction.

On 8 September 2022, the final purchase price was agreed in the amount of USD 521,075 thousand. Group recognised the receivable from acquisition from The Chemours Company of USD 381 thousand. This receivable was paid by cash by The Chemours Company in 2022.

Pledged other financial and non-financial assets are described in Note 16.

The Group received government subsidy in the amount of USD 1,990 thousand from the Czech government in the scope of its Program of support for the increased costs of natural gas and electricity due to the exceptionally sharp increase in their prices. As the Group met all the requirements and conditions required by this Program as at 31 December 2022 and had an indisputable entitlement to this compensation, the Group recognized a receivable of USD 1,990 thousand as at 31 December 2022.

Table with financial derivatives:

	Fair value liability (-) / receivable (+)		Nominal value	
in USD thousand	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Currency forwards (financial asset at fair value through profit or loss)	--	114	--	5,901
Currency forwards (financial asset at fair value through profit or loss)	--	(46)	--	2,720
Interest rate cap (financial derivative - hedge) (see Note 30)	1,909	--	172,260	--

Currency contracts were realized in 2022. Interest rate cap will be settled in December 2024.

8.12 Other current non-financial assets

in USD thousand	31 Dec 2022	31 Dec 2021
Tax receivables from value added taxes	11,285	9,308
Prepaid services	1,841	4,286
Prepaid services – related parties (see Note 34)	--	2
Advances provided	1,570	10
Other tax receivables excluding income taxes	188	--
Total other current non-financial assets	**14,884**	**13,606**

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

As at 31 December 2022, USD 1,173 thousand from the prepaid services is represented by prepaid insurance (31 December 2021: USD 3,733 thousand).

Advances provided include mainly deposits to suppliers in the USA and Mexico as at 31 December 2022.

Pledged other financial and non-financial assets are described in Note 16.

8.13 Cash and cash equivalents

in USD thousand	31 Dec 2022	31 Dec 2021
Cash on hand	2	6
Cash in bank accounts	43,787	36,065
Total cash and cash equivalents	**43,789**	**36,071**

The Group cooperates with banks with an external rating at the investment level, see Note 31. In 2021 and 2022 the Group cooperates with low-risk banks.

Pledged cash and cash equivalents are described in Note 16.

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

in USD thousand	31 Dec 2022	31 Dec 2021
AA2	741	--
AA3	22,382	25,318
A1	14,092	6,396
A2	2,785	4,237
A3	612	--
BAA1	3,086	--
BAA3	45	15
BA2	44	--
BA3	--	99
Total cash in bank accounts	**43,787**	**36,065**

Cash and cash equivalents in the cash flow statement:

in USD thousand	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	43,789	36,071
Bank overdraft	(22)	(25)
Total cash and cash equivalents	**43,767**	**36,046**

For the purpose of cash flow statements, the Group considers overdraft from Raiffeisenbank (refer to Note 16) part of financial operations, not part of cash and cash equivalents.

8.14 Assets classified as held for sale

in USD thousand	31 Dec 2022	31 Dec 2021
Assets classified as held for sale - property, plant and equipment	694	--
Total Assets held for sale	**694**	**--**

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 2022. 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 of 31 December 2022, assets identified for immediate sale in 2023 were reclassified as assets held for sale with the carrying value of USD 694 thousand.

Assets related to Laguna site disclosed as assets under construction as at 31 December 2022 totaled to USD 24,573 thousand (31 December 2021: USD 24,007 thousand).

8.15 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 is CZK 7,000 million). The share capital is divided into 3,500 shares with a nominal value of USD 92 thousand (CZK 2 million) each. The shares are issued as securities.

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

The subscribed capital was fully paid in as follows:

- on 24 August 2021 Draslovka Invest a.s. contributed cash USD 92 thousand (CZK 2 million) to the Company's share capital.
- on 12 October 2021 Draslovka Invest a.s. contributed its shares of Draslovka Holding a.s. to the Company valued at USD 484,264 thousand (CZK 10,740 million) being classified as share capital increase of USD 315,538 thousand (CZK 6,998 million) and share premium increase of USD 168,726 thousand (CZK 3,742 million). The transaction formed part of capital reorganization and the corresponding amount of USD (484,264) thousand was posted to Capital reorganisation reserve/(deficit).

The shares ensure the right to vote at the General Meeting of the Company. After the dissolution of the Company in liquidation, a 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 determines for distribution according to the financial result and in accordance with the relevant provisions of 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 an approval of a general meeting of the Company. All shareholders have the pre-emption rights to shares of other holders. A shareholder shall, if he intends to transfer all or part of his registered shares, offer them for purchase to the other shareholders of the Company.

Loss for 2021 was transferred to the accumulated losses.

The business of Draslovka Holding a.s. is pledged in favour 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

As a result of the capital reorganisation of the Group in 2021 the Company's other capital funds increased by USD 252,030 thousand as stated below.

- on 27 August 2021 Draslovka Invest a.s. contributed cash USD 5 thousand (CZK 100 thousand) to the Company's other capital fund

- on 22 November 2021 Draslovka Invest a.s. contributed cash to the Company's other capital funds of USD 27,554 thousand (provided in CZK in the amount of CZK 620 million) and USD 222,448 thousand.
- on 23 November 2021 Draslovka Invest a.s. contributed USD 2,018 thousand (provided in CZK in the amount of CZK 45,600 thousand) into the Company's other capital funds
- on 29 December 2021 Draslovka Global Holding a.s contributed cash of USD 5 thousand (provided in CZK in the amount of CZK 120 thousand) to other capital funds

In 2022, the Company's other capital funds increased by USD 101,834 thousand as stated below:

- on 14 January 2022 Draslovka Beta S.à.r.l. carried out non-cash contribution of USD 27,334 thousand to the Company's other capital fund
- on 24 May 2022 Draslovka Beta S.à.r.l. contributed cash USD 8,000 thousand to the Company's other capital fund
- on 17 June 2022 Draslovka Beta S.à.r.l. contributed cash USD 12,000 thousand to the Company's other capital fund

- on 28 June 2022 Draslovka Beta S.à.r.l. contributed cash USD 34,500 thousand to the Company's other capital fund
- on 29 September 2022 Draslovka Beta S.à.r.l. contributed cash USD 10,000 thousand to the Company's other capital fund
- on 21 November 2022 Draslovka Beta S.à.r.l. contributed cash USD 10,000 thousand to the Company's other capital fund

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 accumulated losses.

Capital reorganisation reserve / (deficit)

Accumulated losses of Draslovka Holding a.s. that occurred before the capital reorganisation in 2021 were recorded to Accumulated losses of Draslovka a.s. in total amount of USD (16,409) thousand.

Currency translation reserve of Draslovka Holding a.s. that occurred before the capital reorganisation was recorded in Currency translation reserve of Draslovka a.s. in total amount of USD (1,007) thousand.

Non-controlling interest of Draslovka Holding a.s. before the capital reorganisation was recorded to non-controlling interest of Draslovka a.s. in total amount of USD (157) thousand.

The remaining elements of equity of Draslovka Holding a.s. before the capital reorganisation were recorded in Capital reorganisation reserve/(deficit) within equity in total amount of USD 70,444 thousand.

The Company recorded USD (484,264) thousand to Capital reorganisation reserve/(deficit) on contribution the shares 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 30.

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

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.

in USD thousand	31 Dec 2022	31 Dec 2021
Opening balance 1 January 2022	**--**	**--**
Effective portion of changes in fair value of hedging derivatives	1,170	--
Reclassifications to profit or loss	--	--
Change in deferred tax	(278)	--
Closing balance 31 December 2022	**892**	**--**

The change in fair value of the hedged item used to determine the hedge effectiveness is a loss of USD 1,170 thousand. The Group has not recognized any ineffectiveness in the current period as the hedge relationship was fully effective.

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. 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 or 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.

in USD thousand	31 Dec 2022	31 Dec 2021
Opening balance 1 January 2022	**--**	**--**
Change in time value of option	(2,178)	--
Amortization of the initial time value to profit or loss	117	--
Change in deferred tax	490	--
Closing balance 31 December 2022	**(1,571)**	**--**

8.16
Non-current financial liabilities

Non-current financial liabilities:

in USD thousand	31 Dec 2022	31 Dec 2021
Non-current loans and borrowings	354,063	330,998
Non-current loans – related parties (see Note 32)	4,372	96,228
Non-current other liabilities (see Note 32)	--	1,005
Non-current other third-party liabilities	290	290
Non-current lease liabilities	15,552	569
Total non-current financial liabilities	**374,277**	**429,090**

Received loans and borrowings:

in USD thousand	31 Dec 2022	31 Dec 2021
Bank loans	356,227	336,468
Non-current part	354,063	330,998
Current part	2,164	5,470
Bank overdrafts	10,377	25
Related party loans (see Note 34)	4,372	96,228
Non-current part	4,372	96,228
Current part	--	--
Total loans and borrowings	**370,976**	**432,721**
Of which:		
Non-current loans and borrowings	358,435	427,226
Current loans and borrowings	12,541	5,495

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 28,000 thousand as of 31 December 2022 (31 December 2021: USD 10,000 thousand). The loan is due in December 2026. Interest rate for the Initial Term loan is margin plus adjusted SOFR rate.

In 2022, the Group has a new revolving bank loan with Raiffeisenbank with credit limit up to USD 10,662 thousand, with the amount drawn as at 31 December 2022 of USD 10,355 thousand (31 December 2021: USD 0 thousand).

Total amount of overdrafts drawn was USD 10,377 thousand as at 31 December 2022 (31 December 2021: USD 25 thousand).

As a result of new lease contracts described in Note 4.2, the non-current lease liability increased to USD 15,552 thousand as at 31 December 2022 (31 December 2021: USD 569 thousand).

In October 2022, the Group concluded interest rate cap for 50% of the remaining principal of TermLoan B under the Credit Agreement with JPMORGAN CHASE BANK, N.A. facility. The interest rate cap is 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 29 (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 4,372 thousand as at 31 December 2022 is the fair value of the loan received at its date, plus interest expense for 2022.

The fair value of loans and borrowings is disclosed in Note 33.

The following table shows the assets that were provided by the Group as a collateral for bank loans as at 31 December 2022 and as at 31 December 2021.

2022 in USD thousand	Carrying amount	Amount provided as collateral	Amount not provided as collateral
Property, plant and equipment	368,974	(367,730)	1,244
Right-of-use assets	17,847	(17,681)	166
Intangible assets	123,423	(108,643)	14,780
Inventories	64,907	(57,932)	6,975
Trade receivables	58,444	(52,135)	6,309
Other financial and non-financial assets	28,047	(24,318)	3,729
Cash and cash equivalents	43,789	(38,510)	5,279
Total	**705,431**	**(666,949)**	**38,482**

2021 in USD thousand	Carrying amount as restated*	Amount provided as collateral as restated*	Amount not provided as collateral
Property, plant and equipment	374,215	(373,877)	338
Right-of-use assets	745	--	745
Intangible assets	108,974	(105,351)	3,623
Inventories	43,674	(40,886)	2,788
Trade receivables	48,846	(44,917)	3,929
Other financial and non-financial assets	19,147	(13,746)	5,401
Cash and cash equivalents	36,071	(27,150)	8,921
Total	**631,672**	**(605,927)**	**25,745**

*See Note 3 for details regarding restatement

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

The Group has entered into 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 2022 and 31 December 2021. 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				
2022 **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	58,444	--	58,444	(52,135)	6,309
Cash and cash equivalents	43,789	--	43,789	(38,510)	5,279
Total	**102,233**	**--**	**102,233**	**(90,645)**	**11,588**
Financial liabilities					
Bank loans	(356,227)	--	(356,227)	90,645	(265,582)
Total	**(356,227)**	**--**	**(356,227)**	**90,645**	**(265,582)**

	Effects of offsetting on the balance sheet				
2021 **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	48,846	--	48,846	(44,917)	3,929
Cash and cash equivalents	36,071	--	36,071	(27,150)	8,921
Total	**84,917**	**--**	**84,917**	**(72,067)**	**12,850**
Financial liabilities					
Bank loans	(336,468)	--	(336,468)	72,067	(264,401)
Total	**(336,468)**	**--**	**(336,468)**	**72,067**	**(264,401)**

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.

Reconciliation of liabilities from financing activities:

in USD thousand	Loans and borrowings	Liabilities from leases	Hedging derivates	Other financial liabilities at fair value through profit or loss	Total liabilities from financing activities	Restricted cash	Total
Liabilities from financing as at 1 January 2021	**35,021**	**889**	**--**	**--**	**35,910**	**--**	**35,910**
Cash transactions							
Drawing of loans	350,870	--	--	--	350,870	--	350,870
Reduction of overdrafts	(22)	--	--	--	(22)	--	(22)
Repayment of loans	(50,800)	--	--	--	(50,800)	--	(50,800)
Leasing repayment	--	(147)	--	--	(147)	--	(147)
Interest paid	(459)	(20)	--	--	(479)	--	(479)
Non-cash transactions							
Drawing of related party loans (in the form of restricted cash)	96,000	--	--	--	96,000	--	96,000
Change in restricted cash	--	--	--	--	--	(96,022)	(96,022)
Foreign exchange translation	(957)	(20)	--	--	(977)	--	(977)
New leases	--	371	--	--	371	--	371
Accrued interest – bank loans	2,840	--	--	--	2,840	--	2,840
Accrued interest – related parties	228	--	--	--	228	--	228
Leasing modifications/ reassessments	--	(210)	--	--	(210)	--	(210)
Disposal of subsidiaries	--	(108)	--	--	(108)	--	(108)
Liabilities from financing as at 31 December 2021	**432,721**	**755**	**--**	**--**	**433,476**	**(96,022)**	**337,454**

in USD thousand	Loans and borrowings	Liabilities from leases	Hedging derivates	Other financial liabilities at fair value through profit or loss	Total liabilities from financing activities	Restricted cash	Total
Liabilities from financing as at 1 January 2022	**432,721**	**755**	**--**	**--**	**433,476**	**(96,022)**	**337,454**
Cash transactions							
Drawing of loans	18,000	--	--	--	18,000	--	18,000
Drawing of loans -related party (Note 34)	3,500	--	--	--	3,500	--	3,500
Increase of overdrafts	10,352	--	--	--	10,352	--	10,352
Repayment of loans	(3,480)	--	--	--	(3,480)	--	(3,480)
Repayment of loans – related party (Note 34)	(64,388)	--	--	--	(64,388)	--	(64,388)
Leasing repayment	--	(738)	--	--	(738)	--	(738)
Interest paid	(26,932)	(732)	--	--	(27,664)	--	(27,664)
Interest paid – related party							
Drawing of financial liabilities at fair value through profit or loss	--	--	--	8,951	8,951	--	8,951
Hedging derivative changes	--	--	(2,800)	--	(2,800)	--	(2,800)
Non-cash transactions							
Change in restricted cash	--	--	--	--	--	93,622	93,622
Foreign exchange translation	--	(223)	--	--	(223)	--	(223)
Effective portion of changes in fair value cash flow hedge	--	--	891	--	891	--	891
New leases	--	17,098	--	--	17,098	--	17,098
Accrued interest – bank loans	32,676	--	--	--	32,676	--	32,676
Acquired in business combination	--	2,169	--	--	2,169	--	2,169
Leasing modifications/ reassessments	--	(138)	--	--	(138)	--	(138)
Revaluation of interest-free loans	(5,144)	--	--	--	(5,144)	--	(5,144)
Non-cash other capital funds increase	(26,329)	--	--	--	(26,329)	--	(26,329)
Revaluation of financial liabilities at fair value through profit or loss	--	--	--	905	905	--	905
Liabilities from financing as at 31 December 2022	**370,976**	**18,191**	**(1,909)**	**9,856**	**397,114**	**(2,400)**	**394,714**

In 2021, the Group drew loans from a related party in the total amount of USD 96,000 thousand to finance the acquisition of Sasol's Sodium Cyanide business (refer to Note 7 and 30 for more details) and deposited the proceeds raised to an escrow account in ČSOB bank. The money were to be released to the seller on the closing date of the acquisition. Since the Group doesn't have a right to use the money on the escrow account for other purposes, the Group classifies the escrow account as a restricted cash. Therefore also the drawing of the loans are reported as non-cash transactions.

On 4 February 2022 the Group received the balance of USD 93,622 thousand of its restricted cash deposit (refer to Note 7).

The Group repaid the related party loans in total amount of USD 96,000 thousand and related interest during January to April 2022. The amount of USD 26,329 thousand together with non-current other liabilities – related parties of USD 1,005 thousand was settled against other capital funds increased on 14 January 2022. From the remaining amount, USD 64,160 thousand was repaid in cash, USD 6,000 thousand was replaced by interest-free loan from related party.

The business of Draslovka Holding a.s. is pledged in favour of Wilmington Trust (London) Limited, reg. no. 05650152, on the basis of a lien credit agreement concluded 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 1 December 2021 among MANCHESTER ACQUISITION SUB LLC, as a borrower and JPMORGAN CHASE BANK, N.A. as a lender.

8.17 Trade payables

Trade payables:

in USD thousand	31 Dec 2022	31 Dec 2021 as restated*
Trade payables – third parties	69,401	72,733
Trade payables – related parties (see Note 34)	27	105
Total trade payables	**69,428**	**72,838**

*See Note 3 for details regarding restatement

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 2022	31 Dec 2021 as restated*
Current loans and borrowings (see Note 16)	12,541	5,495
Other financial liabilities measured at amortized cost	8,330	8,554
Other financial liabilities measured at amortized cost – related parties (see Note 34)	181	--
Current lease liabilities	2,639	186
Current liabilities at fair value through profit or loss	9,856	--
Financial derivatives with negative fair value	--	46
Total other current financial liabilities	**33,547**	**14,281**

*See Note 3 for details regarding restatement

Other financial liabilities measured at amortized cost in amount of USD 6,793 (31 December 2021: USD 6,513 thousand) relates 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.

Current financial liabilities in the amount of USD 9,856 thousand (31 December 2021: USD 0 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 2022 the Group has not recognized any changes in fair value relating to the Group's own credit risk.

in USD thousand	31 Dec 2022	31 Dec 2021
Carrying amount	8,951	--
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	9,509	--
Difference between carrying amount and the amount the Group is contractually obligated to pay to the counterparty	558	--
Net gains recognized in profit or loss for the current period	905	--
Net gains recognized in other comprehensive income for the current period	--	--

8.19 Other current non-financial liabilities

Other current non-financial liabilities:

in USD thousand	31 Dec 2022	31 Dec 2021
Other tax liabilities excluding income taxes	2,555	3,181
Contract liabilities	13,022	4,582
Payables to employees	4,687	2,041
Total other current non-financial liabilities	**20,264**	**9,804**

From the other tax liabilities excluding income taxes USD 646 thousand represents liabilities from VAT (31 December 2021: USD 2,130 thousand).

Contract liabilities as at 31 December 2022 in the amount of USD 5,736 thousand (as at 31 December 2021 in the amount of USD 2,734 thousand) represent deliveries where the Group has not yet satisfied its performance obligation as at the balance sheet date. These revenues were therefore not recognized in revenue from contracts in 2022 but were recognized in revenues of the following year. The value of contract liabilities as at 31 December 2021 in the amount of USD 2,734 thousand were recognized in revenue from contracts with customers in 2022.

Contract liabilities measured at amortized costs in the amount of USD 6,642 thousand represent customers prepayments (31 December 2021: USD 1,174 thousand).

8.20 Provisions

The following table analyses the movements in provisions between the beginning and the end of the reporting period:

in USD thousand	Provision for employee benefits
Carrying amount as at 1 January 2022	**88**
Additions - charged to profit or loss	72
Release of provision	(82)
Effect of translation to presentation currency	(4)
Carrying amount as at 31 December 2022	**74**

8.21 Revenue

in USD thousand	2022	2021
Timing of revenue recognition		
At a point in time:		
Sales of chemical products	453,546	110,746
Revenues from sale of licences – third party	531	8,281
Revenues from contractual liabilities	2,536	--
Over time:		
Fumigation services	6,972	956
Services provided to related parties (see Note 34)	--	118
Total revenue from contracts with customers	**463,585**	**120,101**
Other revenue	4,446	1,243
Total revenue	**468,031**	**121,344**

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

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 10
Contract liabilities	Note 19

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

Sales of chemical products divided by customer's location:

in USD thousand	2022	2021
Sales in North America	191,356	33,253
Sales in South America	162,580	5,763
Sales in Europe	80,715	40,914
Sales in Africa	13,094	16,758
Sales in Asia	5,325	13,466
Sales in Australia and New Zealand	476	592
Total revenue from sales of chemical products	**453,546**	**110,746**

Sales by chemical products:

in USD thousand	2022	2021
NaCN	295,182	63,807
Mining solutions	**295,182**	**63,807**
HCN	84,465	5,838
DPG	21,989	15,489
Amino	7,866	--
KCN	6,858	6,467
Syntron	6,621	4,702
Specialty chemicals products	**127,799**	**32,496**
SAM + SAMBO	17,506	7,773
Retacel	5,023	2,943
Other fumigants	6,619	534
Agricultural solutions	**29,148**	**11,250**
Other products	1,417	3,193
Total revenue from sales of chemical products	**453,546**	**110,746**

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.

8.22 Cost of sales

in USD thousand	2022	2021
Consumption of raw materials	(254,386)	(68,097)
Depreciation and amortization (see Note 4)	(74,143)	(14,107)
Transportation	(41,609)	(6,078)
Employee benefits	(35,066)	(13,529)
Energy consumption	(22,182)	(3,988)
Repairs and maintenance	(15,306)	(1,739)
Packaging and terminals	(9,126)	(311)
Equipment and supplies	(1,855)	(310)
Change in impairment to trade receivables	(1,306)	(34)
Current and low-value asset lease	(509)	(400)
(Creation)/Release of a provision for inventory	(656)	47
Changes in inventories of finished goods and work in progress	12,570	2,859
Other	(19,064)	(1,189)
Creation of impairment to property, plant and equipment	(151)	--
Goodwill write off	(554)	--
Total costs of sales	**(463,343)**	**(106,876)**

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 624 employees as at 31 December 2022 (as at 31 December 2021: 542 employees). Total personnel expenses amounted to USD 35,066 thousand in 2022 (2021: USD 13,529 thousand). Most of the increase in the number of employees as well as in personal expenses is related to the acquisition of Covoro Mining Solution Business.

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 2022, the expenses recognized in relation to the contributions amounted to USD 2,896 thousand (2021: USD 1,652 thousand).

Research costs and part of the development costs that do not fulfil the conditions for capitalization to intangible assets amounted to USD 159 thousand in 2022 (2021: USD 159 thousand).

8.23 Administrative costs

in USD thousand	2022	2021
Employee benefits	(10,641)	(2,261)
Acquisition-related transaction costs (see Note 30)	(2,380)	(14,823)
Transition Service Agreement (TSA)	(6,672)	(884)
Consulting cost	(5,309)	(1,532)
IT expenses	(3,488)	(28)
Legal services	(1,004)	(690)
Marketing and representation costs	(948)	(226)
Audit services	(804)	(325)
Travel expenses	(420)	(238)
Administrative services provided by related party (see Note 34)	(150)	(120)
Accounting and tax services	(38)	(87)
Other administrative expenses (services and other administrative expenses)	(3,986)	(860)
Total administrative costs	**(35,840)**	**(22,074)**

Transaction costs contain significant costs for advisory, legal and other services in connection with acquisitions made in 2021 and 2022 and with expected Sasol acquisition (refer to Note 30).

The Group concluded the Transition Service Agreement (TSA) with The Chemours Company. The Chemours Company provide, or cause to be provided, services related to operation of the business (such as supplier management, procurement and transactional management, warehousing management, human resources, IT and accounting etc.).

8.24
Other operating income

in USD thousand	2022	2021
Foreign exchange gains from operating activities - net	--	1,055
Gain from disposals of a subsidiary	--	484
Other income from operations	868	1,111
Total other operating income	**868**	**2,650**

8.25
Other operating expenses

in USD thousand	2022	2021
Taxes and fees	(1,193)	(225)
Loss on sale of non-current assets	(234)	(145)
Insurance	(5,344)	(677)
Other expenses from operations	(1,587)	(436)
Total other operating expenses	**(8,358)**	**(1,483)**

Nature of expenses - additional information:

in USD thousand	2022	2021
Consumption of raw materials	(254,386)	(68,097)
Depreciation and amortization (see Note 4)	(74,143)	(14,107)
Employee benefits	(45,707)	(15,790)
Transportation	(41,609)	(6,078)
Energy consumption	(22,182)	(3,988)
Repairs and maintenance	(15,306)	(1,739)
Packaging and terminals	(9,126)	(311)
Equipment and supplies	(1,855)	(310)
Change in impairment to trade receivables	(1,306)	(34)
Current and low-value asset lease	(509)	(400)
(Creation)/ Release of a provision for inventory	(656)	47
Changes in inventories of finished goods and work in progress	12,570	2,859
Other services related to manufacturing	(19,064)	(1,189)
Creation of impairment to property, plant and equipment	(151)	--
Goodwill write off	(554)	--
Administrative service received	(25,199)	(19,813)
Other operating expenses	(8,358)	(1,483)
Total expenses	**(507,541)**	**(130,433)**

8.26 Finance costs

in USD thousand	2022	2021
Interest income – bank accounts	101	2
Interest income – related parties (see Note 34)	80	88
Foreign exchange gains from borrowings – net	--	1,277
Other financial income	21	66
Total finance income	**202**	**1,433**
Interest expenses – bank loans	(32,346)	(2,845)
Interest expenses – related parties (see Note 34)	(451)	(1,377)
Interest expenses – leases	(883)	(20)
Interest expenses – precious metals	(73)	--
Bank charges	(156)	(91)
Other financial costs – related parties (see Note 34)	(181)	--
Revaluation of financial liabilities at fair value through profit or loss	(905)	--
Other financial costs	(243)	--
Foreign exchange losses from borrowings – net	(976)	--
Total finance costs	**(36,214)**	**(4,333)**
Net finance costs	**(36,012)**	**(2,900)**

8.27 Income tax

Income tax (expense) / benefit includes:

in USD thousand	2022	2021
Current tax expense (-)	(3,190)	(2,375)
Deferred tax benefit (+)	17,198	3,159
Total income tax benefit	**14,008**	**784**

The income tax rate in the Czech Republic for 2022 tax period was 19% (2021: 19%). As at 31 December 2022, deferred income tax was calculated at a tax rate of 19% - 30 % (2021: 19% - 30%), which corresponds to the statutory tax rates determined for the future periods in which the deferred tax assets and liabilities will be realized. Deferred income tax rate in the USA amounted to 25% (2021: 21%).

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

in USD thousand	2022	2021
Loss before tax	**(74,699)**	**(9,339)**
Theoretical tax benefit at the parent's statutory tax rate of 19% (2021: 19%)	14,192	1,774
The tax effect of:		
- different tax rates of subsidiaries operating in other jurisdictions	711	351
- income exempt from taxation	264	8
- non-deductible expenses	(1,334)	(692)
- income tax adjustment for prior years	(246)	--
- current year tax losses that were not recognized as a deferred tax asset	(554)	(778)
- recognition of tax loss carryforward from prior years	230	87
- tax credits - other	745	37
- tax credits - investment incentive	--	(3)
Total income tax benefit	**14,008**	**784**

Potential deferred tax assets from unused tax loss carryforward, arising mainly in Australia, of USD 1,770 thousand as at 31 December 2022 (31 December 2021: USD 1,621 thousand) has not been recognized as it is not probable that future taxable profit will be available against which the unused tax loss carryforward can be utilized.

The tax loss carry-forward from which deferred tax asset was not recognised expire as follows:

in USD thousand	2022	2021
The tax loss carryforward		
- Up to 2026	--	1,347
- unlimited	6,094	4,567
Total tax losses	**6,094**	**5,914**
Potential deferred tax asset (28% - 30%)	1,770	1,621

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

in USD thousand	2022
Tax losses carried-forward 1 January 2022	**1,621**
Current year tax losses that were not recognized as a deferred tax asset in 2022	554
Recognition of tax losses	(230)
Impact of exchange rate differences in 2022	(175)
Tax loss carry-forward 31 December 2022	**1,770**

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 9,479 thousand.

The final amount of the tax credit is determined as the amount by which the final tax in the current period exceeds the tax liability payable in 2015 tax period (this tax liability was set as the maximum tax payable in the period when the investment incentive is to be utilised).

Due to low tax bases in past years, the company Lučební závody Draslovka a.s. Kolín utilized the investment incentive for the first time in 2019.

On 27 November 2019, the company Lučební závody Draslovka a.s. Kolín was promised a second investment incentive in the form of an income tax credit pursuant to Section 35b of Act No. 586/1992 Coll., Act on Taxes, based on the Decision of the Ministry of Industry and Trade of the Czech Republic income.

The maximum intensity of public support cannot exceed 25% of the total value of eligible costs actually incurred by the beneficiary and at the same time cannot exceed the maximum amount of public support, which amounts to USD 13,651 thousand.

Lučební závody Draslovka a.s. Kolín aims to meet the conditions specified in the Decision and the conditions arising from the applicable legislation (especially Act No. 72/2000 Coll. Act on Investment Incentives and Act No. 586/1992 Coll. Act on Income Taxes).

The potential deferred tax asset from the investment tax incentive was not recognized based on the accounting policy described in Note 2.18.

As at 31 December 2022 the Group has cumulative tax losses from its US operations in the amount of USD 213,802 (as at 31 December 2021: USD 216,578 thousand). It is attributable to the tax bonus depreciation of the acquired assets. 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. Deferred tax asset of USD 53,442 thousand (as at 31 December 2021: USD 45,481 thousand) was recognised from this tax loss. The Group assessed the recognition of this deferred tax asset based on the prepared tax planning and believes that there will be sufficient taxable profit in the future against which the deferred tax asset could be utilised. The Group recognised deferred tax liability on the difference between tax base and carrying value of Property, plant and equipment and Intangible assets, resulting from tax bonus depreciation. 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).

The tax loss carry-forwards from which deferred tax asset was recognised roll:

in USD thousand	Tax losses	Deferred tax asset
Tax losses carry-forward 1 January 2022	**217,539**	**45,683**
2022 tax loss	7,019	1,487
2021 carry forward tax loss – change in deferred tax rate in 2022	--	8,657
2021 carry forward tax loss utilization	(3,737)	(934)
Impact of exchange rate differences	--	46
Tax losses carry-forward 31 December 2022	**220,821**	**54,939**

Deferred taxes analysed by type of temporary difference:

2022 in USD thousand	1 January 2022 as restated	Cost (-) / income (+) recognized in profit or loss	Impact of exchange rate differences	Acquired in business combinations (see Note 30)	Recorded in Other comprehensive Income	Cost (-) / Revenue (+) recognised in equity	31 December 2022
Deferred tax asset (+)/liability(-) relating to:							
Difference between tax base and carrying value of Property, plant and equipment	(48,204)	(8,698)	22	--	--	--	(56,880)
Difference between tax base and carrying value of Intangible assets	1,914	4,827	(3)	(7,974)	--	--	(1,236)
Difference between tax base and carrying value of Goodwill	--	(1,438)	--	--	--	--	(1,438)
Difference between tax base and carrying value of Inventory	(100)	2,899	92	--	--	--	2,891
Difference between tax base and carrying value of non-financial assets	5,620	563	(2)	--	212	--	6,393
Difference between tax base and carrying value of financial and non-financial liabilities	(2,874)	2,477	(9)	(4)	--	(977)	(1,387)
Tax losses	45,683	9,210	46	--	--	--	54,939
Not recognised carried forward interest expense	342	6,982	--	--	--	--	7,324
Other	53	376	(242)	--	--	--	187
Total deferred tax asset/(liability)	**2,434**	**17,198**	**(96)**	**(7,978)**	**212**	**(977)**	**10,793**
Deferred tax asset	**5,354**						**20,298**
Deferred tax liability	**(2,920)**						**(9,505)**

Deferred taxes analysed by type of temporary difference:

2021 in USD thousand	**1 January 2021 as restated**	**Costs (-)/ income (+) recognized in profit or loss**	**Impact of exchange rate differences**	**Acquired in business combina-tions (see Note 30)**	**Disposed in business combina-tion (see Note 30)**	**31 December 2021** as restated *
Deferred tax asset (+)/liability (-) relating to:						
Difference between tax base and carrying value of Property, plant and equipment	(2,665)	(45,657)	118	--	--	(48,204)
Difference between tax base and carrying value of Intangible assets	(94)	(170)	(117)	2,227	68	1,914
Difference between tax base and carrying value of Inventory	--	436	18	(554)	--	(100)
Difference between tax base and carrying value of non-financial assets	--	5,620	(1)	--	1	5,620
Difference between tax base and carrying value of financial and non-financial liabilities	140	(3,056)	42	--	--	(2,874)
Not recognised carried forward interest expense	--	342	--	--	--	342
Tax losses	--	45,683	--	--	--	45,683
Other	94	(39)	(2)	--	--	53
Total deferred tax asset/ (liability)	**(2,525)**	**3,159**	**58**	**1,673**	**69**	**2,434**
Deferred tax asset	**--**					**5,354**
Deferred tax liability	**(2,525)**					**(2,920)**

*See Note 3 for details regarding the restatement

The Group's management expects that deferred tax liabilities in the amount of USD 8,406 thousand and deferred tax asset in the amount of USD 16,391 thousand are recoverable after more than 12 months after the reporting period (31 December 2021: USD 2,621 thousand, resp. USD 2,333 thousand).

8.28 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	2022	2021
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)	(1,806)	(1,212)
Intangible assets purchased in the current period but paid in the following period	1,950	--
Unpaid interest	5,744	1,005
Unrealized foreign exchange differences	892	(1,900)
Other non-cash transactions	--	(22)
- Change in restricted cash	--	(96,022)
- Drawing of related party loans	--	96,000
Non-cash increase of other capital funds	27,334	--

8.29 Contingencies and Commitments

The Company provided guarantee for the lease of hopper 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. The guarantee was reduced by NP Finance s.r.o. providing a letter of credit to the third-party lessor for the lease of hopper cars for which a fee is paid by the Group to NP Finance s.r.o. The letter of credit was in total amount of USD 6,000 thousand.

Banking 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 2022 and 31 December 2021.

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 and accrued interest may become due. Event of default could be cured by the Group via financial repayment of part of the loan.

8.30
Subsidiaries and joint ventures

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

	Place of establishment and operations	Percentage of voting right held by the Group 2022	Percentage of voting rights held by the Group 2021
Subsidiaries			
Draslovka Holding South Africa Proprietary Limited	South Africa	100%	100%
Draslovka South Africa Proprietary Limited	South Africa	74.9%	74.9%
Draslovka Holding Alpha a.s.	Czech Republic	100%	100%
Draslovka Holding a.s.	Czech Republic	100%	100%
Mining and Process Solutions Pty Ltd (1)	Australia	100%	--
Lučební závody Draslovka a.s. Kolín	Czech Republic	100%	100%
Manchester Acquisition Sub LLC (2)	USA	100%	100%
Covoro Mining Solutions LLC (3)	USA	100%	100%
Draslovka Holding Mexico, S. de R.L. de C.V. (4)	United Mexican States	100%	100%
Covoro Mining Solutions Mexicana, S. de R.L. de C.V. (5)	United Mexican States	100%	100%
Covoro Mining Solutions Canada Holding Company (6)	Canada	100%	100%
Covoro Mining Solutions Canada Company (7)	Canada	100%	100%
Draslovka Chile Limitada (8)	Republic of Chile	100%	100%
DRASLOVKA SERVICES Pty	Australia	100%	100%
DRASLOVKA SERVICES AFRICA (Pty) Ltd	South Africa	100%	100%
DRASLOVKA SERVICES NZ LIMITED	New Zealand	100%	100%
Draslovka Services India Private Limited (9)	India	89.6%	86.7%
Manchester Acquisition Corp. (10)	USA	--	100%
Intreso Group B.V. (11)	Belgium	100%	--
Fumico Holding B.V. (11)	Netherlands	100%	--
Fumico Fumigations B.V. (11)	Netherlands	100%	--
Fumico Bio & QPS Services B.V. (11)	Netherlands	100%	--
Descroes B.V. (11)	Belgium	100%	--
Dezinfekcija, dezinsekcija, deratizacija, d.o.o. (11)	Slovenia	100%	--
Joint ventures			
DRASLOVKA SERVICES RSA (PTY) LTD (12)	South Africa	42,5%	42,5%
ENCORE MINERALS PTY LTD (13)	Australia	50%	--

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

(1) Mining and Process Solutions Pty Ltd was acquired by Draslovka a.s. in April 2022.

(2) Manchester Acquisition Sub LLC was established on 8 July 2021.

(3) Covoro Mining Solutions LLC was acquired on 1 December 2021.

(4) Draslovka Holding Mexico, S. de R.L. de C.V. was established by Manchester Acquisition Sub LLC (99.99%) and Draslovka Holding a.s. (0.01%) on 25 November 2021.

(5) On 1 December 2021 was Covoro Mining Solutions Mexicana, S. de R. L. de C.V. acquired by Draslovka Holding a.s. (0.01%) and Draslovka Holding Mexico, S. de R.L. de C.V. (99.99%).

(6) Covoro Mining Solutions Canada Holding Company was acquired by Draslovka Holding a.s. on 1 December 2021.

(7) Covoro Mining Solutions Canada Company was acquired on 1 December 2021 as a subsidiary of Covoro Mining Solutions Canada Holding Company.

(8) Draslovka Chile Limitada was acquired by Draslovka Holding a.s. (99.99%) and Lučební závody Draslovka a.s. (0.01%) on 1 December 2021.

(9) On 25 February 2022, Draslovka Services India Private Limited increased its share capital by INR 11,400 thousand. Draslovka Holding a.s. subscribed 89.47% of the share capital increase and increased its share in Draslovka Services India Private Limited to 88.65%. On 28 December 2022 Draslovka Holding a.s. acquired additional 0.92% shares from the company's existing shareholder.

(10) Manchester Acquisition Corp. was established on 8 July 2021 in the USA and the certificate of dissolution was issued on 22 December 2021. The company didn't carry out any activities. Under the U.S. Delaware Code, the company may act in connection with the closing of its business and payment of its liabilities, which lasted till April 2023.

(11) On 30 June 2022, Draslovka Holding a.s. closed an acquisition of the Intreso Group B.V., including its five subsidiaries Fumico Holding B.V., Fumico Fumigations B.V., Fumico Bio & QPS Services B.V., Descroes B.V. and Dezinfekcija, dezinsekcija, deratizacija, d.o.o.

(12) DRASLOVKA SERVICES RSA (PTY) LTD share of 42,5% was sold in 2021. The company is jointly controlled and accounted for as an investment in a joint venture.

(13) ENCORE MINERALS PTY LTD is a 50% subsidiary of Mining and Process Solutions Pty Ltd.

8.30.1.

Non-controlling interest

The Group's share of 42.5% in the subsidiary DRASLOVKA SERVICES RSA (PTY) LTD was sold in 2021 and the subsidiary was derecognised as of 9 March 2021. The remaining ownership is

42.5% and was recorded as a joint venture as at 31 December 2021 and 2022.

The remaining non-controlling interest is insignificant.

8.30.2.
Group changes in 2022

8.30.2.1.
INTRESO GROUP B.V. ACQUISITION

On 30 June 2022, Draslovka Holding a.s. closed an acquisition of Intreso Group BV. The group provides end-to-end specialized handling solutions for logs, soft commodities and general cargo by fumigations, heat treatments, low oxygen biotreatment methods, quarantine and pre-shipment services, gas measurements and pest control services customization.

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. The most significant drivers for goodwill include synergies to be realized by the Group with Intreso's expertise, acceleration of the Group presence in Europe, market positioning and market share acquiring.

The consideration paid was USD 18,885 thousand (originally nominated in EUR 18,191 thousand). Draslovka Holding a.s. also refinanced a pre-existing shareholder's loan with an intercompany loan provided to Intreso group in amount of USD 14,490 thousand (originally in EUR 13,867 thousand).

If the acquisition had taken place at the beginning of the year, the Group´s revenue would have been USD 13,616 thousand higher and the loss before tax of the Group would have been USD 951 thousand higher.

Assembled workforce acquired totaled to USD 841 thousand. Deferred tax liability arising on the acquisition date was not discounted.

Acquired assets, liabilities and contingent liabilities at fair value at the acquisition date:

in USD thousand	
Property, plant and equipment	2,393
Right-of-use assets	2,169
Intangible assets - customer relationship	18,144
Intangible assets - licenced technology	3,819
Intangible assets - other	548
Inventories	585
Trade receivables	3,361
Other financial and non-financial assets	412
Cash and cash equivalents	2,124
Deferred tax liabilities	(5,457)
Trade payables	(2,792)
Other financial liabilities	(500)
Lease liabilities	(2,169)
Net identifiable assets acquired	**22,637**
Goodwill arising from a business combination	10,738
Purchase price	**33,375**
Consideration transferred, paid in cash and cash equivalents and refinanced loan	**33,375**
Less: cash and cash equivalents	2,124
Net cash outflow from acquisition	**31,251**

Intreso Group B.V.

On 30 June 2022, Draslovka Holding a.s. purchased 100% of Intreso Group B.V.

Fumico Holding B.V.

On 30 June 2022, 100% of Fumico Holding B.V. as a subsidiary of Intreso Group B.V. was acquired.

Fumico Fumigations B.V.

On 30 June 2022, 100% of Fumico Fumigations B.V. as a subsidiary of Fumico Holding B.V. was acquired.

Fumico Bio & QPS Services B.V.

On 30 June 2022, 100% of Fumico Bio & QPS Services B.V. as a subsidiary of Fumico Holding B.V. was acquired.

Descroes B.V.

On 30 June 2022, 100% of Descroes B.V. as a subsidiary of Intreso Group B.V. was acquired.

Dezinfekcija, dezinsekcija, deratizacija, d.o.o.

On 30 June 2022, 100% of Dezinfekcija, dezinsekcija, deratizacija, d.o.o. as a subsidiary of Descroes B.V. was acquired.

8.30.2.2.
MINING AND PROCESS SOLUTIONS PTY LTD ACQUISITION

On 28 April 2022, the Company closed an acquisition of the company Mining and Process Solutions Pty Ltd in Australia. The acquisition offers an environmentally sustainable solution for the extraction of a number of precious metals, as well as copper, nickel, and cobalt, to the Group's offering. Mining and Process Solutions Pty Ltd holds an exclusive licensing agreement for the glycine leaching process. Glycine is a non-toxic chemical that is fully bio-degradable.

The consideration paid was USD 14,088 thousand (originally nominated in AUD 19,903 thousand). The Company also committed itself to share capital increase of Mining and Process Solutions Pty Ltd in total amount of USD 1,775 thousand (originally in AUD 2,500 thousand) within next 12 months.

If the acquisition had taken place at the beginning of the year, the Group´s revenue would have been USD 434 thousand higher and the loss before tax of the Group would have been USD 67 thousand higher.

Assembled workforce acquired totaled to USD 0 thousand. Deferred tax liability arising on the acquisition date was not discounted.

Acquired assets, liabilities and contingent liabilities at fair value at the acquisition date:

in USD thousand	
Intangible asset – licenced technology	7,876
Intangible asset – customer relationship	441
Intangible assets - brand name	88
Trade receivables	125
Other financial and non-financial assets	12
Other financial assets – related party	1,416
Cash and cash equivalents	324
Deferred tax liabilities	(2,521)
Trade payables	(121)
Net identifiable assets acquired	**7,640**
Goodwill arising from a business combination	8,223
Purchase price	**15,863**
Consideration transferred, paid in cash and cash equivalents and capital contribution	**15,863**
- Paid in 2022	14,978
- Paid in 2023	885
Less: cash and cash equivalents	324
Net cash outflow from acquisition	**15,539**

8.30.3.
Group changes in 2021

8.30.3.1. COVORO MINING SOLUTION ACQUISITION

On 26 July 2021, Manchester Acquisition Sub LLC has signed the Purchase and Sale Agreement with The Chemours Company to acquire the Mining Solutions business of The Chemours Company TT, LLC. The Base purchase price agreed was USD 520,000 thousand.

On 1 December 2021, the acquisition of the Mining Solutions business of The Chemours Company was completed. The Closing purchase price was adjusted from the Base purchase price by calculation of the working capital, the cash amounts and the funded debt set at the closing date. The consideration paid totaled to USD 521,456 thousand.

In accordance with the provisions of the Purchase and Sale Agreement, the Post-Closing Statement was prepared by Manchester Acquisition Sub LLC and the revised purchase price according to the Post-Closing Statements totaled to USD 518,323 thousand. The difference between the consideration paid and revised purchase price in amount of USD 3,133 thousand was posted as Receivables from acquisition as at 31 December 2021.

The revised purchase price was subject to negotiations between the parties of the transaction in 2022.

On 8 September 2022, the final purchase price was agreed in the amount of USD 521,075 thousand. The Group recognised the receivable from acquisition from The Chemours Company of USD 381 thousand in 2022, and this receivable was paid in 2022.

Manchester Acquisition Sub LLC raised a USD 348 million syndicated Term Loan B in November 2021 via sole bookrunner J.P. Morgan to support the acquisition of Chemours Mining Solutions business. The Term Loan B and equity from the existing shareholders were used to fund the acquisition.

The acquisition was the Group's first major investment in the US. Chemours Mining Solutions operates the largest solid sodium cyanide plant in the world in Memphis, Tennessee, with a market presence in Mexico, Canada and South America. The most significant drivers for goodwill include synergies to be realized by the Group with Mining Solution business's presence on the North and South America market, its cyanide production with the future possible other chemical production potential. The revenue of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for 2021 totals to USD 25,690 thousand and profit of the acquiree since the acquisition date totals to USD 2,015 thousand.

If the acquisition had taken place at the beginning of the year 2021, the Group´s revenue would have been USD 237,310 thousand higher and the profit before tax of the Group would have been USD 31,985 thousand higher.

The amount of goodwill that is expected to be deductible for tax purposes totals to USD 82,150 thousand (31 December 2021: USD 60,961 thousand).

Assembled workforce acquired totaled to USD 2,780 thousand.

Acquired assets, liabilities and contingent liabilities at fair value at the acquisition date:

in USD thousand	
Property, plant and equipment	296,634
Intangible assets - licenced technology	27,550
Intangible assets - customer relationship	72,490
Inventory	32,069
Trade receivables	26,965
Other financial receivables	2,650
Cash and cash equivalents	13,408
Deferred tax asset	1,673
Trade liabilities	(39,735)
Other financial liabilities	(7,609)
Net identifiable assets acquired	**426,095**
Goodwill arising from a business combination	94,980
Purchase price	**521,075**

Consideration transferred, paid in cash and cash equivalents	**521,456**
Less: Cash and cash equivalents of subsidiary acquired	(13,408)
Less: Cash received on final purchase price settlement	(381)
Net cash outflow from acquisition	**507,667**
Net cash outflow from acquisition 2021	508,048
Net cash inflow from acquisition 2022	381

As a part of this transaction the following entities were acquired or established in 2021:

Manchester Acquisition Sub LLC

Manchester Acquisition Sub LLC was established on 8 July 2021 in the USA.

Covoro Mining Solutions LLC

On 1 December 2021, Manchester Acquisition Sub LLC purchased the entity Covoro Mining Solutions, LLC. The transaction was accounted for as a business combination. Primary business activity of Covoro Mining Solutions LLC is the production of NaCN and HCN.

Covoro Mining Solutions Mexicana, S. de R.L. de C.V.

On 1 December 2021, Draslovka Holding Mexico, S. de R.L. de C.V. purchased 99.99% and Draslovka Holding a.s. purchased 0.01% of Covoro Mining Solutions Mexicana, S. de R.L. de C.V.

The transaction was accounted for as a business combination. Primary business activity of the entity is the distribution of NaCN produced by Covoro Mining Solutions LLC.

Covoro Mining Solutions Canada Holding Company

On 1 December 2021, Draslovka Holding a.s. acquired 100% of Covoro Mining Solutions Canada Holding Company. The entity is a holding entity of Covoro Mining Solutions Canada Company.

Covoro Mining Solutions Canada Company

On 1 December 2021, 100% of Covoro Mining Solutions Canada Company as a subsidiary of Covoro Mining Solutions Canada Holding Company was acquired.

The transaction was accounted for as a business combination. Primary business activity of the entity is the distribution of NaCN produced by Covoro Mining Solutions LLC.

Draslovka Chile Limitada

On 1 December 2021, Draslovka Holding a.s. purchased 99.99% and Lučební závody Draslovka a.s. Kolín purchased 0.01% of The Chemours Company Chile Limitada, entity incorporated in Chile. The entity was renamed to Draslovka Chile Limitada on 16 December 2021.

The transaction was accounted for as a business combination. Primary business activity of the entity is the distribution of NaCN produced by Covoro Mining Solutions LLC.

Draslovka Holding Mexico, S. de R.L. de C.V.

On 24 November 2021, Manchester Acquisition Sub LLC by share of 99.99% and Draslovka Holding a.s. by share of 0.01% established new entity Draslovka Holding Mexico, S. de R.L. de C.V.

Manchester Acquisition Corp.

Manchester Acquisition Corp. was established on 8 July 2021 in the USA and deregistered on 22 December 2021. The company didn't carry out any activities.

8.30.3.2.

ACQUISITION OF BUSINESS IN SOUTH AFRICA DRASLOVKA HOLDING SOUTH AFRICA (Pty) Ltd

In 2021, Draslovka Holding a.s. established new entity Draslovka Holding South Africa (Pty) Ltd.

Planned acquisition in South Africa – project Sasol

On 9 July 2021 Draslovka Holding a.s. has signed an agreement with Sasol South Africa Limited ("Sasol") to acquire its Sodium Cyanide business, located in Sasolburg for ZAR 1,462,000 thousand. This should be Group's first major investment into the African continent and forms part of its international expansion plans. This acquisition should allow the Group to not only better serve the South African mining and associated industries but in the longer-term, enhance South Africa's exports and provide greater access to the Group's leading agricultural materials.

The transaction is subject to various regulatory approvals and is expected to be completed in the calendar year 2023. The Competition Commission of South Africa decided on 26 November 2021 to prohibit Group's acquisition of Sasol South Africa Limited's Sodium Cyanide business. The Group is reviewing its legal options with respect to the decision and will seek to engage with the Competition Commission to find resolution for it to secure regulatory approval in the near future.

In connection with project Sasol, shareholders of Draslovka Holding a.s. provided an intercompany loan in amount of USD 96,000 thousand. The amount was debited on an escrow account in ČSOB bank. The escrow account was used as the bank account for depositing money corresponding to the expected purchase price. The structure of the Group changed in 2021 and a new entity Draslovka a.s. was established and all the activities related to project Sasol acquisition were transferred to this entity. Draslovka a.s. is the parent company of Draslovka Holding Alpha a.s., parent company of Draslovka Holding a.s. (refer also to Note 15). The escrow account, investment in Draslovka Holding South Africa (Pty) Ltd. and the intercompany loan was assigned from Draslovka Holding a.s. to Draslovka a.s. in 2021. Interests charged on the loan until the assignment date were expensed in the statement of profit or loss of the Group in the amount of USD 1,005 thousand. This expense was recharged to Draslovka a.s. Income in the amount of USD 1,041 thousand was recognized as finance income in profit or loss in 2021 of the Group. No additional cash consideration was assigned between Draslovka Holding a.s. and Draslovka a.s.

8.30.3.3.
SALE OF SHARE IN DRASLOVKA SERVICES RSA (PTY) LTD

DRASLOVKA SERVICES RSA (PTY) LTD share of 42.5% was sold in 2021. The agreement was signed on 4 November 2020, and the sale was completed after all relevant conditions were fulfilled, which happened on 9 March 2021.

Assets of DRASLOVKA SERVICES RSA (PTY) LTD at the date of sale:

in USD thousand	
Property, plant and equipment	897
Intangible assets	307
Goodwill	234
Inventory	735
Non-current loan provided	47
Trade receivables and other financial and non-financial asset	222
Cash and cash equivalents	1,111
Loans received from related party (see Note 33)	(1,607)
Leasing liabilities	(108)
Trade liabilities	(513)
Deferred tax liabilities	(69)
Net assets disposed of	**1,256**
Out of which	
Non-controlling interests (15%)	(120)
Net identifiable assets owned	**1,376**
Gain on loss of control over subsidiary	**484**
Total proceeds from loss of control over subsidiary (disposal of 85% ownership interest)	1,860
Less: Investment in joint venture recognized for the retained 42.5% ownership interest	(930)
Consideration received in cash for the transfer of 42.5% ownership interest	930
Less: cash and cash equivalents held by subsidiary disposed of	**(1,111)**
Net decrease of cash from the disposal of the subsidiary	**(181)**

8.30.3.4.

DISPOSAL OF DRASLOVKA LIMITED

DRASLOVKA LIMITED closed its operations in Hong Kong in 2021.

In USD thousand	
Net identifiable assets sold	(47)
Consideration transferred, paid in cash and cash equivalents	39
Net loss from operations closing	**(8)**

8.31 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.).

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 13. For internal credit risk customer's assessment of trade receivables refer to Note 10. Receivables from the three largest customers as at

31 December 2022 amounted to 23% of Trade receivables (31 December 2021: 25%).

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 10).

The Group has cash and cash equivalents deposited with 11 banks, of which 51% is deposited with one bank (31 December 2021: 7 banks of which 69% is deposited with one bank).

Credit risk of financial assets

Credit risk of trade receivables and contract assets without 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 with such a default (countries where in the past 5 years some credit losses occurred).

For the countries with a history of default 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 (history of default) and included also forward-looking information that includes expected Gross Domestic Product growth in the individual country and also management's assessment of country specifics and related risks.

For the countries with no history of default the individual assessment of credit risk was made by the Group. Based on this assessment no credit risk loss 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 172 thousand.

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

Analysis of credit risk of financial assets at amortised cost

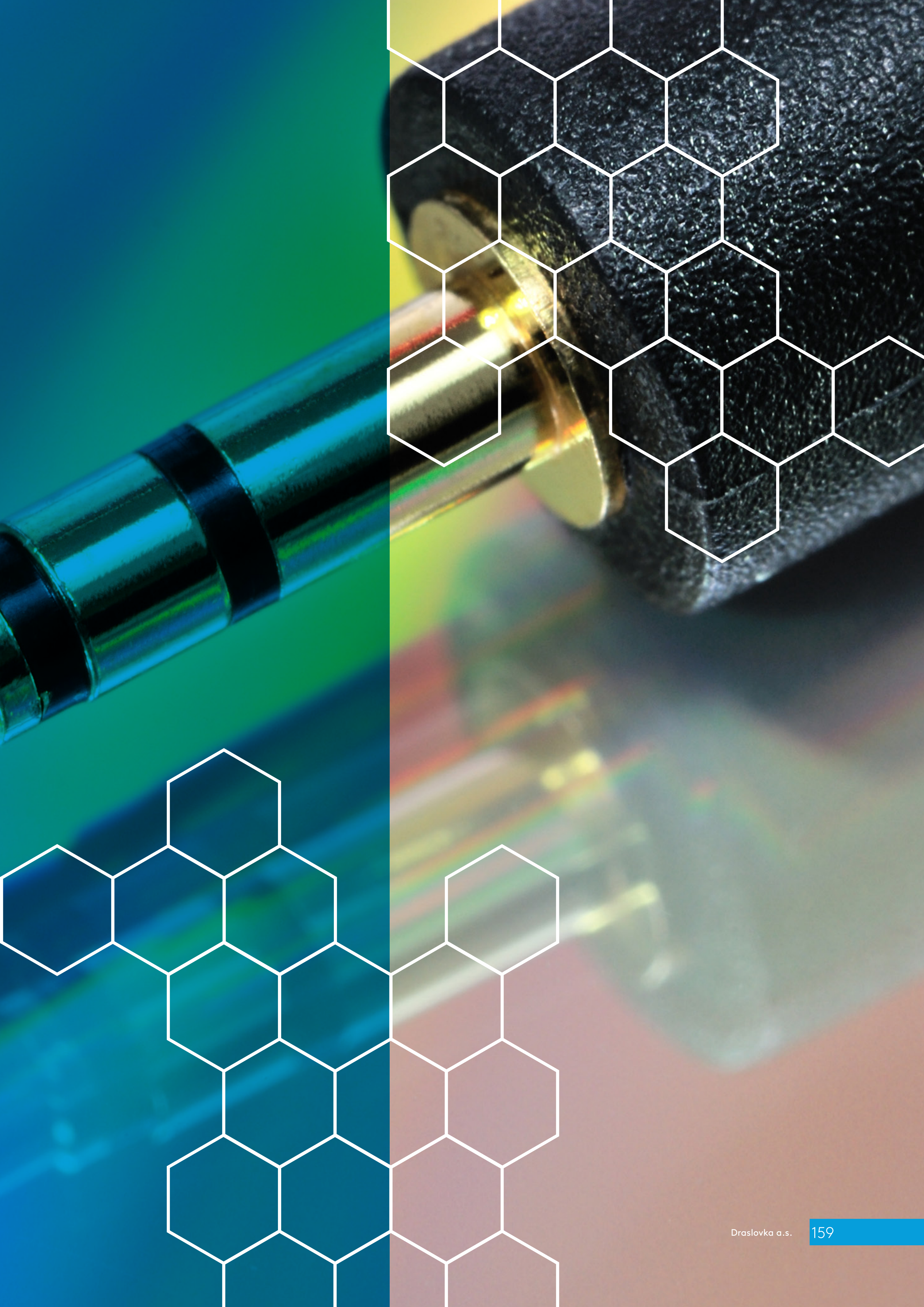
Stage model ECL – other financial assets

in USD thousand	Stage 1 12-month ECL **	Stage 2 lifetime ECL ** - no individual impairment	Stage 3 lifetime ECL ** - individually impaired	31 Dec 2022
Risk level 1, of which:	**46,330**	**--**	**--**	**46,330**
Cash and cash equivalents	43,789	--	--	43,789
Other current financial assets	951	--	--	951
Loans issued	44	--	--	44
Other non-current financial assets	1,546	--	--	1,546
Risk level 2, of which:	**8,713**	**--**	**--**	**8,713**
Other current financial assets	6,473	--	--	6,473
Other non-current financial assets	2,240	--	--	2,240
Total	**55,043**	**--**	**--**	**55,043**

**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 2021 as restated*
Risk level 1, of which:	**38,086**	**--**	**--**	**38,086**
Cash and cash equivalents	36,071	--	--	36,071
Other current financial assets	408	--	--	408
Loans issued	46	--	--	46
Other non-current financial assets	1,561	--	--	1,561
Risk level 2, of which:	**3,458**	**--**	**--**	**3,458**
Other current financial assets	2,421	--	--	2,421
Other non-current financial assets	1,037	--	--	1,037
Total	**41,544**	**--**	**--**	**41,544**

*See Note 3 for details regarding restatement



Impairment of financial assets

Lifetime ECL by provision matrix:

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

in USD thousand	2022	2021 as restated*
Net trade receivables from countries with increased credit risk (with history of default)	34,173	15,897
Trade receivables from countries with no history of default	25,658	33,030
Total Trade receivables	**59,831**	**48,927**

*See Note 3 for details regarding restatement

in USD thousand	Current	Overdue 1 less than month	From 1 to 3 months	Over 91 days	Total
31 December 2022					
Historical credit loss rate (in%)	0.29%	1.05%	2.41%	5,15%	
Estimated total gross carrying amount at default	29,270	2,550	1,644	709	34,173
Expected credit loss	(85)	(27)	(40)	(37)	(189)
31 December 2021					
Historical credit loss rate (in%)	0.49%	2.8%	3.99%	5.15%	
Estimated total gross carrying amount at default	15,796	101	--	--	15,897
Expected credit loss	(78)	(3)	--	--	(81)

in USD thousand	2022	2021 as restated*
Impairment by provision matrix	189	81
Individual impairment	1,198	--
Total Trade receivables impairment	**1,387**	**81**

*See Note 3 for details regarding restatement

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 of identified risk exposure 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 2022			31 Dec 2021		
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	11,554	--	11,554	10,924	--	10,924
- Cash and cash equivalents	650	--	650	1,277	--	1,277
- Trade payable and Other financial liabilities	--	(21,594)	(21,594)	--	(8,522)	(8,522)
Euros total	**12,204**	**(21,594)**	**(9,390)**	**12,201**	**(8,522)**	**3,679**
US dollars						
- Restricted cash	--	--	--	96,022	--	96,022
- Trade receivables and Other current financial assets	2,563	--	2,563	2,153	--	2,153
- Cash and cash equivalents	2,392	--	2,392	5,742	--	5,742
- Non-current loan received from related party	--	--	--		(96,228)	(96,228)
- Trade payable and Other financial liabilities	--	(121)	(121)	--	(1,290)	(1,290)
US dollars total	**4,955**	**(121)**	**4,834**	**(103,917)**	**(97,518)**	**6,399**
Mexican pesos						
- Trade receivables and Other current financial assets	60	--	60	58	--	58
- Cash and cash equivalents	880	--	880	1,001	--	1,001
- Trade payable and Other financial liabilities	--	(6,920)	(6,920)	--	(295)	(295)
Mexican pesos total	**940**	**(6,920)**	**(5,980)**	**1,059**	**(295)**	**764**
Czech crown						
- Trade receivables and Other current financial assets	44	--	44	--	--	--
- Cash and cash equivalents	162	--	162	--	--	--
- Trade payable and Other financial liabilities	--	(207)	(207)	--	--	--
Czech crown total	**206**	**(207)**	**(1)**	**--**	**--**	**--**
South African Rands						
- Other non-current financial assets	1,544	--	1,544	1,561	--	1,561
- Trade receivables and Other current financial assets	--	--	--	--	--	--
- Trade payables and Other current financial liabilities	--	(113)	(113)	--	--	--
South African Rands total	**1,544**	**(113)**	**1,432**	**1,561**	**--**	**1,561**
Canadian dollars						
- Trade receivables and Other current financial assets	--	--	--	157	--	157
- Cash and cash equivalents	252	--	252	315	--	315
- Trade payables	--	(581)	(581)	--	(120)	(120)
Canadian dollars total	**252**	**(581)**	**(329)**	**472**	**(120)**	**352**

As at 31 December 2022, 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 2021: +/- 10%).

A 10% appreciation / 10% depreciation of the US dollar against foreign currency would lead to an decrease/ increase in loss after tax by USD 1,100 thousand (31 December 2021: a 10% appreciation / 10% depreciation would lead to an increase/decrease in loss after tax by USD 549 thousand), provided that other variables remain constant. The change would not have an impact on other components of equity as at 31 December 2022 or 31 December 2021. The most significant impact is on EUR currency, leading to a decrease/increase in loss after tax by USD 761 thousand (31 December 2021: increase/ decrease in loss after tax by USD 298 thousand).

The exposure was calculated only for currency balances denominated in currencies other than the functional currency of the particular company.

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

in USD thousand	**2022**	**2021**
Net foreign exchange gain/(loss) included in other gains/(losses)	(697)	1,055
Exchange losses on foreign currency borrowing included in finance costs	(976)	1,277
Total net foreign exchange (losses) recognised in loss before income tax for the period	**(1,673)**	**2,332**

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 and partly cap them into fixed rates that are 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	2022	% of total loans	2021	% of total loans
Variable rate borrowings	359,192	98%	336,493	100%
Fixed rate borrowings – repricing or maturity dates	7,412	2%	--	--
Less than 1 year	1,082	--	--	--
1 – 5 years	6,330	2%	--	--
Total	**366,604**	**100 %**	**336,493**	**100%**

If interest rates as at 31 December 2022 were 100 basis points higher/lower (31 December 2021: 100 basis points higher/lower) with all other variables constant, loss after tax for the year would be USD 1,303 thousand (31 December 2021: USD 2,828 thousand) higher/ USD 2,794 lower (31 December 2021: USD 2,828 thousand), other comprehensive loss after tax for the year would be USD 191 thousand lower / USD 0 thousand higher (31 December 2021: USD 0 thousand lower / higher).

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 does not have the objectives, policies and procedures for interest rate risk assessment formalized.

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 has 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 16). The variable interest payments on the facility are derived from 3-month USD SOFR.

The interest rate cap has been entered into for a 2 years period with maturity in December 2024. The underlying interest rate benchmark is the USD SOFR and the strike rate is 4,25%. The Group has designated the derivative as a hedging instrument in a cash flow hedge from October 2022. The notional amount of the derivative is 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 separates the intrinsic value and the time value of the interest rate cap and designates as the hedging instrument only the change in the intrinsic value. Changes in the time value are recognized in the cost of hedging reserve. The Group considers 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 is amortized to profit and 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 are recorded in the cost of hedging reserve and the effective changes in the intrinsic value are recorded in the hedging reserve. The cost of hedging reserve has also been 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 15.)

The Group assesses 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 has concluded that a sufficient economic relationship exists between the hedging instrument and the hedged item.

The Group has 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 does 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 are 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 is a reputable banking institution, the Group does not expect the credit risk of the counterparty to change.

The hedging relationship was fully effective as at 31 December 2022.

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 2022 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 country where the Group entity resides as at 31 December 2022 (31 December 2021).

31 December 2022 in USD thousand	On request, within 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	Carrying value
Bank loans	4,168	2,875	535,221	--	542,264	356,227
Bank overdrafts	21	10,356	--	--	10,377	10,377
Lease liabilities	668	2,084	13,019	5,854	21,625	18,191
Trade payables	69,428	--	--	--	69,428	69,428
Other liabilities at amortised costs	1,591	6,920	290	--	8,801	8,801
Other liabilities at fair value through profit or loss	2,164	8,250	--	--	10,414	9,856
Total liabilities	**78,040**	**30,485**	**548,530**	**5,854**	**662,909**	**472,880**

31 December 2021 in USD thousand	On request, within 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	Carrying value
Bank loans	2,906	2,780	447,671	--	453,357	336,468
Bank overdrafts	25	--	--	--	25	25
Non-current loans received - related party	--	--	--	109,926	109,926	96,228
Lease liabilities	46	139	609	--	794	755
Trade payables	66,837	6,001	--	--	72,838	72,838
Derivatives	46	--	--	--	46	46
Other liabilities	7,497	1,057	290	1,201	10,045	9,849
Total liabilities	**77,357**	**9,977**	**448,570**	**111,127**	**647,031**	**516,209**

*See Note 3 for details regarding restatement

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.

8.32
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 342,407 thousand (31 December 2021: USD 299,733 thousand).

In the area of capital management, the Group's objectives depend on the covenants set out in the bank loan agreements. During both 2022 and 2021, 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.

8.33
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 derivatives are reported at fair value. Discounted cash-flow models were used to determine fair value. These assets have been classified as level 2 in the fair value hierarchy. Financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position of the Group as at 31 December 2022:

in USD thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Financial derivatives with positive fair value	--	1,909	--	1,909
Financial liabilities				
Financial liabilities at fair value through profit or loss	--	9,856	--	9,856

Fair value of financial derivatives is determined at discounted amount of expected future cash flows. To set the fair value of derivatives the Group uses the expected foreign exchange rate at the maturity date of the derivative transaction and the nominal amount of the derivatives.

Financial assets and liabilities at fair value in the Consolidated Statement of Financial Position of the Group as at 31 December 2021:

in USD thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Financial derivatives with positive fair value	--	114	--	114
Financial liabilities				
Financial derivatives with negative fair value	--	(46)	--	(46)

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 assets and liabilities not measured at fair value are as follows:

	31 December 2022		31 December 2021	
in USD thousand	Level 3 Fair value	Carrying value	Level 3 Fair value	Carrying value
Related party loans - provided	1,470	1,546	1,486	1,561
Related party loans - received	(4,372)	(9,340)	(75,535)	(96,228)
Non-current financial asset	1	1	472	472
Bank loans	370,173	356,226	365,000	336,468

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.

8.34 Related party transactions

	31 December 2022		31 December 2021 as restated*	
in USD thousand	**Joint venture**	**Othe related party**	**Joint venture**	**Othe related party**
Non-current loans provided	1,546	--	1,561	--
Current loans provided	--	44	--	46
Trade receivables	10	--	--	116
Other receivables	--	951	--	408
Prepaid services	--	--	--	2
Non-current loans received	--	(4,372)	--	(96,228)
Non-current other liabilities	--	--	--	(1,005)
Current other liabilities	--	(181)	--	--
Trade payables	--	(27)	--	(105)

*See Note 3 for details regarding restatement

in USD thousand	2022 Joint venture	2022 Othe related party	2021 Joint venture	2021 Othe related party
Provided services	--	--	--	118
General and administrative expenses	--	(150)	--	(120)
Interest income – other	80	--	88	--
Interest expenses	--	(451)	--	(1,377)
Other financial expenses	--	(181)	--	--

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.
Non-current loan is provided to Draslovka Services RSA (PTY) LTD in amount of USD 1,546 thousand, the company Draslovka Services RSA (PTY) LTD is the Group´s joint venture.

In 2022, the Group does not have any loan from shareholders (31 December 2021: USD 0 thousand). Loans were fully repaid in 2021 as described in Note 16 and interest expenses recognized on these loans before their repayment in 2021 amounted to USD 1,146 thousand).

Loans to the members of the Company's Board of Directors and to their related parties as at 31 December 2022 amounted to USD 44 thousand (31 December 2021: USD 46 thousand) (Note 8).

From the other receivables the amount of USD 951 thousand (31 December 2021: USD 0 thousand) relates to reinvoicing of expenses connected with financing of Group activities to related party companies.

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 23 (2021: 18 key management).

Key management compensation in 2022 amounted to USD 4,884 thousand (2021: USD 1,324 thousand), out of which USD 462 thousand represented contributions to pension plans (2021: USD 222 thousand) and USD 198 thousand represented contributions to health insurance plans (2021: USD 95 thousand).

Short-term compensations are fully payable within 12 months from the end of the reporting period in which the related services were provided.

8.35 Subsequent events

On 30 January 2023 and on 24 April 2023, the sole shareholder increased the Company's other capital funds by USD 30,000 thousand and by USD 20,000 thousand respectively.

Blue Cube acquisition

On 3 April 2023 Sale of Shares Agreement was signed between Draslovka Holding a.s., Blue Cube Systems Proprietary Limited and Blue Cube Technology Proprietary Limited with its subsidiaries ("BCS"). Draslovka Holding a.s. is becoming 100% owner the "BlueCube group entities". Closing date of the transaction was 25 April 2023. The total purchase consideration for the Sale Shares totaled USD 3,184 thousand. The Group also refinanced loan in total amount of USD 251 thousand.

BCS 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.

The acquisition of BCS allows Draslovka to bring added value to our existing customers and target markets, with improved data collection and quality that will allow them to optimize their leaching processes. As the mining industry continues wider adoption of data analytics and artificial intelligence, products like BCS's will be the foundation of process improvement. Additionally, BCS has a product portfolio with broad application across segments of the mining industry, increasing Group's access to important new segments.

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

9 June 2023

Pavel Brůžek
Member A of the Board of Directors


Draslovka

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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 Evropská 2758/11, Dejvice, Praha 6 (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022, and of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting 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 2022,
- the consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022,
- the consolidated statement of Changes in Equity for the year ended 31 December 2022,
- the consolidated statement of Cash Flows for the year ended 31 December 2022, and
- the notes to the consolidated financial statements including significant accounting policies 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.

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 International Financial Reporting 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

9 June 2023

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

Věra Výtvarová
Statutory Auditor, Licence No. 1930

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