Tata Chemicals North America Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report March 31, 2024 and 2023

Tata Chemicals North America Inc. and Subsidiaries
Index
March 31, 2024 and 2023

	Page(s)
Independent Auditors' Report	1
Consolidated Financial Statements	
Statements of Income	3
Statements of Comprehensive Income	4
Balance Sheets	5
Statements of Cash Flows	6
Statements of Changes in Equity	7
Notes to Consolidated Financial Statements	8-31

KPMG LLP
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Salt Lake City, UT 84101

Independent Auditors' Report

Board of Directors
Tata Chemicals North America Inc.:

Opinion

We have audited the consolidated financial statements of Tata Chemicals North America Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of March 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

KPMG LLP, a Delaware limited liability partnership and a member firm of
the KPMG global organization of independent member firms affiliated with
KPMG International Limited, a private English company limited by guarantee.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Salt Lake City, Utah
May 24, 2024

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Income
Years Ended March 31, 2024 and 2023

(in thousands)	2024	2023
Net revenues	$ 649,248	$ 655,528
Cost of revenues - excluding depreciation	483,900	471,699
Cost of revenues - depreciation	31,856	32,249
Total cost of revenues	515,756	503,948
Selling, general and administrative expense	32,185	23,878
Loss on disposition of long-lived assets	150	41
Operating income	101,157	127,661
Interest expense, net	17,372	17,324
Other (income) expense, net	2,941	(592)
Income before income tax	80,844	110,929
Income tax expense	11,939	11,349
Net income	68,905	99,580
Net income attributable to noncontrolling interest	11,846	8,855
Net income attributable to Tata Chemicals North America Inc.	$ 57,059	$ 90,725

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended March 31, 2024 and 2023

(in thousands)	2024	2023
Net income	$ 68,905	$ 99,580
Other comprehensive income, net of tax expense		
Defined benefit plan and other adjustments, net of tax of $(3,346) and $(437)	12,086	1,193
Unrealized gain (loss) on natural gas hedge, net of tax $(427) and $4,288	1,667	(15,464)
Interest rate swap, net of tax of $72 and $(305)	(255)	1,102
Currency translation adjustment	-	(288)
Other comprehensive income (loss)	13,498	(13,457)
Net comprehensive income	82,403	86,123
Less: Net comprehensive income attributable to the noncontrolling interest	11,846	8,855
Net comprehensive income attributable to Tata Chemicals North America Inc.	$ 70,557	$ 77,268

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2024 and 2023

(in thousands, except share data)	2024	2023
Assets		
Current assets		
Cash and cash equivalents	$ 32,985	$ 35,120
Receivables, net of allowance for credit losses of $895 (2024) and allowance for doubtful accounts (2023) of $495	86,435	162,862
Income tax receivable	384	-
Inventories	37,293	21,583
Prepaid expenses and other current assets	16,543	11,849
Total current assets	173,640	231,414
Property, plant, and equipment, net	291,809	253,921
Goodwill	968,065	968,065
Deferred tax assets, net	8,078	18,337
Other assets	20,019	18,129
Total assets	$ 1,461,611	$ 1,489,866
Liabilities		
Current liabilities		
Accounts payable	$ 62,844	$ 52,934
Current portion of long-term debt	12,664	40,164
Income taxes payable	-	1,020
Current portion of finance lease obligation	7,807	4,832
Accrued liabilities	36,717	39,614
Total current liabilities	120,032	138,564
Finance lease obligation, net of current portion	18,466	7,667
Other liabilities	82,232	93,219
Long-term debt, net of current portion	180,431	260,523
Total liabilities	401,161	499,973
Stockholder's Equity		
Tata Chemicals North America Inc. equity:		
Common stock, $0.01 par value; 1,000 shares authorized 100 shares issued and outstanding at March 31, 2024 and 2023	-	-
Additional paid-in capital	635,838	635,838
Accumulated other comprehensive income (loss)	9,235	(4,263)
Retained earnings	415,377	358,318
Total equity	1,060,450	989,893
Total liabilities and stockholder's equity	$ 1,461,611	$ 1,489,866

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended March 31, 2024 and 2023

(in thousands)	2024	2023
Cash flows from operating activities		
Net income	$ 68,905	$ 99,580
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	31,856	32,249
Allowance for credit losses (2023 - allowance for doubtful accounts)	400	295
Amortization of financing fees	2,408	3,000
Deferred tax provision	6,558	2,113
Asset retirement obligation accretion	1,327	1,221
Equity in income taxes of affiliate	-	-
Unrealized hedge losses (gains)	-	-
Loss on disposal of assets	150	41
Changes in assets and liabilities		
Decrease (increase) in receivables from trade	76,027	(61,119)
(Decrease) increase in income taxes	(1,404)	638
(Increase) decrease in inventories	(15,710)	3,474
Increase in accounts payable	10,408	13,671
(Decrease) in accrued liabilities	(803)	(3,045)
Increase in other liabilities	3,119	6,820
(Increase) in prepaid expenses and other current and non-current assets	(6,911)	(2,771)
Net cash provided by operating activities	176,330	96,167
Cash flows from investing activities		
Capital expenditures	(48,969)	(33,317)
Net cash used in investing activities	(48,969)	(33,317)
Cash flows from financing activities		
Repayment of debt	(120,000)	(84,836)
New borrowings	10,000	15,000
Finance lease payments	(7,650)	(7,871)
Distributions to noncontrolling interest	(11,846)	(8,855)
Net cash used in in financing activities	(129,496)	(86,562)
Change in cash and cash equivalents	(2,135)	(23,712)
Cash and cash equivalents		
Beginning of year	35,120	58,832
End of year	$ 32,985	$ 35,120
Supplemental information		
Cash paid for income taxes	$ 9,220	$ 8,834
Cash paid for interest	$ 17,487	$ 15,354
Non-cash investing activities		
Accounts payable and accrued liabilities incurred to acquire property and equipment	$ 10,365	$ 10,864
Assets obtained in exchange for lease obligations	$ 21,531	$ 7,078
Reductions to assets resulting from retirement of lease obligations	$ (119)	$ (69)
Change in estimate of asset retirement obligation	$ -	$ 841

See notes to consolidated financial statements.

Tata Chemicals North America Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholder's Equity
Years Ended March 31, 2024 and 2023

(in thousands)	Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholder's Equity	Noncontrolling Interest	Total Equity
Balance—March 31, 2022	100	$ -	$ 635,838	$ 9,194	$ 267,593	$ 912,625	$ -	$ 912,625
Net Income	-	-	-	-	90,725	90,725	8,855	99,580
Distribution to noncontrolling interest	-	-	-	-	-	-	(8,855)	(8,855)
Other comprehensive income	-	-	-	(13,457)	-	(13,457)	-	(13,457)
Balance—March 31, 2023	100	$ -	$ 635,838	$ (4,263)	$ 358,318	$ 989,893	$ -	$ 989,893
Net Income	-	-	-	-	57,059	57,059	11,846	68,905
Distribution to noncontrolling interest	-	-	-	-	-	-	(11,846)	(11,846)
Other comprehensive loss	-	-	-	13,498	-	13,498	-	13,498
Balance—March 31, 2024	100	$ -	$ 635,838	$ 9,235	$ 415,377	$ 1,060,450	$ -	$ 1,060,450

See notes to consolidated financial statements.

(in thousands)

1. Basis of Presentation

Description of Business

Tata Chemicals North America Inc. and subsidiaries, ("TCNA" or the "Company") is a North American manufacturer and supplier of natural soda ash to a broad range of industrial and municipal customers. The primary end markets for soda ash include glass production, sodium-based chemicals, powdered detergents, water treatment, and other industrial end uses.

On March 27, 2008, TCNA was acquired by a subsidiary of Tata Chemicals Limited ("TCL"). Subsequent to the acquisition agreement and plan of merger with TCL, TCNA became a wholly owned subsidiary of Valley Holdings, Inc. ("VHI"), a United States subsidiary of TCL. The consolidated financial statements of TCNA are prepared on a historical cost basis and do not reflect the pushdown of the acquisition of TCNA by TCL.

Reorganization

Effective April 1, 2023, Tata Chemicals (Soda Ash) Partners, a wholly-owned subsidiary, converted from a Partnership to a Limited Liability Company (LLC), with the company name also changing to Tata Chemicals Soda Ash Partners LLC ("TCSAP"). On April 3, 2023, TC (Soda Ash) Partners Holdings ("TCSAP Holdings") contributed its 99% interest in TCSAP to its wholly-owned subsidiary TCSAP LLC, which was subsequently merged on April 3, 2023 with TCSAP, with the latter surviving. Effective May 31, 2023, TCSAP Holdings was merged with TCSAP, with the latter surviving. Effective June 1, 2023, VHI, TCNA's parent company was merged with TCNA, with the latter surviving. As a result of these legal reorganizations (collectively, the "Reorganization"), the only remaining entities in the consolidated financial statements are TCNA, TCSAP, and ALCAD.

For the purposes of these consolidated financial statements, fiscal 2024 is defined as the twelve month year ended March 31, 2024 and fiscal 2023 is defined as the twelve month year ended March 31, 2023.

2. Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The events described as the Reorganization in Note 1 were between entities under common control and recognized at their carrying amounts. Accordingly, these consolidated financial statements present the financial position, results of operations, and cash flows as though transactions had taken place at the beginning of the period. Additionally, as prior period comparative information is presented, the financial position, results of operations, and cash flows as of and for the year ended March 31, 2023 have been adjusted retrospectively. Furthermore, certain prior year balances have been reclassified to conform to current year presentation.

Principles of Consolidation

The accompanying consolidated financial statements reflect the results of operations, financial position and cash flows of the Company, including wholly owned subsidiary, TCSAP. Intercompany balances and transactions are eliminated in consolidation. The portion of ALCAD that is not owned is reflected as noncontrolling interest in the accompanying consolidated financial statements.

The Company consolidates entities in which it has a controlling financial interest based on either the variable interest entity (VIE) or voting interest model. The Company is required to first apply the VIE

(in thousands)

model to determine whether it holds a variable interest in an entity, and if so, whether the entity is a VIE. If the Company determines it does not hold a variable interest in a VIE, it then applies the voting interest model. Under the voting interest model, the Company consolidates an entity when it holds a majority voting interest in an entity.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives of long-lived assets; allowance for credit losses (2023- allowance for doubtful accounts); the valuation of deferred tax assets, derivatives, long-lived assets, inventory, goodwill, and lease liabilities and right-of-use assets; and reserve for pension and postretirement obligations, asset retirement obligation, and other contingencies. Actual results could differ from those estimates.

Trade Accounts Receivables

Accounts receivable are recorded at the invoiced amount and do not bear interest. Management periodically reviews customer's credit history and extends credit accordingly.

Allowance for Credit Losses

(*Policy applicable as of April 1, 2023*)

On April 1, 2023, the Company adopted the Current Expected Credit Losses (CECL) accounting standard under Topic 326 of the FASB Accounting Standards Codification. CECL requires estimated credit losses to be determined based on forward-looking methodology which incorporates the entire life of the asset, as compared to an incurred loss model, which was in effect for periods prior to 2024. CECL also requires that customer accounts be pooled based on similar risk characteristics such as geographic location or delinquency status. Accordingly, allowance for credit loss disclosures for 2024 are not necessarily comparable to prior periods. The Company records an allowance for credit losses based on historical experience, adjusted for current and reasonable and supportable forecasts of economic conditions and other pertinent factors affecting the Company's customers such as when it becomes aware of a specific customer's inability or unwillingness to meet its financial obligations. The Company estimates expected credit losses separately for domestic and foreign customers.

Allowance for Doubtful Accounts

(*Policy applicable as of March 31, 2023*)

The Company records a provision for estimated losses based upon historical experience. Additionally, the Company will establish a specific allowance for doubtful accounts when it becomes aware of a specific customer's inability or unwillingness to meet its financial obligations.

Income Taxes

The Company recognizes income taxes using the separate return method for the amount of taxes payable for the current year and deferred tax assets and liabilities for the future tax consequence of events that have been recognized differently in the consolidated financial statements than for tax purposes. Deferred tax assets and liabilities are established using statutory tax rates expected to

(in thousands)

apply when differences are expected to be settled or realized and are adjusted for tax rate changes. Deferred tax assets are valued at the amount that is more likely than not to be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records estimated interest and penalties related to unrecognized tax benefits, if any, as a component of the income tax provision.

Inventories
Inventories are stated at the lower of cost or net realizable value, with cost being determined using the average cost method. Product inventory costs include depreciation, maintenance, labor, energy, material and factory overhead.

Property, Plant and Equipment
The property, plant and equipment are carried at cost less accumulated depreciation. Plant and equipment under finance leases are stated at the present value of the lease payments less accumulated depreciation. Most property, plant and equipment are depreciated using the straight-line method, using estimated lives which range from 2 to 50 years. The mineral leases and certain machinery and equipment used for mining are depreciated using the units-of-production method. Leasehold improvements are amortized over the lesser of the useful life of the asset or term of the lease. Major additions and improvements are capitalized, while costs for minor replacements, maintenance and repairs that do not increase the functionality or useful life of an asset are expensed as incurred. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is recorded.

Property, Plant, and Equipment useful lives

Land and improvements	5 to 30 years
Buildings and leasehold improvements	3 to 30 years
Machinery & Equipment	2 to 20 years
Mines & quarries	10 to 50 years
Machinery & Equipment - Leased	Set by lease agreement
Buildings - Leased	Set by lease agreement

Impairment of Long-Lived Assets
Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. The Company measures the recoverability of these assets by comparing the carrying amount of such asset or asset group to the future undiscounted cash flows it expects the asset or asset group to generate over the remaining useful life of the primary asset. If the carrying amount of the long-lived asset or asset group is not recoverable, an impairment is recognized in the event that the carrying amount of the long-lived assets exceeds the fair value. There were no events or changes in circumstances that indicated long-lived assets were impaired during the year ended March 31, 2024 and 2023.

Goodwill
Goodwill represents the excess purchase price over the estimated fair value of net assets acquired in a business combination. Goodwill is not amortized into results of operations, but instead is reviewed

(in thousands)

for impairment. The Company records impairment losses on goodwill based upon the occurrence of a triggering event, or an annual review of the value of the assets or when events and circumstances indicate that the asset might be impaired and when the carrying value of the asset is more than its fair value. The goodwill impairment test begins with a qualitative analysis of factors that could be indicators of potential impairment. Next, if a quantitative analysis is necessary, the fair value of the reporting unit is compared with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, the goodwill of the reporting unit is not considered impaired. If the carrying amount of the reporting unit exceeds its fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. There was no impairment of goodwill for the years ending March 31, 2024 and 2023.

Deferred Financing Costs
Deferred financing costs associated with the issuance of debt are offset against long-term debt and are amortized over the terms of the related debt. The amortization of deferred financing costs is charged to interest expense.

Asset Retirement Obligations
The Company provides for the expected costs to be incurred for the eventual reclamation of properties pursuant to local laws. The Company accounts for its land reclamation liability as an asset retirement obligation, which requires that obligations associated with the retirement of a tangible long-lived asset be recorded as a liability when those obligations are incurred, with the amount of the liability initially measured at fair value. Upon initially recognizing a liability for an asset retirement obligation, an entity must capitalize the cost by recognizing an increase in the carrying amount of the related long-lived asset. Over time, the liability is accreted to its future value each period, and the capitalized costs of the related long-lived assets are depreciated over their estimated useful lives. An entity ultimately either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

Royalties
Trona reserves are mined pursuant to lease arrangements with various landowners. Such arrangements generally provide for royalty or severance tax payments based on the selling price of soda ash. Royalties and severance taxes are included as a component of cost of revenues.

Cash and Cash Equivalents
The Company's cash and cash equivalents include cash and short-term highly liquid investments with an original maturity of three months or less. The Company maintains cash and cash equivalents in bank deposit and money market accounts that may exceed federally insured limits. The financial institutions where the Company's cash and cash equivalents are held are generally highly rated. The Company has not experienced any losses in such accounts and believes it is not exposed to significant credit risk.

Derivative Financial Instruments
Derivative financial instruments are used to mitigate natural gas purchase price and interest rates. The Company records all derivatives on the balance sheet at fair value. The Company's natural gas forwards are designated as fair value hedges and the interest rate swap are designated as cash flow hedges. Gains and losses on hedges are initially deferred in accumulated other comprehensive (loss) income, net of income taxes. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the earnings effect of the hedged forecasted transactions. Hedges are tested for effectiveness at inception of the hedge as well as in subsequent periods. If it is determined that hedging instruments are no longer effective at offsetting changes in the underlying hedged item, then the changes in fair

(in thousands)

value of the derivative instrument would be recorded immediately in the consolidated statements of income in the same caption as the hedged item. The Company does not hold or issue derivative instruments for trading purposes.

Revenue Recognition
The Company derives its revenues from the mining, processing, and sale of soda ash products. Revenues are recognized when the Company satisfies the performance obligation, under the terms of its contracts with customers, to transfer products to customers, which typically occurs at a point in time upon shipment of the products, and for an amount that reflects the transaction price that is allocated to the performance obligation.

The Company has applied the shipping and handling practical expedient to treat all shipping and handling activities as fulfillment activities as the Company views these costs as costs to fulfill the customers' orders. Fees for shipping and handling charged to customers for sales transactions are included in Net revenues on the consolidated statements of income. When control over products has transferred to the customer, the Company has elected to recognize costs related to shipping and handling as an expense.

The Company's payment terms vary by the type of customer and the products offered. The term between invoicing and due date is not significant.

Unit price is determined at the time of the purchase order and is generally established on a customer-by-customer basis annually.

Employee Medical Benefits
The Company is self-insured for expenses relating to employee medical benefits. All employees have an option to participate in the Company's self-funded comprehensive medical care benefits program. The cost of medical care is paid out of employee and employer contributions. The Company has purchased stop-loss coverage in order to limit its exposure to any significant individual medical claims. Self-insured medical costs are accrued based upon actuarial assumptions and the Company's historical experience.

Environmental Matters
The Company is subject to extensive federal, state, and local environmental laws and regulations. These laws, which change frequently, regulate or propose to regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of such substances. Environmental expenditures, which can include fines, penalties and certain corrective actions, are expensed or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed. Liabilities for expenditures are recorded when environmental assessment and/or remediation is probable, and the costs can be reasonably estimated.

Non-controlling Interest
The Company accounts for non-controlling interests as a component of equity in the consolidated financial statements.

Leases
The Company determines if an arrangement is, or contains, a lease at contract inception based on whether there is an identified asset and whether the Company has the right to control the use of the identified asset throughout the period of use. The Company recognizes a right-of-use (ROU) asset

(in thousands)

and a lease liability at the lease commencement date. For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases and is subsequently measured at amortized cost using the effective-interest method.

Key estimates and judgments include how the Company determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term, and (3) lease payments. The Company discounts its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Company generally uses its incremental borrowing rate as the discount rate for the lease. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Company does not generally borrow on a collateralized basis, it uses the interest rate it pays on its noncollateralized borrowings as an input to deriving an appropriate incremental borrowing rate, the lease term and the effect on that rate of designating specific collateral with a value equal to the unpaid lease payments for that lease.

The lease term for all of the Company's leases includes the noncancelable period of the lease plus any additional periods covered by either a Company option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

Lease payments included in the measurement of the lease liability comprise of the following:

– Fixed payments, including in-substance fixed payments, owed over the lease term (which includes termination penalties the Company would owe if the Company exercised the lease termination option);
– Variable lease payments that depend on an index or rate, initially measured using the index or rate at the lease commencement date;
– Amounts expected to be payable under a Company-provided residual value guarantee; and
– The exercise price of a Company option to purchase the underlying asset if the Company is reasonably certain to exercise the option.

The right of use (ROU) asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense is recognized on a straight-line basis over the lease term.

For finance leases, the ROU asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or the end of the lease term unless the lease transfers ownership of the underlying asset to the Company or the Company is reasonably certain to exercise an option to purchase the underlying asset. In those cases, the ROU

(in thousands)

asset is amortized over the useful life of the underlying asset. Amortization of the ROU asset is recognized and presented separately from interest expense on the lease liability.

Variable lease payments associated with the Company's leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments are presented as operating expense in the Company's consolidated statements of operations in the same line item as expense arising from fixed lease payments (operating leases) or amortization of the ROU asset (finance leases).

ROU assets for operating and finance leases are periodically reduced by impairment losses and the Company evaluates the ROU asset for impairment loss using the same methodology as for long-lived assets.

The Company monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in profit or loss.

Finance lease ROU assets are included in property, plant, and equipment. The current portion of finance lease liabilities is included in current portion of finance lease obligation and the long-term portion is included in finance lease obligation, net of current portion in the consolidated balance sheet.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less. The Company recognizes the lease payments associated with its short-term equipment leases as an expense on the consolidated statements of operations. Variable lease payments associated with these leases are recognized and presented in the same manner as for all other Company leases.

The Company has lease agreements with lease and non-lease components and has elected a practical expedient not to separate the lease and non-lease components for its leases for physical space and equipment and accounts for them as a single lease component.

Recently Adopted Accounting Standards
In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses; Measurement of Credit Losses on Financial Instruments*, which requires a financial asset (or a group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The ASU is intended to improve financial reporting by requiring earlier recognition of credit losses on certain financial assets including trade and financing receivables. The ASU replaces the current incurred loss impairment model that recognizes losses when a probable threshold is met with a requirement to recognize lifetime expected credit losses immediately when a financial asset is originated or purchased. Additionally, from 2016 through 2023, the FASB issued additional related ASUs that provide further guidance and clarification and become effective for the Company upon the adoption of ASU 2016-13.

The Company adopted ASU 2016-13 and its related ASUs (collectively referred to as Topic 326) effective April 1, 2023 using a modified retrospective transition approach. As a result, the Company was not required to adjust its comparative period financial information for effects of the standard or make the new required credit loss allowance disclosures for periods before the date of adoption. Prior period amounts continue to be presented in accordance with previously applicable GAAP. The effect

(in thousands)

of the adoption on the Company's financial statements was immaterial and, therefore, no cumulative effect adjustment to retained earnings, net of taxes or changes in the Company's balance sheet in respect of trade accounts receivable or deferred tax assets was recorded as of the effective date.

3. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. The Company makes certain assumptions it believes that market participants would use in pricing assets or liabilities, including assumptions about risk, and the risks inherent in the inputs to valuation techniques. The credit risk of the Company and its counterparties is incorporated in the valuation of assets and liabilities using credit reserves, the impact of which is immaterial for the years ended March 31, 2024 and 2023. The Company believes it uses valuation techniques that maximize the use of observable market-based inputs and minimize the use of unobservable inputs.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. These tiers include:

- Level 1, defined as quoted market prices in active markets for identical assets or liabilities;
- Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3, defined as unobservable inputs that are not corroborated by market data.

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of March 31, 2024:

	Fair Value Measurements		
	Level 1	Level 2	Total
Assets:			
Cash equivalents	$ 44,914	$ -	$ 44,914
Interest rate swap	-	1,081	1,081
Non-qualified pension asset	1,785	-	1,785
	$ 46,699	$ 1,081	$ 47,780
Liabilities:			
Natural gas futures contracts	$ -	$ (11,127)	$ (11,127)

(in thousands)

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of March 31, 2023:

	Fair Value Measurements		
	Level 1	**Level 2**	**Total**
Assets:			
Cash equivalents	$ 34,111	$ -	$ 34,111
Interest rate swap	-	1,407	1,407
Non-qualified pension asset	1,626	-	1,626
	$ 35,737	$ 1,407	$ 37,144
Liabilities:			
Natural gas futures contracts	$ -	$ (13,220)	$ (13,220)

Cash Equivalents and Non-Qualified Pension Assets

The cash equivalents shown in the fair value table are comprised of money market funds. Non-qualified pension assets include investments in listed equity securities. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized as Level 1 in the fair value hierarchy.

Interest Rate Swaps and Commodity Futures Contracts

The inputs used in valuing interest rate swaps include quoted prices for similar assets in active markets and inputs that are observable for the instruments, and accordingly, the Company classifies these derivative instruments as Level 2 in hierarchy. The natural gas contracts are based on a regional basis forward price quoted by a third-party service. Interest rate swaps are used to manage the Company's exposure to interest rate volatility. The fair value of the swaps is determined using readily available replacement rates for similar transactions.

(in thousands)

4. Property, Plant and Equipment, net

Property, plant and equipment, net as of March 31, 2024 and 2023 are comprised of the following:

	2024	2023
Land and improvements	$ 77,084	$ 72,794
Buildings and leasehold improvements	93,089	91,479
Machinery and equipment	485,608	350,558
Construction-in-progress	56,401	42,097
Mines and quarries	28,256	28,256
Total gross owned assets	740,438	585,184
Less: Accumulated depreciation	473,660	342,961
Total net owned assets	266,778	242,223
Leased - Equipment	$ 41,545	$ 30,488
Leased - Buildings	4,095	4,169
Total gross leased assets	45,640	34,657
Less: Accumulated depreciation	20,609	22,958
Total net leased assets	25,031	11,698
Total net assets	$ 291,809	$ 253,921

For the years ended March 31, 2024 and 2023, the Company recognized $23,766 and $24,283 of depreciation expense relating to owned assets, respectively. For the years ended March 31, 2024 and 2023, the Company recognized $8,090 and $7,966 of depreciation expense relating to leased assets, respectively.

5. Accumulated Other Comprehensive Income (Loss)

The following table sets forth the components of accumulated other comprehensive loss as of March 31, 2024 and 2023:

	2024	2023
Pension and post retirement plan benefits, net of taxes	$ 17,220	$ 5,134
Natural gas hedges, net of taxes	(8,832)	(10,498)
Interest rate swap, net of taxes	847	1,101
Total accumulated other comprehensive income (loss)	$ 9,235	$ (4,263)

(in thousands)

6. Receivables Purchase Agreement

On March 30, 2023, the Company entered into a Receivables Purchase agreement (the "Purchase Agreement") with Citibank, N.A. Singapore Branch (the "Purchaser"). Per the terms of the Purchase Agreement, the Company may sell certain indebtedness and related payment obligations owed to the Company, to the Purchaser with limited recourse of up to 5% of the indebtedness in the event of debtor insolvency, in exchange for cash. At any given time, the Company may sell up to $33.8M in customer indebtedness, with limits established on a per debtor basis. As debtors make payments on the indebtedness sold to the Purchaser, the Company may sell additional indebtedness to the Purchaser up to the established limits. The Purchase Agreement renews automatically on an annual basis unless terminated by either party.

Transactions under the Purchase Agreement are accounted for as sales under *ASC 860, Transfers and Servicing of Financial Assets,* with the sold receivables removed from the Company's balance sheet. Under the Purchase Agreement, the Company does not maintain any beneficial interest in the receivables sold. The Company performs limited administrative services on behalf of the Purchaser, but otherwise maintains no significant continuing involvement with respect to the receivables. Sales proceeds that are representative of the fair value of factored receivables, less a factoring fee of Term SOFR +1.45%, with a floor of 1.45%, are reflected in cash flows from operating activities on the consolidated statements of cash flows.

During the years ended March 31, 2024 and 2023, the Company received cash proceeds of $75,232 and $0, respectively, from the sales of accounts receivable under the Purchase Agreement. The Company's loss on these transactions, the cost of factoring such receivables, is reflected in Selling, general and administrative expense on the consolidated statements of operations and was $998 and $0 for the year ended March 31, 2024 and 2023, respectively.

(in thousands)

7. Additional Financial Information

The summaries of selected balance sheet items as of March 31, 2024 and 2023 are as follows:

	2024	2023
Receivables		
Trade	$ 81,517	$ 157,027
Other	5,813	6,330
Allowance for credit losses (2023 - Allowance for doubtful accounts)	(895)	(495)
	$ 86,435	$ 162,862
Allowance for credit losses		
Balance at April 1	$ (495)	$ (200)
Write-offs	-	-
Recoveries	-	-
Allowance for credit losses (2023 - Allowance for doubful accounts)	(400)	(295)
Balance at March 31	$ (895)	$ (495)
Inventories		
Raw materials	$ 14,972	$ 17,745
Work-in-process	100	100
Finished products	22,221	3,738
	$ 37,293	$ 21,583
Other Assets		
Pension asset	$ 1,785	$ 1,626
Spare parts	17,786	16,093
Long-term deposit	448	410
	$ 20,019	$ 18,129
Accrued Liabilities		
Wages, salaries, and benefits	$ 12,887	$ 9,972
Property, production and other taxes	5,689	5,884
Unrealized loss for natural gas futures	11,127	13,220
Other	7,014	10,538
	$ 36,717	$ 39,614
Other Liabilities		
Accrued pension obligations	$ 32,703	$ 44,306
Accrued other post-retirement benefits	9,818	10,717
Asset retirement obligation	28,961	27,634
Accrued other	10,750	10,562
	$ 82,232	$ 93,219

(in thousands)

8. Debt

On June 19, 2020, the Company entered into a credit agreement with several lenders led by Standard Chartered Bank (“SCB”), as administrative agent. The credit agreement provided for a $275,000 credit facility, composed of a $275,000 term loan (“SCB loan”) with a 5-year term. The borrowing under this facility bears interest at the Secured Overnight Financing Rate (“SOFR”) plus applicable margin. The SCB loan effective rate as of March 31, 2024 and 2023 was 7.17% and 6.59% respectively. The applicable margin on the SCB loan was 1.6% per annum on SOFR borrowings in 2024 and in 2023. The SCB loan matures on June 19, 2025.

The SCB loan is secured by a security interest in all assets of the Company, including intellectual property. The SCB loan is subject to certain covenants including, but not limited to, maintaining a Net Debt to EBITDA ratio of under 3.25, an EBITDA to consolidated net cash interest expense ratio of over 3.5, a minimum net worth of not less than $150,000, a tangible net worth of not less than $0, and a cash balance of not less than $10,000.

On December 17, 2021, the Company entered into a credit agreement with several lenders led by Bank of America, N.A. (“BoA”), as administrative agent. The credit agreement provided for a $100,000 credit facility, composed of a $100,000 term loan (“BoA loan”) with a 5-year term. The borrowing under this facility bears interest at SOFR plus a Term SOFR Adjustment of between 0.11448% and 0.71513% depending on the interest period selected, plus applicable margin. The BoA loan effective rate as of March 31, 2024 and 2023 was 6.97% and 6.36%, respectively. The applicable margin on the BoA loan was 1.4% per annum on SOFR borrowings in 2024 and in 2023. The BoA loan matures on December 17, 2026.

The BoA loan is secured by 25% of the ownership interest in TCSAP held by the Company. The BoA loan is subject to certain covenants, including, but not limited to the Company maintaining a net worth of not less than $0. Additionally, TCL is subject to certain covenants under the BoA loan, including, but not limited to maintaining a Total Net Debt to Net Worth ratio of greater than 1.75, a Net Debt to EBITDA ratio of under 4.5, and an EBITDA to Net Finance Charges ratio of over 2.5.

The term loans are as follows as of March 31:

	2024	2023
SCB loan - SOFR plus 1.6%; matures June 19, 2025	$ 95,164	$ 190,164
BoA loan - SOFR plus 1.4%; matures December 17, 2026	100,000	100,000
Revolving credit facility - SOFR plus 1.25%; matures July 31, 2025	-	15,000
Unamortized debt issuance costs	(2,069)	(4,477)
Total debt	193,095	300,687
Current Portion	(12,664)	(40,164)
Long-term debt, net of current portion	$ 180,431	$ 260,523

(in thousands)

Amortization of the deferred finance fees for the years ending March 31, 2024 and March 31, 2023, was $2,408 and $3,000, respectively.

Debt maturities for years subsequent to March 31, 2024 are as follows:

2025	$	12,664
2026		82,500
2027		100,000
	$	195,164

Revolving Credit Facility
On November 30, 2022, the Company entered into an uncommitted line of credit with Bank of America, N.A. (the "Agreement"), in an amount not to exceed, in the aggregate, at any one time, $25,000. The Agreement allows for individual draws against the facility at a rate per annum equal to Term SOFR plus applicable margin of 1.25% for terms ranging from one to three months. Any individual draw against the facility may be rolled over perpetually for an additional one to three months at the updated interest rate, through the termination date of the Agreement. The Agreement matures July 31, 2025 unless terminated earlier by either party or extended by agreement of both parties. As of March 31, 2024 and March 31, 2023, the Company had $0 and $15,000, respectively, outstanding under the revolving credit facility.

9. Income Taxes

Income tax expense for the years ended March 31, 2024 and 2023 is summarized below:

	2024	2023
Current		
Federal	$ 5,101	$ 9,268
State	281	336
Total current	5,382	9,604
Deferred		
Federal	6,151	1,719
State	406	25
Total deferred	6,557	1,744
Total	$ 11,939	$ 11,349

(in thousands)

A summary of the components of deferred tax assets and liabilities is as follows:

	2024	2023
Pension and post retirement benefits	$ 9,470	$ 12,187
Lease liabilities	1,035	856
Other	12,817	21,158
Net operating Loss	131	189
Deferred tax assets	23,453	34,390
Depreciation	10,116	1,178
Partnership basis cancelation of debt loss	-	3,343
Right of use assets	777	695
Partnership basis	-	10,837
Nondeductible accruals	4,482	-
Deferred tax liabilities	15,375	16,053
Net deferred tax asset	$ 8,078	$ 18,337

For the year ended March 31, 2024 and 2023, the Company's effective income tax rate was lower than the statutory Federal income tax rate principally due to mineral depletion.

The Company has assessed the realizability of the net deferred tax assets as of March 31, 2024 and in that analysis has considered the relevant positive and negative evidence available to determine whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The realization of the gross deferred tax assets is dependent on several factors, including the generation of sufficient taxable income through the reversal of existing deferred tax liabilities and projected taxable income. The Company believes that it is more likely than not that there will be sufficient taxable income in the future that the Company's deferred tax assets will be realized.

The Company files income tax returns in the US federal jurisdictions and various states. With few exceptions, the Company is not subject to audit by taxing authorities for the fiscal years ended prior to March 31, 2020.

10. Commodity Futures Contracts and Interest Rate Swaps

The Company enters into commodity futures contracts related to forecasted natural gas requirements that are used in the manufacturing process of its products, the objectives of which are to secure supply and limit the effects of fluctuations in the future market price paid for natural gas and in the related volatility in cash flows. The maturities of the contracts are timed to coincide with the expected usage of the gas.

(in thousands)

The Company meets the requirements to account for its natural gas hedges under hedge accounting. For the years ending March 31, 2024 and 2023, the Company recorded unrealized gains of $2,094 and unrealized losses of ($19,752), respectively, in the consolidated statements of comprehensive income. The balances associated with the commodity futures contracts of $11,127 and $13,220 are included in accrued liabilities in the consolidated balance sheets as of March 31, 2024 and 2023 respectively. As of March 31, 2024, the notional amounts of the natural gas futures are $43,453 expiring in March 2027.

The Company enters into interest rate swaps to manage its exposure to interest rate variations on its floating-rate borrowings. The objective is to reduce its exposure to variability attributable to changes in the 3-month SOFR rate underlying its SOFR-indexed floating-rate debt (See Note 8). The Company entered into an interest rate swap effective October 6, 2022 with notional amount of $75,000. The swap has a fixed rate of 3.32% and floating rate of 3M SOFR. The swap will terminate October 7, 2024. The swap qualifies for hedge accounting, and unrealized gains or losses are included as adjustments to other comprehensive income.

For the years ended March 31, 2024 and 2023, the Company reported unrealized losses of ($327) and unrealized gains of $1,407, respectively, in the consolidated statements of comprehensive income. The balances associated with the interest rate swap of $1,081 and $1,407 are included in prepaid expenses and other current assets in the consolidated balance sheets as of March 31, 2024 and 2023 respectively

11. Pension Plans and Other Postretirement Benefits

The Company maintains several defined benefit pension plans covering substantially all employees hired prior to February 1, 2017. Salaried defined benefit plans were frozen to new entrants effective September 6, 2016 and hourly defined benefit plans were frozen to new entrants effective July 1, 2017. A participating employee's annual postretirement pension benefit is determined by the employee's credited service and, in most plans, final average annual earnings with the Company. Vesting requirements are two years. The Company's funding policy is to annually contribute the statutorily required minimum amount as actuarially determined. The Company also maintains several plans providing other postretirement benefits covering substantially all hourly and certain salaried employees hired prior to July 1, 2017 and February 1, 2017, respectively, these plans also not being available to new entrants after these dates. The Company recognizes actuarially determined liabilities for these benefits, but funds these benefits on a pay-as-you-go basis. The accumulated benefit obligation for all defined benefit plans was $169,643 and $213,188 as of March 31, 2024 and 2023, respectively.

The Company recorded adjustments to other comprehensive income of $12,086 and $1,193, net of tax of $3,346 and $437, for the years ended March 31, 2024 and 2023, respectively. The Company's operating pension expenses are included in cost of revenues and the non-operating pension expenses are included in other expense, net.

The components of net periodic benefit cost, change in benefit obligation, change in plan assets, and reconciliation of the funded status as of and for the years ended March 31, 2024 and 2023 are summarized in the table below.

(in thousands)

	Pension Benefits		Other Postretirement Benefits	
	2024	**2023**	**2024**	**2023**
Components of net periodic benefit cost				
Service cost	$ 3,607	$ 4,552	$ 121	$ 157
Operating expense	3,607	4,552	121	157
Interest cost	10,221	9,630	564	460
Expected return on plan assets	(10,718)	(11,086)	-	-
Amortization of unrecognized:				
Prior service cost (gain)	63	88	(972)	(1,062)
Actuarial loss (gain)	16	1,332	(292)	(145)
Non-operating expense (income)	(418)	(36)	(700)	(747)
Net periodic benefit cost	$ 3,189	$ 4,516	$ (579)	$ (590)
Change in benefit obligation				
Benefit obligation - beginning of year	$ 221,439	$ 258,629	$ 11,480	$ 12,493
Service cost	3,607	4,552	121	157
Interest cost	10,221	9,630	564	460
Plan amendments	-	-	-	960
Actuarial (gain)	(7,408)	(36,484)	(1,097)	(2,077)
Benefits paid	(12,617)	(14,888)	(526)	(513)
Annuity liftout payments	(35,583)	-	-	-
Liability (gain) due to mid-year remeasurement	(2,326)	-	-	-
Projected Benefit obligation - end of year	$ 177,333	$ 221,439	$ 10,542	$ 11,480
Change in plan assets				
Fair value of assets - beginning of year	$ 176,857	$ 215,280	$ -	$ -
Actual return on plan assets	13,190	(24,717)	-	-
Employer contributions	2,506	1,182	526	513
Annuity Liftout Payments	(35,583)	-	-	-
Benefits paid	(12,617)	(14,888)	(526)	(513)
Fair value of assets - end of year	$ 144,353	$ 176,857	$ -	$ -
Reconciliation of funded status				
Funded status	$ (32,980)	$ (44,582)	$ (10,542)	$ (11,480)
Net amount accrued	$ (32,980)	$ (44,582)	$ (10,542)	$ (11,480)
Net amount accrued in current liabilities	(277)	(277)	(724)	(763)
Net amount accrued in other liabilities	(32,703)	(44,306)	(9,818)	(10,717)

Effective October 25, 2023, one of the Company's defined benefit plans opted to derisk a segment of the plan through a plan annuitization whereby a group annuity was purchased for a portion of the retiree population, which was accounted for as a plan settlement. A total of $3,424 was reclassified

(in thousands)

from accumulated other comprehensive loss to other expense in 2024 due to the annuitization of a portion of the pension plan.

The amounts recognized in accumulated other comprehensive loss as of March 31, 2024 and 2023, before accumulated tax, are summarized below:

	Pension Benefits		Other Postretirement Benefits	
	2024	**2023**	**2024**	**2023**
Prior service cost/(credit)	$ 490	$ 553	$ (7,672)	$ (8,644)
Net actuarial loss/(gain)	7,626	23,149	(5,781)	(4,975)
Total	$ 8,116	$ 23,702	$ (13,453)	$ (13,619)

The amounts recognized in other comprehensive income during the years ended March 31, 2024 and 2023, before tax, are summarized below:

	Pension Benefits		Other Postretirement Benefits	
	2024	**2023**	**2024**	**2023**
Net actuarial loss (gain)	$ (12,206)	$ (681)	$ (1,097)	$ (2,077)
Prior service cost	-	-	-	960
Reversal of amortization item:				
Prior service (cost)/credit	(63)	(88)	972	1,062
Net actuarial (gain) loss	(3,318)	(1,332)	292	145
Total recognized in comprehensive (loss) income	$ (15,587)	$ (2,101)	$ 167	$ 90

Assumptions

The weighted-average assumptions used to determine net periodic benefit cost were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2024	**2023**	**2024**	**2023**
Discount rate	5.10 %	3.84 %	5.08 %	3.81 %
Expected long-term return on plan assets	6.25 %	5.75 %	N/A	N/A
Rate of compensation increase	5.30–8.40%	5.30–8.40%	N/A	N/A

The weighted-average assumptions used to determine the benefit obligation were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2024	**2023**	**2024**	**2023**
Discount rate	5.38 %	5.10 %	5.37 %	5.08 %
Rate of compensation increase	5.30–8.40%	5.30–8.40%	N/A	N/A

The discount rate for each plan is determined by discounting the plan’s expected future benefit payments using a yield curve developed from high quality bonds as of the measurement date. The

(in thousands)

yield curve calculation matches the notional cash inflows or hypothetical bond portfolio with the expected benefit payments to arrive at an effective rate.

To determine the expected long-term rate of return on plan assets, the Company considers the current and expected asset allocation, as well as historical and expected returns on each plan asset class.

The dates used to measure plan assets and liabilities were March 31, 2024 and 2023 for all plans.

For healthy lives, the Company measured benefit obligation using the amounts-weighted rates from the Pri-2012 mortality study with blue- and white-collar adjustments by individual, projected generationally from 2012 with Scale MP-2021 as of March 31, 2024.

For surviving beneficiaries, the Company measured benefit obligations using the amounts-weighted contingent survivor rates from the Pri-2012 mortality study with blue- and white-collar adjustments by individual, projected generationally from 2012 with Scale MP-2021 as of March 31, 2024.

For disabled lives, the Company measured benefit obligation using the amounts-weighted disabled retiree rates from the Pri-2012 mortality study, projected generationally from 2012 with Scale MP-2021 as of March 31, 2024.

Plan Assets

Pension plan assets are invested primarily in stocks, bonds, short-term securities and cash equivalents. The assets of the Company's defined benefit plans are managed on a commingled basis in a Master Trust. The investment policy and allocation of the assets in the Master Trust were approved by the Company's Investment Committee, which has oversight responsibility for the Company's retirement plans.

The following details the asset categories including target allocations for the pension plan as of March 31, 2024 and 2023:

	2024		2023	
	Actual Allocation	Target Allocation	Actual Allocation	Target Allocation
Asset Category				
Equity Securities	52 %	51 %	51 %	51 %
Debt Securities	43 %	45 %	44 %	45 %
Other	5 %	4 %	5 %	4 %

The pension fund assets are invested in accordance with the statement of Investment Policies and Procedures adopted by the Company, which are reviewed annually. Pension fund assets are invested on a going-concern basis with the primary objective of providing reasonable rates of return consistent with available market opportunities, a quality standard of investment, and moderate levels of risk. The expected rate of return is expected to be 6.25% over rolling ten-year periods. This expected rate of return is estimated upon an analysis of historical returns with consideration for the current economic environment.

(in thousands)

Contributions

The Company expects to contribute $7,651 to its pension plan and $724 to its other postretirement benefit plans for the year ending March 31, 2025.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits	Other Benefits
Years ending March 31,		
2025	$ 11,772	$ 724
2026	11,766	732
2027	12,121	743
2028	12,557	749
2029	12,832	754
2030-2034	63,982	3,719

Fair Values

The fair values of the Company's plan assets as of March 31, 2024, by asset category are as follows:

	Level 1	Level 2	Total
Asset Category:			
Cash and cash equivalents	$ 37	$ 1,781	$ 1,818
Fixed income securities	15,060	46,661	61,721
Preferred securities	-	28	28
Equity securities	6,164	68,943	75,107
Futures contracts	51	-	51
Real estate investments trusts	-	5,628	5,628
Total	$ 21,312	$ 123,041	$ 144,353

(in thousands)

The fair values of the Company's plan assets as of March 31, 2023, by asset category are as follows:

	Level 1	Level 2	Total
Asset Category:			
Cash and cash equivalents	$ 49	$ 470	$ 519
Fixed income securities	20,631	57,830	78,461
Preferred securities	-	29	29
Equity securities	7,036	83,618	90,654
Futures contracts	19	-	19
Real estate investments trusts	-	7,175	7,175
Total	$ 27,735	$ 149,122	$ 176,857

Valuation

Cash and cash equivalents are held in a commingled fund utilizing various underlying pricing sources.

Level one securities are valued using quoted prices in active markets for identical assets accessible to the company at the measurement date.

Level two fixed income securities are primarily valued using a market approach utilizing various underlying pricing sources and methodologies.

Level two equity securities and real estate investment trusts are valued using a market approach based on quoted market prices for similar instruments.

Private equity investments for which readily determinable prices do not exist are valued using either the market or income approach by the General Partner. In establishing the estimated fair value the following are taken into consideration: a reasonable time for liquidation of the investment, the financial condition and operating results of the underlying portfolio company, the nature of the investment, restriction on marketability, market conditions and other factors the General Partner deems appropriate.

Other Defined Contribution Plans

The Company also sponsors defined contribution retirement savings plans. Participation in one of these plans is available to substantially all represented and non-represented employees. The Company matches employee contributions up to certain predefined limits for non-represented employees based upon eligible compensation and the employee's contribution rate. The Company's contribution to these plans was $2,360 and $1,348 for the years ended March 31, 2024 and 2023, respectively.

12. Asset Retirement Obligation

The Company provides for the expected costs to be incurred for the eventual reclamation of mining properties pursuant to local law. All estimates are determined by a third-party contractor who specializes in mine closure evaluations. Included in long-term liabilities as of March 31, 2024 and 2023 were $28,961 and $27,634, respectively, related to these asset retirement obligations. Changes in the carrying amounts of the asset retirement obligation were as follows:

(in thousands)

	2024	2023
Balance - beginning of year	$ 27,634	$ 25,572
Change in estimate	-	841
Accretion expense	1,327	1,221
Balance - end of year	$ 28,961	$ 27,634

13. Variable Interest Entity (VIE)

The consolidated financial statements include a VIE, ALCAD, for which TCSAP is the primary beneficiary.

ALCAD is an equally-owned joint venture between TCSAP and Church & Dwight, Inc. ("C&D") (collectively, the "Partners"). The significant activities of ALCAD include (a) managing trona reserves dedicated to it by the Partners, (b) extraction of trona for conversion into soda ash (which ALCAD has outsourced to TCSAP) and (c) distribution of soda ash exclusively to C&D. TCSAP was determined to be the primary beneficiary of ALCAD as it has control over all significant activities of ALCAD. TCSAP has the obligation to absorb losses and the right to receive benefits from ALCAD that could be significant to ALCAD.

During the years ended March 31, 2024 and 2023, this VIE earned income of $23,692 and $17,710, respectively, under the contractual arrangements between the Partners, 50% of which was recorded as net income attributable to noncontrolling interests in the consolidated statements of income.

The liabilities recognized as a result of consolidating the VIE's do not necessarily represent additional claims on the general assets of the TCSAP outside of the VIE's; rather, they represent claims against the specific assets of the consolidated VIE. Conversely, assets recognized as a result of consolidating the VIE do not necessarily represent additional assets that could be used to satisfy claims against the TCSAP's general assets. There are no restrictions on the VIE's assets that are reported in the TCSAP's general assets.

The total accounts receivable of $6,533 and $6,649 are recorded in receivables as of March 31, 2024 and 2023. The liabilities not eliminated in consolidation of $724 and $716 are recorded in accrued liabilities as of March 31, 2024 and 2023.

14. Related Party Transactions

In the ordinary course of business, the Company purchases from, reimburses costs of, and sells soda ash to TCL and its subsidiaries. During the years ended March 31, 2024 and 2023, the purchases from and reimbursement of costs of TCL and subsidiaries amounted to $471 and $1,185, respectively; and accounts payable amounted to $37 and $376 at March 31, 2024 and 2023, respectively. During the years ended March 31, 2024 and 2023, the sales to TCL and its subsidiaries, amounted to $7,807 and $0, respectively, of which $7,807 is still outstanding, included in Receivables on the balance sheet as of March 31, 2024.

(in thousands)

15. Leases

The Company is obligated under finance leases that expire at various dates in the future.

The following table provides the lease costs for the years ended March 31, 2024 and 2023:

	2024	2023
Finance lease cost		
Amortization of leased assets	$ 8,090	$ 7,965
Interest on lease liabilities	1,375	615
Total finance lease cost	$ 9,465	$ 8,580
Expensed lease cost	$ 4,377	$ 2,679
Total lease cost	$ 13,842	$ 11,259

Short-term lease cost and variable lease cost is not material to the financial statements as of March 31, 2024 and 2023. Amounts reported in the consolidated balance sheet as of March 31, 2024 and 2023 were as follows:

	2024	2023
Finance leases		
Leased assets	$ 45,640	$ 34,657
Accumulated amortization	(20,609)	(22,958)
Property, plant and equipment, net	$ 25,031	$ 11,699
Current portion of lease liabilities	$ 7,807	$ 4,832
Long-term portion of lease liabilities	18,466	7,667
Total finance lease liabilities	$ 26,273	$ 12,499

Other information related to leases as of March 31, 2024 and 2023 was as follows:

Weighted average incremental borrowing rates for the finance leases was 5.24% and 4.15%, for March 31, 2024 and 2023, respectively. Weighted average remaining lease term for the finance leases is approximately 31 months and 63 months, for March 31, 2024 and 2023, respectively.

(in thousands)

Future minimum rental payments for leases (primarily for transportation equipment, mining equipment, offices and warehouses) as of March 31, 2024 are as follows:

	Finance Leases
Years ending March 31,	
2025	$ 9,058
2026	5,745
2027	5,481
2028	5,287
2029	1,712
Thereafter	3,031
Total minimum payments	$ 30,314
Less imputed interest	(4,041)
Total	$ 26,273

16. Commitments and Contingencies

The Company is involved in certain claims, litigation, administrative proceedings and investigations relative to environmental and other matters. Although the amount of any ultimate liability which could arise with respect to these matters cannot be accurately predicted, it is the opinion of management, based upon currently available information and the accruals established that any such liability will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

17. Subsequent Events

The Company has evaluated subsequent events, and the impact on the reported results and disclosures, through May 24, 2024, which is the date these consolidated financial statements were available to be issued and determined no other items to disclose.

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