Consolidated Financial Statements and Report of Independent Certified Public Accountants

KARNAVATI HOLDINGS, INC. AND SUBSIDIARIES

March 31, 2023 and 2022

C O N T E N T S

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Karnavati Holdings, Inc.

Opinion

We have audited the consolidated financial statements of Karnavati Holdings, Inc. and subsidiaries (the “Company”), which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the related consolidated statements of operations, stockholder’s equity, and cash flows for the years then ended, and the related notes to the 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, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are 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 financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the financial statements are available to be issued.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 US 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 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.

Grant Thornton LLP

Kansas City, Missouri
May 8, 2023

CONSOLIDATED FINANCIAL STATEMENTS

The accompanying notes are an integral part of these statements.

Karnavati Holdings, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

Years Ended March 31,

(in thousands, except per value per share amounts)

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,311	$ 33,737
Certificates of deposit	91,500	63,642
Accounts receivable, net	59,642	50,671
Income taxes receivable	23,418	23,453
Other receivables	1,261	694
Inventories, net	64,388	62,703
Other current assets	3,153	3,587
Total current assets	244,673	238,487
Property, plant, and equipment, net	203,290	207,806
Right of use assets, net of finance lease amortization	27,983	36,654
Intangible assets	400	400
Total assets	$ 476,346	$ 483,347
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	$ 41,780	$ 29,407
Accrued salaries and wages	6,618	7,867
Accrued envirnomental liabilities	26,245	6,426
Other accrued liabilities	27,627	13,361
Total current liabilities	102,270	57,061
Other noncurrent liabilities	34,351	42,796
Long-term debt	88,150	83,000
Deferred tax liabilities	7,399	17,928
Total liabilities	232,170	200,785
Stockholder's equity		
Common stock, $0.10 par value per share; authorized, 300 shares; issued and outstanding, 100 shares	10	10
Additional paid-in capital	124,991	124,991
Retained earnings	119,175	157,561
Total stockholder's equity	244,176	282,562
Total liabilities and stockholder's equity	$ 476,346	$ 483,347

The accompanying notes are an integral part of these statements.

Karnavati Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended March 31,

(in thousands)

	2023	2022
Net sales	$ 360,403	$ 328,317
Cost of goods sold - products	313,821	255,502
Cost of goods sold - shipping and handling	81,452	90,336
Gross Loss	(34,870)	(17,521)
Selling, general, and administrative expenses	10,461	10,741
Loss from operations	(45,331)	(28,262)
Interest expense	3,632	2,595
Loss before income taxes	(48,963)	(30,857)
Income tax benefit	(10,577)	(9,646)
Net loss	$ (38,386)	$ (21,211)

The accompanying notes are an integral part of these statements.

Karnavati Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

Years ended March 31,

(in thousands)

	Common stock	Additional paid-in capital	Retained earnings	Total stockholder's equity
Balance, March 31, 2021	10	124,991	178,772	303,773
Net loss	-	-	(21,211)	(21,211)
Balance, March 31, 2022	$ 10	$ 124,991	$ 157,561	$ 282,562
Net loss			(38,386)	(38,386)
Balance, March 31, 2023	$ 10	$ 124,991	$ 119,175	$ 244,176

The accompanying notes are an integral part of this statement.

Karnavati Holdings, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31,

(in thousands)

	2023	2022
Cash flows from operating activities		
Net loss	$(38,386)	$(21,211)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and depletion	28,251	28,273
Deferred taxes	(10,529)	(9,141)
Loss on investment in joint venture	-	396
Loss on disposal	235	451
Changes in operating assets and liabilities		
Accounts receivable	(8,972)	13,055
Income tax receivable	35	(510)
Other receivables	(567)	(524)
Inventories	(1,685)	1,984
Other current assets	434	955
Other noncurrent assets	10,308	9,838
Accounts payable, accrued salaries and wages, and other accrued liabilities	44,452	3,185
Other noncurrent liabilities	(9,916)	(11,698)
Net cash provided by operating activities	13,660	15,053
Cash flows from investing activities		
Purchases of property, plant, and equipment	(22,818)	(12,547)
Maturities of certificates of deposit	63,707	521,630
Investments in certificates of deposit	(91,565)	(521,659)
Investment in joint venture	-	(205)
Net cash used in investing activities	(50,676)	(12,781)
Cash flows from financing activities		
Proceeds from revolving credit facility	356,516	83,000
Repayments of revolving credit facility	(351,366)	(88,500)
Proceeds from finance lease	-	244
Payments of finance lease	(560)	(339)
Net cash used in financing activities	4,590	(5,595)
Change in cash and cash equivalents	(32,426)	(3,323)
Cash and cash equivalents, beginning of year	33,737	37,060
Cash and cash equivalents, end of year	$ 1,311	$ 33,737
Supplemental disclosure of cash flow information		
Cash paid/(refunded) during the year for		
Interest	$ 2,261	$ 2,261
Taxes	(198)	(18)
Noncash investing activity		
Purchases of property, plant, and equipment in accounts payable	$ 1,661	$ 929

The accompanying notes are an integral part of these statements.

KARNAVATI HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 and 2022

(in thousands)

NOTE A - BASIS OF CONSOLIDATION AND NATURE OF BUSINESS

The Consolidated Financial Statements include the accounts of Karnavati Holdings, Inc. and its wholly owned subsidiaries and affiliates, companies that it controls and those in which it holds a majority voting interest. These companies include Searles Valley Minerals Inc. ("SVM") and subsidiaries ("Searles Domestic Water Company LLC, Trona Railway Company LLC, and Searles Valley Minerals Europe S.A.S."), Karnavati Holdings, Inc., ("Karnavati") and its direct and indirect subsidiaries are collectively referred to as the ("Company"). Karnavati was incorporated on November 20, 2007 and is a wholly owned subsidiary of Nirma Ltd. ("Nirma" or "Parent"). All intercompany balances have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year presentation.

The Company is a producer and marketer of inorganic chemicals with mining and manufacturing sites in Trona, California. The Company's headquarters is located in Overland Park, Kansas. Its principal products are soda ash, sodium sulfate, potassium sulfate, salt and various boron-based chemicals. These products serve a variety of global markets, including agriculture, the chemical processing industry, and glass manufacturing.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Cash and Cash Equivalents*

Cash and cash equivalents include cash, cash investments, and any highly liquid investments with original maturities of three months or less. The Company has cash balances with financial institutions that periodically exceed the limits of coverage provided by the Federal Deposit Insurance Corporation.

2. *Certificates of Deposit*

Certificates of deposit held for investment that are not debt securities with original maturities greater than three months and remaining maturities less than one year are classified as current assets. Certificates of deposit with remaining maturities greater than one year are classified as long-term assets.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. *Revenue Recognition and Accounts Receivable*

The Company follows the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606") that requires companies to recognize revenue when a customer obtains control. The Company's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Under ASC 606, substantially all of the Company's revenue is recognized at a point in time when control of the goods transfers to the customer.

The Company recognizes revenue when transfer of title/ownership, which generally coincides with the shipment date. Sales represent billings to customers net of sales tax collected on product purchased by the customer.

Accounts receivable are due 30-105 days after delivery or according to the contract terms and are stated at amounts due from customers. Any accounts outstanding longer than their contractual payment terms are considered past due. The Company writes off accounts receivable when they are deemed to be uncollectible. The Company has historically had minimal write offs of accounts receivable.

4. *Inventories and Lower of Cost or Net Realizable Value*

Raw materials and supply costs are carried at the lower of cost or net realizable value (first-in, first-out (FIFO) at the average cost method). In calculating the lower of cost or net realizable value reserve, the Company compares the average finished inventory cost to the current market selling price less costs of completion which usually include distribution costs. Raw materials and supplies primarily consist of raw materials purchased for use in the production of inorganic chemicals, spare parts, maintenance materials, and packaging materials. Finished goods costs are determined by FIFO. Finished goods comprise inorganic chemicals and salt. All costs associated with the production of inorganic chemicals and salt are included in finished goods inventory. Finished goods also include logistics costs, which represent the Company's costs incurred to ship and store inventory at warehousing locations until the product is ultimately sold to the customer.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Property, Plant, and Equipment*

Property, plant, and equipment are stated at cost less accumulated depreciation and depletion. The costs of replacements or renewals that improve or extend the life of the existing property are capitalized. Upon retirement or disposition of an asset, any resulting gain or loss is included in the results from operations. Depreciation and depletion are computed by the straight-line method over the estimated useful lives of the respective classes of assets as follows:

Buildings and improvements	10 to 30 years
Machinery and equipment	2 to 25 years
Mineral reserves	200 years

Property, plant, and equipment to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require property, plant, and equipment to be tested for possible impairment, the Company reviews undiscounted cash flows at the lowest level for which identifiable cash flows exist compared to its carrying value. Impairment occurs when the carrying value of the asset exceeds the estimated future undiscounted cash flows generated by the asset. When impairment is indicated, an impairment charge is recorded for the difference between the carrying value of the asset and its fair market value. Depending on the asset, fair market value may be determined either by use of a discounted cash flow model or by reference to estimated selling values of assets in similar condition. There was no impairment for the years ended March 31, 2023 and 2022.

6. *Major Maintenance Activities*

Costs for major maintenance activities that are expected to benefit current and future periods and that extend the useful life of the related assets are separately capitalized in property, plant, and equipment and are amortized over the estimated period until the next planned major maintenance activity or in the case of a restoration project, for the updated useful life of the asset.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. *Intangible Assets*

The Company's $400 trademark intangible asset is deemed to have an indefinite life and is not amortized but is reviewed annually for impairment.

8. *Income Taxes*

Income taxes are accounted for using the liability method. Such method results in the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the book carrying amounts and the tax basis of the related assets and liabilities. Deferred tax assets are reduced by a valuation allowance when management believes it is more likely than not that they will not be realized, entirely or in part.

9. *Environmental Costs*

Environmental costs, other than those of a capital nature, are accrued at the time the obligation becomes probable and costs can reasonably be estimated. Costs are accrued based upon management's estimates of all direct costs. The Company does not accrue liabilities for unasserted claims that are not probable of assertion.

10. *Fair Value of Financial Instruments*

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company uses the following fair value hierarchy, which requires it to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value:

Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The carrying amounts of accounts receivable and accounts payable approximated fair values at March 31, 2023 and 2022 because of the short maturities of these instruments. The carrying amounts of long-term debt, approximated fair value as of March 31, 2023 and 2022, due to the variable nature of the debt's interest rate.

11. *Concentration of Credit Risk*

The Company's products are sold throughout North America and internationally. One customer accounted for 11% and 12% of the Company's accounts receivable as of March 31, 2023 and 2022, respectively. Net sales to customers outside North America aggregated 29% and 24% of total net sales for the years ended March 31, 2023 and 2022, respectively. Receivables from customers outside North America aggregated 26% and 19% of total receivables as of March 31, 2023 and 2022.

12. *Management Estimates*

The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements. Significant estimates include an allowance for doubtful accounts, inventory reserves for lower of cost or net realizable value; obsolete, and slow-moving supplies inventory; estimated lives used for calculation of depreciation and amortization; accruals for environmental liabilities; self-insurance reserves; legal liabilities; recoverability of deferred tax assets; port commitments; asset retirement obligations, and other accruals. Actual results could differ from those estimates.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. *Leases*

The Company follows the FASB issued ASC 842, Leases, which requires lessees to recognize on their balance sheet a right-of-use asset which represents a lessee's right to use the underlying asset, and a lease liability which represents a lessee's obligation to make lease payments for the right to use the asset.

NOTE C - LIQUIDITY

The accompanying audited Consolidated Financial Statements of the Company have been prepared in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP), which contemplates continuation of the Company as a going concern. The Company has incurred significant losses in recent periods associated with the impacts of interrupted revenue and repairs from a 7.1 magnitude earthquake in July 2019 and the impacts of the COVID-19 global pandemic.

Historically, the Company has funded some of its working capital needs and capital expenditures through long-term financing with lenders, as described further in Note H-Debt. At March 31, 2023, Searles Valley Minerals Inc. has utilized approximately $88,150 of its $105,500 of availability under the Asset Based and Term Loans (as defined in Note H) to fully fund the necessary earthquake repairs from the 2019 earthquakes and to sustain working capital for operations. The Company was in compliance with all debt covenants as of March 31, 2023.

The Company believes it has adequate liquidity to meet its financial obligations as they become due for a period of one year from the date of the financial statements are available to be issued based on its forecasts and sources of liquidity, such as cash flows from operations, available borrowings on ABL and cash on hand.

NOTE D - REVENUES

Nature of Products and Services

The Company has one product segment, inorganic chemicals, which includes soda ash, sodium sulfate and various boron based chemicals.

NOTE D – REVENUES - Continued

Identifying the Contract

The Company accounts for a customer contract when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Identifying the Performance Obligations

At contract inception, the Company assesses the goods it has promised to its customers and identifies a performance obligation for each promise to transfer to the customer a distinct good or bundle of goods. Determining whether products are considered distinct performance obligations that should be accounted for separately or aggregated together may require significant judgment.

Identifying and Allocating the Transaction Price

The Company's revenues are measured based on consideration specified in the customer contract, net of any sales incentives and amounts collected on behalf of third parties such as sales taxes. The Company's contracts generally consist of a single performance obligation to transfer promised goods. As a result, the Company does not have to allocate the transaction price.

When Performance Obligations Are Satisfied

The vast majority of the Company's revenues are recognized at a point in time when the performance obligations are satisfied based upon transfer of control of the product or service to a customer. To determine when the control of goods is transferred, the Company typically assesses, among other things, the shipping terms of the contract. Revenue for most of the Company's products is recognized when the goods transferred are shipped to the customer because the shipping terms state that control passes to the customer at the time of shipment. The Company has no contract assets or liabilities as of March 31, 2023 and 2022.

Significant Payment Terms

The customer contract states the final terms of the sale, including the description, quantity and price of each product purchased. Payment is typically due in full within 30 to 105 days of delivery. As a practical expedient, the Company does not adjust consideration for the

(in thousands)

NOTE D - REVENUES - Continued

effects of a significant financing component if the Company expects, at contract inception, that the period between when the good or service is transferred to the customer and when the customer pays for that good will be one year or less.

Refunds, Returns and Warranties

The Company's products are generally not sold with a right of return and the Company does not generally provide material credits or incentives, which may be required to be accounted for as variable consideration when estimating the amount of revenue to be recognized. The Company uses historical experience to estimate accruals for refunds due to manufacturing or other defects.

Practical Expedients and Accounting Policy Elections

The Company has elected (i) to exclude disclosures of transaction prices allocated to remaining performance obligations when the Company recognized such revenue for all periods prior to the date of initial application of ASC 606, (ii) not to adjust the amount of consideration for the effects of a significant financing component when the Company expects, at contract inception, that the period between the Company's transfer of a product or service to a customer and when the customer pays for that product or service will be one year or less, (iii) to expense costs to obtain a contract as incurred when the Company expects that the amortization period would have been one year or less, (iv) not to recast revenue for customer contracts that begin and end in the same fiscal period, and (v) not to assess whether promised goods are performance obligations if they are immaterial in the context of the customer contract.

Revenue by geographical region:

Information related to sales for the years ended March 31,

Region	2023	2022
Domestic	$ 129,295	$ 130,608
International	231,108	197,709
	$ 360,403	$ 328,317

(in thousands)

NOTE E - INVENTORIES

Inventories consisted of the following at March 31,

	2023	2022
Finished goods	$ 37,435	$ 35,646
Raw materials	7,236	7,081
Supplies	29,093	30,017
Total	$ 73,764	$ 72,744
Reserves and lower of cost or net realizable value adjustment	(9,376)	(10,041)
	$ 64,388	$ 62,703

NOTE F - PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following at March 31,

	2023	2022
Land and improvements	$ 2,726	$ 2,726
Buildings and improvements	3,388	3,388
Machinery and equipment	482,122	475,344
Mineral reserves	33,882	33,882
Construction in progress	25,007	15,954
	547,125	531,294
Less accumulated depreciation and depletion	(343,835)	(323,488)
	$ 203,290	$ 207,806

The Company capitalized interest of $277 and $128 for the years ended March 31, 2023 and 2022, respectively, related to construction in progress.

NOTE G - ASSET RETIREMENT OBLIGATION ("ARO")

The Company has significant obligations to remove tangible equipment and restore land at the end of various agreements for the Company's production operations. The Company's removal and restoration obligations are primarily associated with the removal of leasehold improvements at one of the Company's port operations, plugging and abandoning wells and restoring land. Estimating the future restoration and removal costs is difficult and requires management to make estimates and judgments. Asset removal technologies and costs are constantly changing, as are regulatory, political, environmental, safety, and public relations considerations.

AROs associated with retiring tangible long-lived assets are recognized as a liability in the period in which the legal obligation is incurred and becomes determinable. The liability is offset by a corresponding increase in the underlying asset. The ARO liability reflects the estimated present value of the amount of dismantlement, removal, site reclamation, and similar activities associated with the Company's properties. The Company utilizes current retirement costs to estimate the expected cash outflows for retirement obligations. Inherent in the present value calculation are numerous regulatory, environmental, and political environments. Accretion expense is recognized over time as the discounted liability is accreted to its expected settlement value.

The following table describes the changes to the Company's ARO liability, which is included in Other noncurrent liabilities, for the years ended March 31,

	2023	2022
Asset retirement obligation at beginning of year	$ 10,210	$ 9,694
Accretion expenses	543	516
Asset retirement obligation at end of year	$ 10,753	$ 10,210

The ARO liability reflects the estimated present value of the amount of dismantlement, removal, site reclamation, and similar activities associated with the Company's production and leased port properties. The Company utilizes current retirement costs to estimate the expected cash outflows for retirement obligations. The Company estimates the ultimate

(in thousands)

NOTE G - ASSET RETIREMENT OBLIGATION ("ARO") - Continued

productive life of the properties, a risk-adjusted discount rate of 7.43%, and an inflation rate of 2.00%, in order to determine the current present value of this obligation.

NOTE H - DEBT

Debt consisted of the following at March 31,

	2023	2022
Asset based lending credit facility, interest paid monthly, with the interest rate of 8.00% and 3.50% at March 31, 2023 and 2022 respectively	$ 13,150	8,000
Term Loan, interest paid monthly, with the interest rate of 5.68% and 1.26% at March 31, 2023 and 2022 respectively	75,000	75,000
	$ 88,150	$ 83,000
Less current maturities of long-term debt	-	-
Long-term debt	$ 88,150	$ 83,000

On March 31, 2022 the Company refinanced its Primary Revolving and Secondary Revolving Credit Facilities. The Company refinanced its debt obligations with a $75,000 Term Loan and a $32,500 Asset Based Lending Credit Facility (ABL) less outstanding letters of credit.

The ABL Credit Facility is secured by SVM's accounts receivable, inventory and property, plant and equipment. The Term Loan is secured by Karnavati's cash deposits with the lender, accounts receivable, inventory, and property, plant, and equipment. The ABL Credit Facility and Term Loan will expire on March 31, 2027.

(in thousands)

NOTE H - DEBT - Continued

The related outstanding balances at March 31, 2023 are classified as long-term on the accompanying Consolidated Balance Sheets. Due to the revolving nature of loans under the Company's credit facility, additional borrowings and periodic repayments and re-borrowings may be made until the maturity date of March 31, 2027.

SVM had outstanding letters of credit totaling $6,749 and $6,749 for the years ended March 31, 2023 and 2022, respectively. Available borrowings under the ABL Credit Facility as of March 31, 2023 and 2022 were $12,601 and $17,751 respectively. Available borrowings under the Term Loan as of March 31, 2023 and 2022 were $0.

Loans under the amended ABL Credit Facility bear interest at 30-day SOFR plus 2.25%. Loans under the Term Loan bear interest at 30-day SOFR plus 0.85%. The unused portion of the ABL is subject to an unused line fee of 0.25%. The ABL and Term Loan have certain covenants the Company must maintain. The Company must meet a fixed charged coverage ratio of 1:1 if the availability on the ABL falls below $5,000.

NOTE I - INCOME TAXES

Income tax benefit consisted of the following at March 31,

	2023	2022
Federal		
Current	$ (44)	$ (493)
Deferred	(8,695)	(8,741)
	(8,739)	(9,234)
State		
Current	(3)	(13)
Deferred	(1,835)	(399)
	(1,838)	(412)
Foreign		
Current	-	-
	$ (10,577)	$ (9,646)

NOTE I - INCOME TAXES - Continued

For the years ended March 31, 2023 and 2022, the provisions for income taxes are different than expected from applying statutory rates to pretax income. The difference is predominately due to the impact resulting from the enactment of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES" Act), the depletion permanent tax difference and the Refined Coal Credit. On March 27, 2020, the U.S. government enacted comprehensive tax legislation. The CARES Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) granting taxpayers a 5-year carryback period for net operating losses ("NOLs") arising in the tax years beginning after December 31, 2017 and before January 1, 2021; and (2) accelerating the utilization of any remaining minimum tax credits (corporate alternative minimum tax) to offset against regular tax or elect to claim the entire refundable credit beginning in tax year 2019. The Company generated a federal NOL for the year ended March 31, 2023 which will be carried forward indefinitely. A portion of the federal NOL generated for the year ended March 31, 2021 has been carried back to years March 31, 2017, 2018, and 2019. The remaining portion of NOL generated for the year ended March 31, 2021 is carried forward indefinitely. The NOL carryback years fall under both the pre and post-Tax Cuts and Jobs Act (TCJA) tax regime.

Deferred federal income taxes result from temporary differences between the amounts of assets and liabilities reported for financial reporting purposes and income tax purposes. The components of the deferred tax assets and the deferred tax liabilities are as follows as of March 31, 2023.

KARNAVATI HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

March 31, 2023 and 2022

(in thousands)

NOTE I - INCOME TAXES - Continued

	2023	2022
Deferred income tax assets:		
Inventories	$ 1,287	$ 1,187
Lease liabilitities	6,928	9,120
Asset retirement obligation	2,823	2,686
Other accrued liabilities	2,796	2,524
Other noncurrent liabilities	6,079	945
163(j) interest expense carryforward	1,099	528
Federal net operating loss carryforward	12,755	10,068
State net operating loss carryforward	5,568	4,007
General business credit carryforward	8,473	8,368
Alternative minimum tax credit carryforward	2,554	2,554
Total gross deferred income tax assets	50,362	41,985
Less valuation allowance	(7,218)	(4,243)
Net deferred income tax assets	43,144	37,742
Deferred income tax liabilities:		
Property, plant, and equipment	(35,077)	(38,057)
ROU assets	(6,872)	(9,056)
Intangible assets	(8,321)	(8,383)
Other current assets	(273)	(175)
Other noncurrent assets	-	-
Total gross deferred income tax liabilities	(50,543)	(55,671)
Net deferred income tax liabilities	$ (7,399)	$ (17,929)

NOTE I - INCOME TAXES - Continued

At March 31, 2023 and 2022, the Company had California alternative minimum tax ("AMT") credit carryforwards of approximately $3,232 and $3,232, respectively, which may be carried forward indefinitely. The Company also had federal general business credit carryforwards of $8,472 at March 31, 2023, which can be carried forward for 20 years. As of March 31, 2023, California has not conformed to the "CARES" Act's provision regarding the acceleration of AMT credits utilization. Thus, due to the nature of the items givin rise to the AMT credit carryforwards, the utilization of the California AMT credit carryforwards is uncertain. Accordingly, the Company has recorded a valuation allowance, net of the federal benefit, of $2,554 and $2,554 as of March 31, 2023 and 2022 respectively. The Company has a federal net operating loss carryforward of $60,736, which was generated in the years ending March 31, 2023, 2022 and 2021, which carries forward indefinitely. The Company has federal general business credit carryforwards of $8,472, which were generated in the years ending March 31, 2023, 2022, 2021, 2020, and 2019, which are carried forward for 20 years. The Company scheduled out the reversal of the cumulative temporary differences which demonstrated there will be sufficient taxable temporary differences to utilize the deductible temporary differences and other deferred tax assets. Accordingly, the Company has recorded a valuation allowance of $1,701 (net of the federal benefit) against a portion of the federal general business credit carryforwards. The Company also has state net operating loss carryforwards of $82,612 which were generated in the years ending March 31, 2023, 2022, 2021, and 2020, which are carried forward from 15 years to indefinitely. The Company scheduled out the reversal of the cumulative temporary differences for state purposes which demonstrated there will <u>not</u> be sufficient taxable temporary differences to utilize all the deductible temporary differences and other deferred tax assets. Accordingly, the Company has recorded an additional valuation allowance of $2,962 (net of the federal benefit) against a portion of state net operating loss carryforwards.

The Company files income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions, and France. Tax years ending after fiscal year 2020, remain subject to examination and assessment for federal purposes and for certain states fiscal 2019 and after. However, the federal and state loss and credit carryforwards and amounts utilized in open years are also open for potential adjustment. As of the date of these Consolidated financial statements, there are no ongoing examinations.

NOTE I - INCOME TAXES - Continued

During the years ended March 31, 2023 and 2022, the Company had no uncertain tax positions. A tax position is a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more-likely-than-not" test, no tax benefit is recorded. The Company records tax interest & penalties as a pretax expense in interest expense.

NOTE J - EMPLOYEE BENEFIT PLANS

The Company has a 401(k) retirement savings and investment plan covering substantially all employees. Contributions are made to this plan by participants through voluntary salary deferral and by the Company in accordance with the terms of the plan. Expense under these benefit plans was $3,179 and $3,042 for the years ended March 31, 2023 and 2022, respectively.

The Company offers a variety of health and welfare plans to active employees. No Company sponsored health and welfare benefit plans are offered to retirees.

NOTE K - LEASES

The Company is a lessee in several non-cancellable operating leases, primarily for rail cars, heavy and office equipment, and real property, and finance leases for certain machinery. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company's activities as a lessor and sub-lessor are not significant.

The Company's rail car leases have initial lease terms ranging from 1 to 10 years, some of which include options to extend or renew the leases for 2 to 7 years. For rail car leases, the options to extend are not considered reasonably certain at lease commencement because of the availability of alternative rail cars and ease of relocation. Other leases have initial lease terms ranging from 1 month to 20 years, some of which may include automatic renewal options or options to extend the leases for up to 20 years. Generally, the renewal option

NOTE K – LEASES - Continued

periods are not included within the lease term because the Company typically does not exercise renewal options except for the San Diego port lease. The San Diego lease is currently in a month-to-month holdover. The Company believes both parties will more likely than not extend the agreement for a period of 20 years.

The Company determines if an arrangement is a lease at contract inception. A lease exists when a contract conveys to the customer the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease.

Operating leases where the Company is the lessee are included in Right of Use Assets (net of finance lease amortization) and Other accrued liabilities for short-term and Other noncurrent liabilities for long term on the Company's Consolidated Balance Sheets. Finance leases where we are the lessee are included in Right of Use Assets and Other accrued liabilities for short term and Other noncurrent liabilities for long term on the Company's Consolidated Balance Sheets. The ROU asset and lease liability for operating leases are initially measured and recorded at the present value of the expected future lease payments at contract commencement or modification. 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.

ASC 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. As the interest rate implicit in the Company's leases is not readily determinable, the Company uses its incremental borrowing rate as the discount rate for the lease. The Company determines the rates using a portfolio approach. Because the Company does not generally borrow on a collateralized basis, we have developed a credit rating in order to derive an appropriate incremental borrowing rate, adjusted for the lease term and the effect of collateral.

Payments due under the lease contracts include fixed payments plus, for many of the Company's leases, variable payments such as escalations based on usage fees, property taxes, insurance, and common area maintenance which may be paid to the lessor or a third party. The Company's real property leases may include fixed escalations or escalations based on the consumer price index. The Company has elected to combine lease and nonlease components for all classes of underlying asset. Therefore, separate lease and non-lease components are accounted for as a single lease component.

(in thousands)

NOTE K – LEASES - Continued

Operating lease costs are recognized on the Consolidated Statements of Operations on a straight-line basis over the lease term, with operating lease costs being recorded to Cost of goods sold-products or Selling, general and administrative expense based on the primary use of the leased asset. Finance lease costs are recorded to depreciation expense, and interest expense is recognized using the effective interest rate method and included in interest expense in the Company's Consolidated Statements of Operations. Variable rent payments for both operating and finance leases are not included in the measurement of the lease liability and are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs.

ROU assets for operating and finance leases may be periodically reduced by impairment losses. The Company uses the long-lived assets impairment guidance to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize. As of March 31, 2023, we have not encountered any impairment losses.

The Company monitors for events or changes in circumstances that require a reassessment of a lease. 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.

The components of lease cost included in Cost of goods sold-products for the year ended March 31,

	2023	2022
Operating lease expense	$ 11,682	$ 12,015
Finance lease cost		
Amortization of right-of-use assets	422	369
Interest on lease liabilities	74	87
Total finance lease expense	496	456
Short term lease expense	3,692	2,508
Variable lease expense	1,455	1,353
Total lease expense	$ 17,325	$ 16,332

(in thousands)

NOTE K – LEASES - Continued

Amounts reported in the Consolidated Balance Sheets for leases where the Company is the lessee as of the year ended March 31,

Leases	Classification	2023	2022
Assets			
Operating lease assets	Right of use assets	$ 26,178	$ 34,426
Finance lease assets	Right of use assets (less accumulated amortization)	1,805	2,227
Total lease assets		$ 27,983	$ 36,653
Liabilities			
Current			
Operating	Other accrued liabilities	$ 10,006	$ 10,055
Finance	Other accrued liabilities	588	562
Noncurrrent			
Operating	Other noncurrent liabilities	16,384	24,613
Finance	Other noncurrent liabilities	816	1,404
Total lease liabilities		$ 27,794	$ 36,634

Information related to lease term and discount rate for the year ended March 31,

	2023	2022
Weighted-average remaining lease term		
Operating leases	4.47 years	4.87 years
Finance leases	4.55 years	5.67 years
Weighted-average discount rate		
Operating leases	4.97%	4.54%
Finance leases	4.45%	4.48%

(in thousands)

NOTE K – LEASES - Continued

Other information related to leases as of the year ended March 31,

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ 74	$ 87
Operating cash flows from operating leases	11,711	11,826
Financing cash flows from finance leases	562	491
Total cash paid for amounts included in the measurement of lease liabilities	$ 12,347	$ 12,404
Right-of-use assets obtained in exchange for lease liabilities		
Operating leases	$ 2,059	$ 3,998
Finance leases	-	335
Reductions to ROU assets resulting from reductions to lease obligations		
Operating leases	268	752
Finance leases	-	-

Amounts disclosed for ROU assets obtained in exchange for lease obligations include amounts added to the carrying amount of ROU assets resulting from lease modifications and reassessments.

Maturities of lease liabilities under non-cancellable leases as of the year ended March 31, 2023 are as follows:

	Operating leases	Finance leases
2024	$ 11,038	$ 636
2025	8,732	565
2026	3,793	218
2027	905	59
2028	795	-
Thereafter	4,471	-
Total undiscounted lease payments	$ 29,734	$ 1,478
Less imputed interest	3,344	75
Total lease liabilities	$ 26,390	$ 1,403

NOTE K – LEASES - Continued

As of the year ended March 31, 2023, we have no additional operating or finance leases that have not yet commenced.

The Company must at a minimum of once during the life of the agreement perform abrasive blasting and subsequently painting the exterior of each railcar. The agreements mature between 2020 and 2026, and the estimated remaining obligation as of March 31, 2023 to fulfill this requirement is $707. These payments are not included as part of the Company's lease payments because re-painting of railcars is considered routine maintenance.

NOTE L - COMMITMENTS AND CONTINGENCIES

1. *Litigation*

In the ordinary course of business, the Company is involved in various legal and administrative proceedings. The Company establishes reserves for specific legal matters when it determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable.

The Company is currently in litigation with the Indian Wells Groundwater Authority "IWGA" over the IWGA's replenishment fee. On January 1, 2015 California enacted the Sustainable Groundwater Management Act due to a severe multi-year drought in California

and a growing understanding the groundwater was being pumped faster than it was being replenished. The IWGA was established under the SGMA and created a Groundwater Sustainability Plan "GSP" on January 16, 2020. Under the GSP the IWGA set up a significant replenishment fee based on water consumption. The Company is challenging the replenishment fee based the Company's belief it has prescriptive water rights not subject to the IWGA's replenishment fee. The Company does continue to accrue for the replenishment fee and late fees. The Company has accrued $11,902 and $6,427 as of March 31, 2023 and 2022 respectively, classified in Accrued Environmental.

NOTE L - COMMITMENTS AND CONTINGENCIES - Continued

2. *Self-Insurance*

The Company is self-insured for certain employee health benefits ($280 annually per employee with no annual aggregate) and workers' compensation ($750 per accident). Self-insurance costs are accrued based upon the aggregate of the liability for reported claims

and an estimated liability for claims incurred but not reported. The liability is included in current Other accrued liabilities and Other noncurrent liabilities.

At March 31, 2023 and 2022, the Company recorded a liability of $1,383 and $1,586, respectively, in Other accrued liabilities for self-insured medical costs. At March 31, 2023 and 2022, the Company recorded a liability of $4,276 ($882 classified in Other accrued

liabilities and $3,393 in Other noncurrent liabilities) and $4,158 ($848 classified in Other accrued liabilities and $3,310 in Other noncurrent liabilities), respectively, for self-insured worker's compensation costs.

3. *Royalties*

A substantial portion of the land used in the Company's operations in Searles Valley, California is owned by the U.S. government. The Company pays a royalty to the U.S. government of 5% on the net sales value of the minerals extracted from government land. The U.S. government reduced the royalty rate for Soda Ash products from 5% to 2% for a 10 year period starting on January 1, 2021. The leases generally have a term of 10 years with preferential renewal options. Royalty expense included in Cost of goods sold-products was $5,847 and $5,220, for the years ended March 31, 2023 and 2022, respectively.

4. *Purchase Commitments*

As of March 31, 2017, the Company has entered into supply contracts to purchase coal and as of March 31, 2023, the Company has entered into supply contracts to purchase natural gas. The purchase commitments have been for amounts to be consumed within the normal production process, and thus, the Company has determined that these contracts meet normal purchases and sales exceptions as defined under U.S. GAAP. As such, these contracts have been excluded from recognition within these Consolidated Financial Statements until the

NOTE L - COMMITMENTS AND CONTINGENCIES – Continued

actual contracts are physically settled. The purchase commitments for coal are with two suppliers and one supplier for natural gas and require the Company to purchase a minimum usage. Future minimum purchases remaining under the coal agreement are $31,036 through December 31, 2024. Future minimum purchases remaining under the gas agreement are $7,649 through March 31, 2026.

5. *Sales Commitments*

The Company has various agreements with customers to sell specified amounts of sodium sulfate, soda ash, potassium sulfate, salt, and boron products over a period of 1 to 3 years at fixed sales prices and minimum quantities. Management does not anticipate any significant losses from these contracts.

6. *Minimum Annual Guarantee*

The Company's shipments through the San Diego and Long Beach, California ports require a minimum annual guaranty ("MAG"). The Port of San Diego requires that the Company ship a minimum amount of tons at a fixed wharfage charge through the port on an annual basis through expiration of the agreement. The Port of Long Beach requires that the Company ship an annual minimum tonnage through the port at the basis rates. The San Diego port agreement is currently in a hold over period. The Company intends to remain in San Diego for at least another 20 years if it can successfully renew its agreement with the Port of San Diego over such period. The Long Beach port agreement expires in December 2023 with an unfulfilled requirement of $586. For the San Diego port, the Company recorded $696 and $715 in unfulfilled MAG commitments as of March 31, 2023 and 2022, respectively, which are included in Accounts payable. Future MAG commitments based on the lease periods noted above on the San Diego and Long Beach ports through the respective contract expiration dates are $11,649 and $3,825, respectively.

NOTE L - COMMITMENTS AND CONTINGENCIES – Continued

7. *Environmental Matters*

At March 31, 2023 and 2022, the Company recorded accruals $2,716 ($80 classified in Other accrued liabilities and $2,636 in Other noncurrent liabilities) for future costs associated with environmental matters.

The Company recorded accruals of $14,344 for future CO_2 emissions to be purchased to comply with the state of California regulations as of March 31, 2023.

NOTE M - RELATED-PARTY TRANSACTIONS

The Company had sales of $39,418 and $1,375 for the years ended March 31, 2023 and 2022, respectively, and deferred revenue from prepayment of $5,910 and $222 as of March 31, 2023 and 2022, respectively. The deferred revenue is expected to be recognized for shipments occurring throughout fiscal year 2024.

NOTE N - SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the Consolidated Balance Sheet date through May 8, 2023 the date on which the Consolidated Financial Statements were available to be issued, and determined that there are no other items to disclose.

SUPPLEMENTARY INFORMATION

Karnavati Holdings, Inc. and Subsidiaries

CONSOLIDATING BALANCE SHEET

March 31, 2023

(in thousands)

	Searles Valley Minerals Europe, S.A.S.	Trona Railway Company, LLC	Searles Domestic Water Company, LLC	Searles Valley Minerals Inc. (SVM)	SVM eliminations	SVM consolidated	Karnavati Holdings, Inc. (KHI)	KHI eliminations	KHI consolidated
Current assets									
Cash and cash equivalents	$ 513	$ -	$ 777	$ (2,686)	$ 1,911	$ 515	$ 796	$ -	$ 1,311
Certificates of deposit	-	-	-	-	-	-	91,500	-	91,500
Accounts receivable, net	13	147	46	59,436	-	59,642	-	-	59,642
Income tax receivable	-	-	-	23,848	-	23,848	(430)	-	23,418
Other receivables	17	-	-	1,001	(11)	1,007	254	-	1,261
Inventories, net	-	68	146	64,174	-	64,388	-	-	64,388
Other current assets	-	-	3	3,148	2	3,153	-	-	3,153
Total current assets	543	215	972	148,921	1,902	152,553	92,120	-	244,673
Property, plant, and equipment, net	1	4,168	366	198,755	-	203,290		-	203,290
Investment in subsidiary	-	-	-	82,800	(82,800)	-	131,337	(131,337)	-
Right of use assets, net of finance lease amortization	-	372	-	27,612	-	27,984	(1)	-	27,983
Intangible assets	-	-	-	400	-	400	-	-	400
Total assets	$ 544	$ 4,755	$ 1,338	$ 458,488	$ (80,898)	$ 384,227	$ 223,456	$ (131,337)	$ 476,346
Current liabilities									
Current maturities of long-term debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable	21	8,226	28	31,593	1,912	41,780	-	-	41,780
Accrued salaries and wages	65	250	-	6,303	-	6,618	-	-	6,618
Accrued Environmental	-	-	-	26,245		26,245			26,245
Other accrued liabilities	10	263	9	27,100	(11)	27,371	256		27,627
Total current liabilities	96	8,739	37	91,241	1,901	102,014	256	-	102,270
Due to/ from parent and affiliates	(104)	(85,266)	70	106,275	1	20,976	(20,976)	-	-
Other noncurrent liabilities	-	265	-	34,086	-	34,351	-	-	34,351
Long-term debt	-	-	-	88,150	-	88,150	-	-	88,150
Deferred tax liabilities	-	-	-	7,399	-	7,399	-	-	7,399
Total liabilities	(8)	(76,262)	107	327,151	1,902	252,890	(20,720)	-	232,170
Stockholder's equity									
Common stock	-	-	-	-	-	-	10	-	10
Additional paid-in capital	744	29,435	372	199,513	(30,551)	199,513	124,991	(199,513)	124,991
Retained earnings	(192)	51,582	859	(68,176)	(52,249)	(68,176)	119,175	68,176	119,175
Total stockholder's equity	552	81,017	1,231	131,337	(82,800)	131,337	244,176	(131,337)	244,176
Total liabilities and stockholder's equity	$ 544	$ 4,755	$ 1,338	$ 458,488	$ (80,898)	$ 384,227	$ 223,456	$ (131,337)	$ 476,346
	-	-	-	-	-	-	-	-	-

Karnavati Holdings, Inc. and Subsidiaries
CONSOLIDATING STATEMENT OF OPERATIONS

March 31, 2023

(in thousands)

	Searles Valley Minerals Europe, S.A.S.	Trona Railway Company, LLC	Searles Domestic Water Company, LLC	Searles Valley Minerals Inc. (SVM)	SVM eliminations	SVM consolidated	Karnavati Holdings, Inc. (KHI)	KHI eliminations	KHI consolidated
Net sales	$ -	$ 10,250	$ 614	$ 359,761	$ (10,223)	$ 360,403	$ -	$ -	$ 360,403
Cost of goods sold - products	86	7,390	540	316,112	(10,223)	313,821	-	-	313,821
Cost of goods sold - shipping	-								
and handling	951	-	-	81,452	-	81,452	-	-	81,452
Gross profit (loss)	(1,037)	2,860	74	(37,803)	-	(34,870)	-	-	(34,870)
Selling, general and administrative expenses	(40,971)	-	-	11,123	-	11,081	(1,791)	935	10,226
Other Income/Loss	-	-	-	(235)	-	(235)	-	-	(235)
Income (loss) from operations	39,934	2,860	74	(49,161)	-	(46,186)	1,791	(935)	(45,331)
Interest expense	-	17	-	4,551	-	4,567	-	(935)	3,632
Income (loss) from subsidiary	-	-	-	2,957	(2,957)	-	(39,709)	39,709	-
Income (loss) before taxes	39,934	2,843	74	(50,755)	(2,957)	(50,753)	(37,918)	39,709	(48,963)
Income tax expense (benefit)	-			(11,045)		(11,045)	467	-	(10,577)
Net income (loss)	$ 39,934	$ 2,843	$ 74	$ (39,710)	$ (2,957)	$ (39,708)	$ (38,385)	$ 39,709	$ (38,386)