Tata Chemicals (Soda Ash) Partners and Subsidiary

Consolidated Financial Statements and Independent Auditors' Report March 31, 2022 and 2021

Tata Chemicals (Soda Ash) Partners and Subsidiary
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March 31, 2022 and 2021

KPMG LLP
Suite 1500
15 W. South Temple
Salt Lake City, UT 84101

Independent Auditors' Report

Partners of
Tata Chemicals (Soda Ash) Partners:

Opinion

We have audited the consolidated financial statements of Tata Chemicals (Soda Ash) Partners and its subsidiary (the Partnership), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, changes in 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 Partnership as of March 31, 2022 and 2021, 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 Partnership 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 Partnership's ability to continue as a going concern for one year after the date that the consolidated financial statements are 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.

In performing an audit in accordance with GAAS, we:

KPMG

- 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 Partnership'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 Partnership'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 25, 2022

Tata Chemicals (Soda Ash) Partners and Subsidiary
Consolidated Statements of Income
For the Years Ended March 31, 2022 and 2021

(In thousands)	2022	2021
Net revenues	$ 491,181	$ 380,891
Cost of revenues - excluding depreciation	362,922	315,332
Cost of revenues - depreciation and amortization	29,163	28,964
Total cost of revenues	392,085	344,296
Selling, general and administrative expense	18,041	18,439
Loss on disposition of long lived assets	-	113
Operating profit	81,055	18,043
Interest expense, net	411	589
Business interruption insurance proceeds (Note 15)	-	(3,641)
Other expense, net	3,916	2,712
Net income	76,728	18,383
Net income attributable to noncontrolling interest	8,825	9,087
Net income attributable to Tata Chemicals (Soda Ash) Partners and subsidiary	$ 67,903	$ 9,296

See notes to consolidated financial statements.

Tata Chemicals (Soda Ash) Partners and Subsidiary
Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2022 and 2021

(In thousands)	2022	2021
Net income	$ 76,728	$ 18,383
Other comprehensive income:		
Defined benefit plan adjustments (Note 9)	13,643	25,175
Unrealized gain on natural gas hedge (Note 7)	3,901	4,952
Net gain reclassifed from accumulated other comprehensive income into income (Note 7)	-	200
Comprehensive income	94,272	48,710
Less: Comprehensive income attributable to the noncontrolling interest	8,825	9,087
Comprehensive income attributable to Tata Chemicals (Soda Ash) Partners and Subsidiaries	$ 85,447	$ 39,623

See notes to consolidated financial statements.

Tata Chemicals (Soda Ash) Partners and Subsidiary
Consolidated Balance Sheets
As of March 31, 2022 and 2021

(In thousands)	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 46,878	$ 31,693
Receivables, net of allowance for doubtful accounts of $190 and $190 (Note 4)	101,634	71,525
Receivables due from related party (Note 14)	766	-
Inventories (Note 4)	24,791	12,497
Prepaid expenses and other current assets	15,285	6,884
Total current assets	189,354	122,599
Property, plant and equipment—net (Note 5)	234,017	239,935
Other assets (Note 4)	14,717	13,918
Total assets	$ 438,088	$ 376,452
Liabilities and Equity		
Current liabilities		
Accounts payable (Note 14)	$ 37,337	$ 29,653
Payables due to related parties (Note 14)	-	2,005
Current portion of finance lease obligation (Note 11)	5,948	7,080
Accrued liabilities (Note 6)	23,967	20,603
Total current liabilities	67,252	59,341
Finance lease obligation, net of current portion (Note 11)	3,333	7,335
Long-term liabilities (Note 8)	82,270	87,390
Total liabilities	152,855	154,066
Commitments and contingencies (Note 12)		
Partners' equity	285,233	222,386
Total liabilities and equity	$ 438,088	$ 376,452

See notes to consolidated financial statements.

Tata Chemicals (Soda Ash) Partners and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2022 and 2021

(In thousands)	2022	2021
Cash flows from operating activities		
Net income	$ 76,728	$ 18,383
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	29,163	28,964
Loss on disposal of assets	-	113
Accretion of asset retirement obligation	1,203	1,075
Unrealized hedge (gain)	(3,901)	(5,353)
Changes in assets and liabilities:		
(Increase) decrease in receivables	(30,109)	4,749
(Increase) in receivables from related parties	(766)	(5)
(Increase) decrease in inventories	(12,294)	9,980
(Increase) in prepaid expenses and other current assets	(4,500)	(3,150)
(Increase) in other assets	(799)	(440)
Increase in accounts payable	4,449	3,887
(Decrease) increase in payables to related parties	(2,005)	1,056
Increase in accrued liabilities	3,364	499
Increase in long-term liabilities	11,219	12,616
Net cash provided by operating activities	71,752	72,374
Cash flows used in investing activities		
Capital expenditures	(17,350)	(31,838)
Net cash used in investing activities	(17,350)	(31,838)
Cash flows used in financing activities		
Repayments of financial lease obligations	(7,792)	(8,199)
Distributions	(22,600)	(40,000)
Cash distributions to noncontrolling interest	(8,825)	(9,087)
Net cash used in financing activities	(39,217)	(57,286)
Net change in cash and cash equivalents	15,185	(16,750)
Cash and cash equivalents		
Beginning of year	31,693	48,443
End of year	$ 46,878	$ 31,693
Supplemental disclosure of cash flow information		
Interest paid during the year	$ 456	$ 617
Non-cash investing activities		
Accounts payable and accrued liabilities incurred to acquire property and equipment	$ 9,836	$ 6,601
Assets obtained in exchange for lease obligation	$ 2,711	$ 8,479
Reductions to assets resulting from retirement of lease obligations	$ (53)	$ (29)

Tata Chemicals (Soda Ash) Partners and Subsidiary
Consolidated Statements of Changes in Equity
For the Years Ended March 31, 2022 and 2021

(In thousands)	Partners' Equity	Noncontrolling Interest	Total Equity
Equity, March 31, 2020	222,763	-	222,763
Net income	9,296	9,087	18,383
Distributions	(40,000)	-	(40,000)
Distribution to noncontrolling interest	-	(9,087)	(9,087)
Other comprehensive income	30,327	-	30,327
Equity, March 31, 2021	222,386	-	222,386
Net income	67,903	8,825	76,728
Distributions	(22,600)	-	(22,600)
Distribution to noncontrolling interest	-	(8,825)	(8,825)
Other comprehensive income	17,544	-	17,544
Equity, March 31, 2022	$ 285,233	$ -	$ 285,233

1. Description of Business

Tata Chemicals (Soda Ash) Partners and its subsidiary (collectively, “TCSAP “ or the “Partnership” or the “Company”) operates a facility in Green River, Wyoming for the purpose of mining and processing trona ore and selling the resulting finished product, soda ash. TCSAP supplies soda ash to a broad range of industrial customers primarily in the following markets: glass production, sodium-based chemicals, detergents, pulp and paper, and water treatment. TCSAP is a subsidiary of Tata Chemicals (Soda Ash) Partners Holdings and Subsidiaries (“TCSAP Holdings”). TCSAP Holdings is a partnership of which 75% is owned by Tata Chemicals North America Inc. (“TCNA”) and 25% is owned by Valley Holdings, Inc. (“VHI”), the parent of TCNA.

For the purposes of these consolidated financial statements, fiscal 2022 is defined as the twelve month year ended March 31, 2022 and fiscal 2021 is defined as the twelve month year ended March 31, 2021.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements reflect the results of operations, financial position and cash flows of the Company, including one separate sub-partnership, ALCAD. The Partnership and Church & Dwight Co., Inc. (“C&D”) each have a 50% interest in ALCAD. The Partnership consolidates this sub-partnership as it has the ability to exercise control over the most significant activities of ALCAD, and thus has concluded the Partnership is the primary beneficiary of this variable interest entity (see Note 13). The portion of ALCAD that is not owned is reflected as a noncontrolling interest in the accompanying consolidated financial statements. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the useful lives of assets, assumptions related to pension and postretirement obligations, cash flow estimates used to test the recoverability of assets and the estimated asset retirement obligation. Actual results could differ from those estimates.

Receivables and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. Management periodically reviews customer’s credit history and extends credit accordingly. 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 consolidated financial statements contain no provision or liability for income taxes because the results of the Partnership's operations are included in the taxable income of its partners.

U.S. GAAP requires management to evaluate tax positions taken by the Partnership and recognize a tax liability if the Partnership has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Partnership has analyzed the tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Partnership has determined that there is no tax liability resulting from unrecognized tax benefits related to uncertain income tax positions taken or expected to be taken on the tax return for the years ended March 31, 2022 and 2021. Tax years subject to examination include 2018 forward for all tax returns.

Derivative Financial Instruments

Derivative financial instruments are used to mitigate natural gas purchase—price exposure. Natural gas contracts are accounted for by hedge accounting with unrealized gains and losses being held on the balance sheet in partners' equity and accrued liabilities. Realized gains and losses are recognized within cost of revenues in the period incurred. The Partnership does not hold or issue derivative instruments for trading purposes.

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 Partnership's cash and cash equivalents include cash and short-term highly liquid investments with an original maturity of three months or less. The Partnership maintains cash and cash equivalents in bank deposit and money market accounts that may exceed federally insured limits. The financial institutions where the Partnership'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.

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

Most of the property, plant and equipment are carried at cost and are depreciated using the straight-line method, using estimated lives which range from 2 to 50 years. The mineral leases 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 are evaluated for recoverability whenever events or changes in circumstances indicate that an asset may have been impaired. In evaluating an asset for recoverability, the Partnership estimates the future undiscounted cash flows expected to result from the use of the asset and eventual disposition. If the sum of the expected future cash flows is less than the carrying amount of the asset, management would write the asset down to fair value and record impairment charges, accordingly.

The estimation of fair value is measured by discounting expected future cash flows. The recoverability assessment related to long-lived assets requires judgments and estimates of future revenues, gross margin rates and operating expenses. The Partnership bases these estimates upon its past and expected future performance. The Partnership believes its estimates are appropriate in light of current market conditions. However, future impairment charges could be required for certain long-lived assets if the Partnership does not achieve its current revenue or cash flow projections. There were no impairment charges as of March 31, 2022, or 2021.

Asset Retirement Obligations

The Partnership provides for the expected costs to be incurred for the eventual reclamation of properties pursuant to local laws. The Partnership 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 recognizing a liability for an asset retirement obligation, an entity also capitalizes the cost of the reclamation 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.

Revenue Recognition

Our Soda Ash sales division consists of the mining, processing, and sale of soda ash products. Revenues are recognized when the Partnership satisfies the performance obligation 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 Partnership has applied the shipping and handling practical expedient to treat all shipping and handling activities as fulfillment activities as the Partnership views these costs as costs to fulfill the customers' orders. Fees for shipping and handling charged to customers for sales transactions are including in Net revenues on the consolidated statements of income. When control over products has transferred to the customer, the Partnership has elected to recognize costs related to shipping and handling as an expense.

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

Environmental Matters

The Partnership 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 Partnership 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 remediation is probable, and the costs can be reasonably estimated.

Noncontrolling Interest

The Partnership accounts for the noncontrolling interest in ALCAD as a component of equity in the consolidated financial statements.

Leases

The Partnership determines if an arrangement is, or contains, a lease at contract inception. The Partnership recognizes a right-of-use (ROU) asset 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 Partnership determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term, and (3) lease payments.
The Partnership 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 Partnership 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 Partnership generally uses its parent company's incremental borrowing rate as the discount rate for the lease. The Partnership'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 Partnership does not generally borrow on a collateralized basis, it uses the interest rate

the Partnership's parent 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 Partnership'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 Partnership 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 Partnership would owe if the lease term assumes Company exercise of a 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 Partnership 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 Partnership or the Partnership is reasonably certain to exercise an option to purchase the underlying asset. In those cases, the ROU 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 Partnership'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 Partnership's consolidated statements of income 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 Partnership evaluates the ROU asset for impairment loss using the same methodology as for long-lived assets.

The Partnership 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. During the years ended March 31, 2022 and March 31, 2021, the current portion of finance lease liabilities is included in current portion of finance lease obligations and the long-term portion is included in long term portion of finance lease obligation.

The Partnership 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 Partnership recognizes the lease payments associated with its short-term equipment leases as an expense on the consolidated statements of income. Variable lease payments associated with these leases are recognized and presented in the same manner as for all other Partnership leases.

The Partnership 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.

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 Partnership 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 Partnership and its counterparties is incorporated in the valuation of certain assets and liabilities through the use of credit reserves, the impact of which is immaterial for the years ended March 31, 2022 and 2021. The Partnership believes it uses valuation techniques that maximize the use of observable market-based inputs and minimize the use of unobservable inputs.

The Partnership 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 Partnership's financial assets and liabilities recorded at fair value on a recurring basis include cash equivalents and derivative instruments. The Company's derivative assets and liabilities include commodity futures contracts.

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of March 31, 2022:

	Fair Value Measurements		
	Level 1	Level 2	Total
Assets—cash equivalents	$ 46,878	$ -	$ 46,878
Assets—natural gas futures	$ -	$ 6,503	$ 6,503
Total	$ 46,878	$ 6,503	$ 53,381

The following table presents the fair values for those assets and liabilities measured on a recurring basis as of March 31, 2021:

	Fair Value Measurements		
	Level 1	Level 2	Total
Assets—cash equivalents	$ 31,693	$ -	$ 31,693
Assets—natural gas futures	$ -	$ 2,602	$ 2,602
Total	$ 31,693	$ 2,602	$ 34,295

Cash Equivalents

Cash equivalents include investments with maturities of three months or less when purchased. Cash equivalents shown in the fair value table are comprised of investments in money market funds. 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.

Natural Gas Futures

The inputs used in valuing natural gas futures are a regional basis forward price quoted by a third-party service and accordingly, the Partnership classifies these net derivative assets as Level 2.

4. Additional Financial Information

The summaries of selected balance sheet items as of March 31, 2022 and 2021 are as follows:

	2022	2021
Receivables		
Trade	$ 95,135	$ 66,521
Other	6,689	5,194
Allowance for doubtful accounts	(190)	(190)
	$ 101,634	$ 71,525
Inventories		
Raw material - Trona	$ 17,822	$ 6,678
Work in process	100	100
Finished products	6,869	5,719
	$ 24,791	$ 12,497
Other Assets		
Inventory stores	$ 14,243	$ 13,477
Long-term deposits	474	441
	$ 14,717	$ 13,918

5. Property, Plant and Equipment

Property, plant and equipment as of March 31, 2022 and 2021 are comprised of the following:

	2022	2021
Land and improvements	$ 67,465	$ 66,825
Machinery and equipment	405,950	393,264
Buildings and leasehold improvements	61,419	58,303
Mines and quarries	28,890	28,890
Construction in progress	24,796	21,142
Total gross owned assets	588,520	568,424
Less: accumulated depreciation	363,717	342,340
Total net owned assets	$ 224,803	$ 226,084
Leased equipment	$ 24,627	$ 28,919
Less: accumulated depreciation	15,413	15,068
Total net leased assets	9,214	13,851
Total net assets	$ 234,017	$ 239,935

For the years ended March 31, 2022 and 2021, the Partnership recognized $21,867 and $20,925 of depreciation expense relating to owned assets, respectively. For the years ended March 31, 2022 and 2021, the Partnership recognized $7,296 and $8,039 of depreciation expense relating to leased assets, respectively.

6. Accrued Liabilities

Accrued liabilities as of March 31, 2022 and 2021 are comprised of the following:

	2022	2021
Wages, salaries and benefits	$ 8,976	$ 8,434
Property, production and other taxes	11,513	10,669
Other	3,478	1,500
	$ 23,967	$ 20,603

7. Commodity Futures Contracts

The Partnership 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.

The Partnership meets the requirements to account for its natural gas hedges under hedge accounting. For the years ended March 31, 2022 and March 31, 2021 the Partnership reported a realized gain of $0 and $200, respectively, on the statements of income for natural gas contracts. For the years ending March 31, 2022 and March 31, 2021, the Partnership recorded an unrealized gain of $3,901 and $4,952, respectively, in the consolidated statements of comprehensive income. Assets associated with the commodity futures contracts of $6,503 and $2,602 are included within prepaid expenses and other current assets in the consolidated balance sheets at March 31, 2022 and March 31, 2021, respectively. As of March 31, 2022, the notional amounts of the natural gas futures are $11,153 expiring in October 2023.

8. Long-Term Liabilities

Long-term liabilities as of March 31, 2022 and 2021 are comprised of the following:

	2022	2021
Accrued other postretirement benefits	$ 11,033	$ 10,858
Accrued pension obligations	40,565	45,968
Asset retirement obligation	25,572	24,371
Accrued other	5,100	6,193
	$ 82,270	$ 87,390

9. Pension Plans and Other Postretirement Benefits

The Partnership maintains two 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. All participating employees' annual postretirement pension benefits are determined by the employee's credited service and final average annual earnings with the Partnership. The Partnership's funding policy for both plans is to annually contribute the statutorily required minimum amount actuarially determined. The vesting requirement is five years. The Partnership 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 Partnership 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 $157,938 and $175,000 as of March 31, 2022 and 2021, respectively.

The Partnership recorded adjustments to other comprehensive income of $13,643 and $25,175 for the years ended March 31, 2022 and 2021, respectively. As noted in the table below, operating pension expenses for the years ended March 31, 2022, and 2021 were $5,469 and $5,422, respectively; and other postretirement benefit expenses were $157 and $152, respectively. Also as noted in the table below, non-operating pension expenses for the years ended March 31, 2022, and 2021 were $4,459 and $3,374, respectively; and other postretirement benefit expenses were $(446) and $(632), respectively. The Partnership's operating pension expenses are included in cost of revenues and the non-operating pension expenses are included in other expense, net. TCNA also has net periodic benefit costs related to its pension and postretirement benefit plans (not included in the table below), and to the extent these are passed through to the Partnership, they are included in selling, general, and administrative expense.

Tata Chemicals (Soda Ash) Partners and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended March 31, 2022 and 2021

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Components of net periodic benefit cost				
Service cost	$ 5,469	$ 5,422	$ 157	$ 152
Operating expense	5,469	5,422	157	152
Interest cost	6,367	6,490	351	396
Expected return on plan assets	(7,275)	(6,807)	-	-
Prior service (credit) cost	109	115	(889)	(1,186)
Amortization of losses	3,035	3,576	92	158
Settlement/Curtailment Expense	2,223	-	-	-
Non-operating expense	4,459	3,374	(446)	(632)
Net periodic benefit cost	$ 9,928	$ 8,796	$ (289)	$ (480)
Change in benefit obligation				
Benefit obligation—beginning of year	$ 189,691	$ 176,951	$ 11,463	$ 11,450
Service cost	5,469	5,422	157	152
Interest cost	6,367	6,490	351	395
Plan amendments	-	-	1,520	-
Actuarial loss (gain)	(12,100)	6,441	(1,256)	(194)
Benefits paid	(20,268)	(5,613)	(581)	(340)
Projected Benefit obligation—end of year	$ 169,159	$ 189,691	$ 11,654	$ 11,463
Change in plan assets				
Fair value of assets—beginning of year	$ 143,723	$ 112,351	$ -	$ -
Actual return on plan assets	4,511	35,566	-	-
Employer contributions	629	1,419	581	340
Net Transfer In/(Out)	-	-	-	-
Benefits paid	(20,269)	(5,613)	(581)	(340)
Fair value of assets—end of year	$ 128,594	$ 143,723	$ -	$ -
Reconciliation of funded status				
Funded status	$ (40,565)	$ (45,968)	$ (11,654)	$ (11,463)
Net liability amount recognized	$ (40,565)	$ (45,968)	$ (11,654)	$ (11,463)
Net Liability amount recognized in current liabilities	$ -	$ -	$ (621)	$ (605)
Net Liability amount recognized in non-current liabiliti	(40,565)	(45,968)	(11,033)	(10,858)

The amounts recognized in partners' capital accounts as of March 31, 2022 and 2021 are summarized below:

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Prior service cost (credit)	$ 641	$ 750	$ (10,587)	$ (12,996)
Net actuarial loss	25,751	40,345	1,588	2,936
Total	$ 26,392	$ 41,095	$ (8,999)	$ (10,060)

The amounts recognized in other comprehensive income during the years ended March 31, 2022 and 2021 are summarized below:

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Net actuarial loss (gain)	$ (9,336)	$ (22,317)	$ (1,256)	$ (194)
Prior service cost (credit)	-	-	1,520	-
Amortization:				
Net actuarial gain (loss)	(5,258)	(3,576)	(92)	(158)
Prior service credit (cost)	(109)	(115)	888	1,185
Total recognized in other comprehensive income (loss)	$ (14,703)	$ (26,008)	$ 1,060	$ 833

Assumptions

The weighted-average assumptions used to determine the benefit obligation for the years ended March 31, 2022 and 2021 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Discount rate	3.89 %	3.47 %	3.82 %	3.28 %
Rate of compensation increase	5.3%–8.4%	5.3%–8.4%	N/A	N/A

The weighted-average assumptions used to determine net periodic benefit cost for the years ended March 31, 2022 and 2021 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Discount rate	3.47 %	3.70 %	3.28 %	3.59 %
Expected long-term return on plan assets	5.75 %	5.75 %	N/A	N/A
Rate of compensation increase	5.3%–8.4%	5.3%–8.4%	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 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 Partnership 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, 2022 and 2021, for all plans.

For healthy lives, the Partnership 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, 2022.

For surviving beneficiaries, the Partnership 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, 2022.

For disabled lives, the Partnership 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, 2022.

Plan Assets

Pension plan assets are invested primarily in stocks, bonds, short-term securities, and cash equivalents. The assets of the Partnership's defined benefit pension 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 Partnership's investment committee, which has oversight responsibility for the Partnership's retirement plans.

The following details the asset categories including allocations for the pension plan as of March 31, 2022 and 2021:

	2022		2021	
	Actual Allocation	**Target Allocation**	**Actual Allocation**	**Target Allocation**
Asset Category				
Equity securities	51 %	51 %	51 %	51 %
Debt securities	44 %	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 Partnership, 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 5.75% over rolling ten-year period. This expected rate of return is estimated upon an analysis of historical returns with consideration for the current economic environment.

Contributions

The Company expects to contribute $380 to its pension plan and $621 to its other postretirement benefit plans for the year ending March 31, 2023.

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		
2023	$ 6,775	$ 621
2024	7,233	640
2025	7,610	653
2026	7,958	651
2027	8,250	659
2028-2032	44,779	3,371

Fair Values

The fair values of the Partnership's plan assets as of March 31, 2022, by asset category are as follows:

	Level 1	Level 2	Level 3	Total
Asset category:				
Cash and cash equivalents	$ 39	$ 865	$ -	$ 904
Fixed income securities	14,729	42,334	-	57,063
Preferred securities	-	20	-	20
Equity securities	5,193	60,171	-	65,364
Futures contracts	29	-	-	29
Real estate investment trusts	-	5,214	-	5,214
Private equity	-	-	1	1
Total	$ 19,990	$ 108,604	$ 1	$ 128,595

The following table provides further details of Level 3 fair value measurements:

	Private Equity
Beginning balance—April 1, 2021	$ 1
Total realized/unrealized gains (losses)	-
Purchases, sales, transfers and settlements	-
Ending balance—March 31, 2022	$ 1

The fair values of the Partnership's plan assets as of March 31, 2021, by asset category are as follows:

	Level 1	Level 2	Level 3	Total
Asset category:				
Cash and cash equivalents	$ 167	$ 1,445	$ -	$ 1,612
Fixed income securities	16,625	47,004	-	63,629
Preferred securities	-	21	-	21
Equity securities	5,631	67,062	-	72,693
Futures contracts	(38)	-	-	(38)
Real estate investment trusts	-	5,805	-	5,805
Private equity	-	-	1	1
Total	$ 22,385	$ 121,337	$ 1	$ 143,723

The following table provides further details of Level 3 fair value measurements:

	Private Equity
Beginning balance—April 1, 2020	$ 21
Total realized/unrealized gains (losses)	(20)
Purchases, sales, transfers and settlements	-
Ending balance—March 31, 2021	$ 1

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 Partnership also sponsors defined contribution retirement savings plans. Participation in one of these plans is available to substantially all represented and non-represented employees. The Partnership matches employee contributions up to certain predefined limits for non-represented employees based upon eligible compensation and the employee's contribution rate. The Partnership's contribution to these plans was $1,039 and $773 for the years ended March 31, 2022 and 2021, respectively.

10. 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, 2022 and 2021 were $25,572 and $24,371, respectively, related to these asset retirement obligations. Changes in the carrying amounts of the asset retirement obligation were as follows:

	2022	2021
Balance—beginning of year	$ 24,371	$ 23,296
Change in estimates	111	-
Accretion expense	1,090	1,075
Balance—end of year	$ 25,572	$ 24,371

11. Leases

The Company is obligated under finance leases that expire at various dates during the next 3 years.

The following table provides the lease costs for the year ended March 31, 2022:

Finance lease cost	
Amortization of leased assets	$ 7,296
Interest on lease liabilities	424
Total finance lease cost	$ 7,720
Expensed lease cost	$ 1,050
Total Lease Cost	$ 8,770

Amounts reported in the consolidated balance sheet as of March 31, 2022 were as follows:

Finance leases	
Leased assets	$ 24,627
Accumulated amortization	(15,413)
Property, plant and equipment, net	$ 9,214
Current portion of lease liabilities	$ 5,948
Long-term portion of lease liabilities	3,333
Total finance lease liabilities	$ 9,281

Other information related to leases as of March 31, 2022 was as follows:

Weighted average incremental borrowing rates for the finance leases was 3.80%.

Future minimum rental payments for leases (primarily for transportation equipment, mining equipment, and warehouses) having initial or remaining non-cancelable lease terms in excess of one year as of March 31, 2022 are as follows:

Years ending March 31,	**Leases**
2023	$ 5,942
2024	2,492
2025	1,155
Total minimum payments	$ 9,589
Less imputed interest	$ (308)
Total	$ 9,281

The following table provides the lease costs for the year ended March 31, 2021:

Finance lease cost	
Amortization of leased assets	$ 8,039
Interest on lease liabilities	614
Total finance lease cost	$ 8,653
Expensed lease cost	$ 1,642
Total Lease Cost	$ 10,295

Amounts reported in the consolidated balance sheet as of March 31, 2021 were as follows:

Finance leases	
Leased assets	$ 28,919
Accumulated amortization	(15,068)
Property, plant and equipment, net	$ 13,851
Current portion of lease liabilities	$ 7,080
Long-term portion of lease liabilities	7,335
Total finance lease liabilities	$ 14,415

Other information related to leases as of March 31, 2021 was as follows:

Weighted average incremental borrowing rates for the finance leases was 4.09%.

12. Commitments and Contingencies

The Partnership 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 Partnership's financial condition, results of operations or cash flows.

13. Variable Interest Entity (VIE)

The consolidated financial statements include a variable interest entity ("VIE"), ALCAD, for which the Partnership is the primary beneficiary.

ALCAD is an equally-owned joint venture between the Partnership and 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 the Partnership) and (c) distribution of soda ash exclusively to C&D. The Partnership was determined to be the primary beneficiary of ALCAD as it has control over all significant activities of ALCAD. The Partnership 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, 2022 and 2021, this VIE earned income of $17,650 and $18,174, 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 do not necessarily represent additional claims on the general assets of the Partnership outside of the VIE; 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 Partnership's general assets. There are no restrictions on the VIE assets that are reported in the Partnership's general assets. The total consolidated VIE assets and liabilities reflected in the Partnership's consolidated balance sheets are as follows:

	2022	2021
Accounts receivable	$ 5,789	$ 6,201
Total assets	$ 5,789	$ 6,201
Accrued expenses	$ 626	$ 673
Intercompany payable	$ 5,163	$ 5,528
Total liabilities	$ 5,789	$ 6,201
Payables eliminated through consolidation	$ (5,163)	$ (5,528)
Total consolidated liabitilies	$ 626	$ 673

The accounts receivable of $5,789 and $6,201 are recorded in receivables as of March 31, 2022 and 2021, respectively. The minority interest payable of $626 and $673 are recorded in accrued liabilities as of March 31, 2022 and 2021, respectively.

14. Related-Party Transactions

Service Agreement

The Partnership has a service agreement under which TCNA provides certain management and administrative services to the Partnership. The cost of such services allocated to the Partnership for the years ended March 31, 2022 and 2021 was $6,889 and $8,690, respectively and accounts payable at March 31, 2022 and 2021, amounted to $848 and $2,174, respectively.

Soda Ash Supply Agreement

Beginning April 2015, Tata Chemicals International Pte Limited ("TCIPL") provides financing for the sale of soda ash by TCSAP to Owens Illinois subsidiary companies in Latin America and Asia Pacific ("O-I LATAM"). TCSAP remains responsible for servicing the O-I LATAM accounts including negotiating pricing, logistical support and quality. TCIPL directly incorporates a finance charge into the final invoice to O-I LATAM. For the years ended March 31, 2022 and 2021, sales under these agreements amounted to $7,175 and $13,049, respectively. As of March 31, 2022, amounts due under these agreements totaled $29.

Other

TCNA pays for various expenses on behalf of the Partnership, including administration and management expenses, which are billed to the Partnership and creates a payable of $848 and $2,174 for the years ended March 21, 2022 and 2021. The Partnership also pays for various expenses on behalf of TCNA and VHI and is then reimbursed which creates an additional receivable of $1,614 and $169 for the years ended March 31, 2022 and 2021. Consequently, for the years ended March 31, 2022 and 2021, there is a net amount due from related parties of $848 and to related parties for $2,005, respectively that is recorded in payables due to related party on the consolidated balance sheet. These payable and receivable balances are summarized in the table below.

Year Ended March 31, 2022	**TCNA**
Accounts payable	(848)
Accounts receivable	1,614
Total net receivable	$ 766

Year Ended March 31, 2021	**TCNA**
Accounts payable	(2,174)
Accounts receivable	169
Total net payable	$ (2,005)

In the ordinary course of business, the Partnership sells soda ash to Tata Chemicals Limited ("TCL"), TCNA's ultimate parent, and its subsidiaries. During the years ended March 31, 2022 and 2021, the sales to TCL and its subsidiaries, excluding sales to TCIPL amounted to $11 and $2,013, respectively and accounts receivable at March 31, 2022 and 2021 amounted to $0 and $310, respectively. Additionally, during the years ended March 31, 2022 and 2021 there were no reimbursements of costs from TCL and subsidiaries or accounts payable.

15. Insurance Proceeds

The Partnership experienced a breakdown of turbine generator 2 in January 2021 resulting in the need to purchase incremental electricity from the public utility rather than producing electricity on site. After a 30 day waiting period deductible, insurance proceeds totaled $1,280 which were received by the Partnership in 2022. The total proceeds were determined to be a recovery of electricity purchase costs and are included in Cost of revenues – excluding depreciation on the consolidated statements of income.

The Partnership experienced power outages in November 2018 and March 2019 resulting from equipment failures resulting in the filing of two insurance claims. Total claim for the November 2018 outage was $3,115 and the total claim for the March 2019 outage was $2,321 for total claims of $5,436. After a $750 deductible for each claim, total insurance proceeds totaled $3,936 which were received by the Partnership in 2021. Out of the total proceeds, $295 was determined to be a recovery of repair costs and is included in Cost of revenues – excluding depreciation on the consolidated statements of income. The remaining $3,641 was determined to be business interruption proceeds and is shown as business interruption insurance proceeds on the consolidated statements of income.

16. Subsequent Events

The Partnership's management has evaluated all events or transactions that occurred after March 31, 2022 through May 25, 2022 the date the consolidated financial statements were issued. There are no subsequent events that require adjustment to or disclosure in the consolidated financial statements

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