FORACO INTERNATIONAL S.A.

Unaudited Condensed Interim Consolidated Financial Statements

Three-month and nine-month periods ended September 30, 2021

Table of Contents

Unaudited condensed interim consolidated balance sheet - Assets

in thousands of US$	Note	September 30, 2021	December 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	38,843	36,090
Goodwill	(6)	65,583	69,482
Deferred income tax assets	(16)	18,452	29,846
Other non-current assets		921	906
		123,799	**136,324**
Current assets			
Inventories, net	(7)	35,658	31,387
Trade receivables, net		40,314	29,357
Other current assets		12,164	9,737
Cash and cash equivalents		22,319	20,960
		110,454	**91,441**
Total assets		**234,254**	**227,765**

Unaudited condensed interim consolidated balance sheet – Equity and Liabilities

in thousands of US$	Note	September 30, 2021	December 31, 2020
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		2,499	1,772
Share premium, reserves and retained earnings		56,180	11,154
		58,679	**12,926**
Non-controlling interests		7,353	4,876
Total equity		**66,032**	**17,802**
LIABILITIES			
Non-current liabilities			
Borrowings - Non-current portion of long term debt	(8) & (16)	94,186	153,993
Lease obligations - Non current portion	(8)	3,908	3,915
Deferred income tax liabilities		2,468	3,570
Provisions for other liabilities and charges	(9)	605	517
Current liabilities			
Trade payables		28,109	17,711
Other payables		25,681	23,086
Current income tax liabilities		2,822	2,319
Borrowings - Current portion of long term debt	(8) & (16)	7,574	1,837
Borrowings - Current portion of drawn credit lines	(8)	954	1,299
Lease obligations - Current portion	(8)	1,773	1,568
Provisions for other liabilities and charges	(9)	141	149
Total liabilities		**168,221**	**209,964**
Total equity and liabilities		**234,254**	**227,765**
Net debt including operating lease obligations under IFRS 16		86,076	141,652

Net debt including operating lease obligations is a non IFRS measure and corresponds to the current and non-current portion of borrowings, net of cash and cash equivalents

Unaudited condensed interim consolidated income statement

In thousands of US$	Note	Three-month period ended September 30 2021	Three-month period ended September 30 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Revenue	(4)	70,574	55,924	200,793	152,945
Cost of sales	(11)	(55,716)	(43,088)	(164,085)	(123,683)
Gross profit		**14,858**	**12,836**	**36,708**	**29,262**
Selling, general and administrative expenses	(11)	(5,870)	(5,213)	(16,868)	(15,454)
Other operating income / (expense), net		-	-	-	-
Operating profit / (loss)		**8,988**	**7,623**	**19,840**	**13,808**
Finance costs		(2,107)	(1,951)	(6,850)	(6,446)
Gain on refinancing	(16)	34,583	-	34,583	-
Profit / (loss) before income tax		**41,464**	**5,672**	**47,673**	**7,362**
Income tax (expense) / profit (*)	(12) & (16)	(9,371)	(1,425)	(10,889)	(1,903)
Profit for the period		**32,093**	**4,247**	**36,785**	**5,459**
Attributable to:					
Equity holders of the Company		30,408	2,949	33,219	2,633
Non-controlling interests		1,685	1,298	3,566	2,827
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US cents per share):					
- basic	(15)	30.91	3.28	35.78	2.93
- diluted	(15)	29.90	3.19	34.60	2.86
Operating profit before depreciation, amortization and non-cash share based compensation expenses		**13,802**	**11,582**	**33,621**	**26,208**

(*) 2021 Income tax expense includes US$ 8,994 thousand non cash related to the gain on refinancing

Unaudited condensed interim consolidated statement of changes in equity

in thousands of US$	Attributable to equity holders of the Company				
	Share Capital	Share Premium, reserves and retained earnings	Total	Non-controlling interests	Total Equity
Balance at January 1, 2020	**1,772**	**29,223**	**30,996**	**5,682**	**36,678**
Profit / (loss) for the period	-	2,633	2,633	2,827	5,459
Currency translation differences	-	(25,274)	(25,274)	(1,949)	(27,223)
Employee share-based compensation	-	135	135	-	135
Treasury shares purchased (see Note 10)	-	(27)	(27)	-	(27)
Dividend paid to non controlling interests	-	-	-	(1,978)	(1,978)
Balance at September 30, 2020	**1,772**	**6,690**	**8,463**	**4,582**	**13,045**
Balance at January 1, 2021	**1,772**	**11,154**	**12,927**	**4,875**	**17,802**
Profit / (loss) for the period	-	33,219	33,219	3,566	36,785
Currency translation differences	-	(4,404)	(4,404)	128	(4,276)
Employee share-based compensation	-	150	150	-	150
Impact in modification of share par value	507	(507)	-	-	-
Share capital increase (See Note 16)	220	16,831	17,051	-	17,051
Treasury shares purchased (see Note 10)	-	(263)	(263)	-	(263)
Dividend paid to non controlling interests	-	-	-	(1,217)	(1,217)
Balance at September 30, 2021	**2,499**	**56,180**	**58,679**	**7,353**	**66,032**

Unaudited statement of comprehensive income

in thousands of US$	September 30, 2021	September 30, 2020
Net profit / (loss) for the period	36,785	5,459
Currency translation differences	(4,276)	(27,223)
Total comprehensive profit / (loss) for the period	**32,509**	**(21,764)**
Attributable to:		
Equity holders of the Company	*28,815*	*(22,642)*
Non-controlling interests	*3,694*	*878*

Unaudited condensed interim consolidated cash flow statement

in thousands of US$	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Profit / (loss) for the period	**36,785**	**5,459**
Adjustments for:		
- Depreciation, amortization and impairment (see Note 11)	13,631	12,264
- Share of (profit) / loss from associates	-	-
- Share-based compensation expenses (see Note 11)	150	135
- Non Cash Reorganization program impact	-	-
- Income tax expenses / (profit) (see Note 12)	10,888	1,903
- Finance costs, net	(27,834)	6,446
Cash generated from operations before changes in operating assets and liabilities	**33,621**	**26,207**
Changes in operating assets and liabilities:		
- Inventories	(4,344)	1,062
- Trade accounts receivable and other receivables	(13,384)	(6,592)
- Trade accounts payable and other payables	12,085	3,882
Cash generated from / (used in) operations	**27,978**	**24,559**
- Interest paid, net	(839)	(2,237)
- Income tax paid	(4,670)	(1,664)
Net cash flow from / (used in) operating activities	**22,469**	**20,658**
Purchase of property, plant and equipment (*)	(14,677)	(7,313)
Net cash generated from / (used in) investing activities	**(14,677)**	**(7,313)**
Proceeds from issuance of borrowings, net of issuance costs	187	417
Proceeds from issuance of bonds, net of issuance costs	95,564	-
Repayments of Bonds including costs paid	(96,125)	-
Repayments of borrowings	(3,354)	(1,474)
Repayments of lease obligations	(1,120)	(1,086)
Proceeds from / (repayment of) short term credit facilities	(313)	(4,621)
Acquisition of treasury shares (see Note 10)	(263)	(27)
Dividends paid to Company's shareholders	-	-
Dividends paid to non-controlling interests	(1,217)	(1,978)
Net cash generated from / (used in) financing activities	**(6,641)**	**(8,769)**
Exchange differences on cash and cash equivalents	207	(698)
Net increase / (decrease) in cash and cash equivalents	**1,359**	**3,878**
Cash and cash equivalents at beginning of the period	20,960	16,053
Cash and cash equivalents at end of the period	**22,319**	**19,931**
(*) Excluding acquisition financed through leases and right of use	*1,591*	*739*

Selected notes to the unaudited condensed interim consolidated financial statements

1. Basis of preparation

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. All material intercompany balances have been eliminated. Because all the disclosures required by IFRS are not included, these interim statements should be read in conjunction with the audited financial statements of Foraco International S.A. and its subsidiaries ("Foraco" or the "Company") for the year ended December 31, 2020.

Except when otherwise stated, all amounts are presented in thousands of US$, which is the presentation currency of the Company.

2. Selected notes on critical accounting policies and new accounting pronouncements

2.1. Accounting policies

The accounting policies have been consistently applied with those of the annual financial statements for the year ended December 31, 2020 except for the following: during the year, the income tax expense is recognized based on Management's best estimate of the average annual income tax rate expected for the full financial year on a tax jurisdiction by tax jurisdiction basis. In the last quarter of each fiscal year, Management determines the effective income tax rate for the full year based on the anticipated actual tax returns to be filed and the effective contribution of each tax jurisdiction to the consolidated financial statements.

2.2. Seasonal fluctuations

The worldwide presence of the Company reduces its overall exposure to seasonality and its influence on business activity. In West Africa, most of the Company's operations are suspended between July and October due to the rainy season. In Canada, seasonal slow periods occur during the winter freeze and spring thaw or break-up periods. Depending on the latitude, this can occur anytime from October until late December (freezing) and from mid-April through to mid-June (break-up). Operations at mining sites continue throughout the year. Russia is also affected by the winter period during which certain operations are slowed down. In Asia Pacific and in South America, a seasonal slowdown in activity occurs around year-end during the vacation period. Certain contracts are also affected in Chile in July and August when the winter season peaks.

2.3. Covid-19

Key profitability indicators continue to improve period over period despite the continuing uncertainties linked to the Covid-19 pandemic. The market for commodities is supported by the global economic recovery and the increased demand for energy transition and water management.

2.4. Impairment testing

As at December 31, 2020, the Company performed impairment tests at the level of each geographic region using the carrying value of the Company's long lived assets based on the expected discounted cash flows method. Based on the internal forecasts and projections made, the expected discounted future cash flows exceeded each of the long-lived asset's carrying amount for each geographic region and accordingly no impairment was recognized as at December 31, 2020.

In light of its current financial performance, the Company considers that there is no triggering event which would justify an impairment testing as at September 30, 2021.

2.5. Deferred tax valuation allowance

The Company's policy is to recognize deferred tax assets only when they can be recovered within a reasonable timeframe. As a general rule, the Company recognizes deferred tax assets only when they can be used against taxable profit generally within five years or when available tax opportunities exist. On this basis, the Company has adopted a partial recognition based approach and has recorded certain valuation allowances.

2.6. New accounting pronouncements

The consolidated interim financial statements have been prepared using the same accounting policies and methods of evaluation as in the December 31, 2020 annual financial statements.

Standards, amendments and interpretations to existing standards that were applicable to the Company during the period

- IBOR reform Phase 2 amendments - applicable on January 1, 2021 – "Interest Rate Benchmark Reform"
- IFRS 16 amendment - applicable on April 1, 2021 – "Rent Concession".

The application of these amendments has not had any material impact on the consolidated financial statements of the Company.

Standards, amendments and interpretations to existing standards that are applicable on or after January 1, 2022

- IAS 1 amendments on classification - applicable on January 1, 2023 – "Classification of liabilities as current or non-current",
- Amendments to IFRS 17 - applicable on January 1, 2023 – "Insurance contract",

- Amendments on disclosure of accounting policies - applicable on January 1, 2023 - Disclosure of accounting policies",
- IAS 8 amendments on accounting estimates - applicable on January 1, 2023 – "Definition of accounting estimates",
- IFRS 17 - Applicable on January 1, 2023 – "Insurance contract",
- IAS 16 amendments regarding proceeds before intended use - applicable on January 1, 2022 – "Plant and equipment - proceeds before intended use".
- 2018-2020 annual improvements cycle - applicable on January 1, 2022,
- IAS 37 amendments regarding onerous contracts - applicable on January 1,2022 – "Cost of fulfilling a contract".
- IFRS 3 amendments updating a reference to the Conceptual Framework -applicable on January 1, 2022 – "Business combination".

The impact on the consolidated financial statements of the Company of these standards, amendments and improvements are currently being evaluated.

3. Financial risk management

The Company is exposed to a variety of financial risks through its activity, including: liquidity risk, currency risk, cash transfer restriction, interest rate / re-investment risk, financial counter-party risk and credit risk.

A significant portion of the cash flows of the Company are denominated in Canadian Dollars, Euros, Australian Dollars, Brazilian Real, Chilean Pesos, Russian Rubbles and US Dollars. The financial performance and position as reported in US$ are dependent on the fluctuations of the US$ against the other mentioned currencies of the Group.

As part of the refinancing, the Company reduced its exposure to Euros. As described in note 16, the new financing amounting to US$ 100 million raised on July 7, 2021 is US$ denominated.

4. Segment information

The business segment information for the three-month periods ended September 30, 2021 and September 30, 2020 is as follows:

	Mining		Water		Group	
Three-month period ended	**September 30,**		**September 30,**		**September 30,**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue	61,793	43,790	8,781	12,134	70,574	55,924
Gross profit / (loss)	13,076	9,773	1,782	3,063	14,858	12,836
Operating profit / (loss)	7,936	5,691	1,052	1,932	8,988	7,623
Finance profit / (costs)	n/a	n/a	n/a	n/a	32,476	(1,951)
Profit / (Loss) before income tax	n/a	n/a	n/a	n/a	**41,464**	**5,672**
Income tax profit / (expense)	n/a	n/a	n/a	n/a	(9,371)	(1,425)
Profit / (loss) for the period	n/a	n/a	n/a	n/a	**32,093**	**4,247**

The business segment information for the nine-month periods ended September 30, 2021 and September 30, 2020 is as follows:

	Mining		Water		Group	
Nine-month period ended	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Revenue	171,632	124,298	29,161	28,647	200,793	152,945
Gross profit / (loss)	30,698	21,941	6,010	7,321	36,708	29,262
Operating profit / (loss)	16,299	9,357	3,541	4,451	19,840	13,808
Finance profit / (costs)	n/a	n/a	n/a	n/a	27,833	(6,446)
Profit / (loss) before income tax	n/a	n/a	n/a	n/a	**47,673**	**7,362**
Income tax profit / (expense)	n/a	n/a	n/a	n/a	(10,889)	(1,903)
Profit / (loss) for the period	n/a	n/a	n/a	n/a	**36,785**	**5,459**

The following is a summary of sales to external customers by geographic area for the three-month periods ended September 30, 2021 and September 30, 2020:

Three-month period ended	**September 30, 2021**	**September 30, 2020**
North America	25,131	20,423
Europe, Middle East and Africa	19,684	17,118
South America	14,057	8,228
Asia Pacific	11,702	10,155
Net sales	**70,574**	**55,924**

The following is a summary of sales to external customers by geographic area for the nine-month periods September 30, 2021 and September 30, 2020:

Nine-month period ended	**September 30, 2021**	**September 30, 2020**
North America	69,489	50,269
Europe, Middle East and Africa	62,985	49,981
South America	36,456	24,031
Asia Pacific	31,863	28,664
Net sales	**200,793**	**152,945**

5. Property, plant and equipment

Property, plant and equipment (PP&E) consists of the following:

	Land & Buildings	Drilling equipment & tools	Automotive equipment	Office furniture & other equipment	Rights of use	Total
Year ended December 31, 2020						
Opening net book amount	1,640	27,162	1,814	405	4,176	35,197
Additions	193	11,343	1,915	153	1,955	15,559
Exchange differences	88	1,547	96	(41)	467	2,157
Disposals or retirements	-	(303)	(38)	-	-	(341)
Depreciation expense	(118)	(14,323)	(685)	(169)	(1,187)	(16,482)
Closing net book value	**1,803**	**25,426**	**3,102**	**348**	**5,411**	**36,090**
Period ended September 30, 2021						
Opening net book amount	1,803	25,426	3,102	348	5,411	36,090
Additions	87	14,100	1,136	153	1,591	17,068
Exchange differences	(57)	(446)	(42)	(13)	(96)	(654)
Disposals or retirements	-	(31)	-	-	-	(31)
Depreciation expense	(75)	(11,456)	(710)	(106)	(1,282)	(13,629)
Closing net book value	**1758**	**27,593**	**3,486**	**382**	**5,624**	**38,843**

The PP&E depreciation expense and the intangible asset amortization expense have been charged to the income statement as follows:

Period ended	**September 30, 2021**	**December 31, 2020**
Cost of sales	12,003	15,650
Selling, general and administrative expenses	1,028	1,023
Total depreciation and amortization	**13,631**	**16,673**

6. Goodwill

Goodwill can be analyzed as follows:

	September 30, 2021	**December 31, 2020**
Goodwill at beginning of period	**69,482**	**75,936**
Exchange differences	(3,899)	(6,454)
Goodwill at end of period	**65,583**	**69,482**

Goodwill is denominated in the functional currency of its primary economic environment and is allocated to the following geographic regions: South America (US$ 43.5 million), North America (US$ 9.0 million), Asia Pacific (US$ 7.3 million) and Europe, Middle East and Africa (US$ 5.8 million).

7. Inventories

Inventories break down as follows:

	September 30, 2021	December 31, 2020
Spare parts and consumables, gross	35,658	31,387
Less inventory allowance	-	-
Inventories, net	**35,658**	**31,387**

The Company continually assesses spare parts and consumables and writes off obsolete inventories as soon as they are identified.

8. Financial debt and lease obligations

On July 7, 2021, the Company finalized its financial reorganization related to the early redemption of its euro-denominated bonds amounting to US$145,871 thousand as at June 30, 2021 maturing in May 2022. The Company raised US$ 100 million of new bonds for the purpose of financing the transaction. The refinancing resulted in a reduction of the financial debt and the extension of the maturity through the end of 2025 as presented in the table below:

Debt as at July 1, 2021	154,338
Derecognition of former bonds	(145,871)
New Bonds	100,000
Costs related to the New Bonds (including OID)	(4,436)
Repayment of other borrowings	(3,667)
Other variation including interests accrued	2,350
Debt as at September 30, 2021	**102,714**

As at September 30, 2021, the maturity of financial debt can be analyzed as presented in the table below:

	September 30, 2021
Credit lines	954
Long-term debt	
Within one year	7,574
Between 1 and 2 years	10,202
Between 2 and 3 years	9,930
Between 3 and 4 years	9,626
Between 4 and 5 years	64,428
Total	**102,714**

The borrowing presented above in the column is mainly denominated in US$.

As part of the implementation of IFRS 16, the Company recognized lease obligations amounting to US$ 5,681 thousand as at September 30, 2021.

9. Provisions

Provisions comprise the following elements:

	Pension and retirement indemnities	Provision for tax uncertainty	Claims	Total
As at January 1, 2021	**518**	**-**	**148**	**666**
Charged to consolidated income statement				
- Addition to provisions	77	-	-	77
- Used amounts reversed	-	-	-	-
- Unused amounts reversed	-	-	-	-
- Exchange differences	8	-	-5	3
As at September 30, 2021	**603**	**-**	**143**	**746**

Substantially all of the Group's employees, with the exception of those in France and Africa, are covered under Government sponsored health and life insurance benefit plans. In France and Africa, the Group contributes to the national pension system whereby its obligations to employees in terms of pensions are restricted to a lump-sum length of service award payable at the date the employee reaches retirement age, such an award being determined for each individual based upon years of service provided and projected final salary.

The Company operates in various countries and may be subject to tax audits and other employee related risks. The Company is currently facing such risks in certain countries but there is no existing or contingent liability at the balance sheet date. The Company regularly reassesses its exposure and accounts for provisions accordingly.

A certain number of claims have been filed by former employees of the Brazilian subsidiary. These claims may result in a cash outflow for the Company. Given the uncertainty surrounding such claims, an amount payable of US$ 143 thousand has been provided for as at September 30, 2021.

10. Share capital and change in equity

Number of shares outstanding

As at September 30, 2021, the total common shares of the Company are distributed as follows:

	Number of shares
Common shares held directly or indirectly by principal shareholders	34,155,191
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors	1,164,754
Common shares held by the Company	748,843
Common shares held by the public (*)	63,183,010
Total shares issued and outstanding	**99,251,798**
Common shares held by the Company	(748,843)
Total common shares issued and outstanding	**98,502,955**

(*) The early redemption of the bonds as described in note 16 has been completed by the issuance of 9,300,000 ordinary shares of the Company.

Treasury shares

The Company filed a notice on June 17, 2020, in respect of a Normal Course Issuer Bid ("NCIB") with the Toronto Stock Exchange ("TSX"). The Company was entitled to purchase up to 1,000,000 additional common shares. The NCIB was partially completed in 2021, 683,888 shares were purchased at an average purchase price of Can$ 0.60.

The Company filed a notice on September 16, 2021, in respect of a Normal Course Issuer Bid ("NCIB") with the Toronto Stock Exchange ("TSX"). The Company was entitled to purchase up to 1,000,000 additional common shares. As at September 30, 2021, the Company purchased 23,186 of its own shares at an average purchase price of Can$ 2,08.

As at September 30, 2021, the Company owns 748,843 of its own shares (298,209 as at December 31, 2020).

The common shares held by the Company will be used for free share plans.

11. Expenses by nature

Operating expenses / (income), net by nature are as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2021	2020	2021	2020
Depreciation and amortization	(4,764)	(3,914)	(13,631)	(12,264)
Accruals increases / (reversals)	(19)	(1)	(95)	(111)
Raw materials, consumables used and external charges	(30,011)	(24,406)	(89,740)	(71,596)
Employee benefit expense	(26,498)	(19,419)	(76,421)	(53,900)
Taxes other than on income	(294)	(478)	(1,065)	(1,200)
Other operating (expenses) / profit, net	-	(83)	-	(65)
Total operating expenses	**(61,586)**	**(48,301)**	**(180,952)**	**(139,136)**

Share-based compensation expenses recognized within Employee benefit expense for the period ended September 30, 2021 amount to US$ 150 thousand (US$ 135 thousand in 2020).

12. Income tax expense

During the three-month period ended September 30, 2021, the Company recognized an income tax expense amounting to US$ 9,371 thousand including US$ 8,994 thousand non cash related to the gain on refinancing. The income tax is recognized based on Management's best estimate of the average annual income tax rate expected for the full financial year on a tax jurisdiction by tax jurisdiction basis.

13. Commitments and contingencies

As part of the refinancing described in note 16, the Company granted a security package in favor of its new lender mainly consisting in a pledge on 100% of the shares held by Foraco International in certain of its subsidiaries and over certain materials and equipment, in Canada, Brazil and Australia.

Guarantees given are as follows:

	September 30, 2021	December 31, 2020
Bid bonds	73	243
Advance payment guarantees	6,797	5,337
Performance guarantees	2,528	2,052
Retention guarantees	118	299
Financial guarantees	161	170
Total	**9,676**	**8,101**

The Company benefits from a corporate contract guarantee line confirmed until December 2022 amounting to €6.5 million (US$ 7.6 million) of which €4.3 million (US$ 5.0 million) was used as at September 30, 2021.

14. Related-party transactions

The Company accounted for certain related party transactions including lease of facility and equipment amounting to US$ 939 thousand for the period ended September 30, 2021 (US$ 641 thousand for the period ended September 30, 2020).

Compensation to key management for the period ended September 30, 2021 amounted to US$ 1,319 thousand (US$ 1,239 thousand for the period ended September 30, 2020).

15. Earnings per share calculation

For the three-month period ended September 30, 2021, the weighted basic average number of shares was 98,376,811 (89,827,280 in 2020) and the weighted diluted average number of shares was 101,685,935 (92,361,601 in 2020).

For the nine-month period ended September 30, 2021, the weighted basic average number of shares was 92,831,292 (89,854,936 in 2020) and the weighted diluted average number of shares was 96,013,653 (92,205,833 in 2020).

Diluted earnings per share

The dilutive earning per share calculation includes the impact of the Company's free share plan as if the related new shares were issued. Dilutive instruments cannot have an anti-dilutive effect in case of a net loss attributable to the equity holders of the Company. Therefore, the basic and diluted earnings per share are the same for loss making periods.

16. Financial reorganization

On July 7, 2021, the Company finalized its financial reorganization, which was announced on May 19, 2021 related to the early redemption of its euro-denominated bonds amounting to US$145,871 thousand as at June 30, 2021, raised in 2017 and maturing in May 2022. The early redemption of these bonds has been completed by way of a repayment of US$ 90,997 thousand in cash and the issuance of 9,300,000 ordinary shares of the Company. The Company raised US$ 100 million of new bonds for the purpose of financing the transaction.

Profit on the transaction

The difference between the fair value of the contribution paid to the former bond holders including the new shares issuance and the cash paid and the book value of the early redeemed bonds generate a financial gain for the Company. The gain, before tax, can be presented as follows taking into consideration the fact that the income tax payable is offset against previously recognized deferred tax assets:

Nominal value of the bonds as at July 7, 2021	**146,347**
Fair value of the 9,300,000 shares issued to the benefit of the former bond holders	(16,851)
Cash payable to the former bond holders	(90,997)
Profit before transaction costs	**38,499**
Costs related to the Bonds extinguishment	(3,916)
Gain on refinancing before tax	**34,583**

Adjustment on the borrowings

Given the characteristics of the former and the new financing, Management has assessed that the completion of the financial reorganization resulted in the derecognition of former bonds recorded in the balance sheet for an amount of US$ 146,347 thousand as at July 7, 2021 and the recognition of a new debt for the original value of the new financing of US$ 100,000 thousand before an Original Issue Discount (OID) of US$ 3,000 thousand and related transaction cost of US$ 1,436 thousand. The provisional amounts recorded for transaction costs may be adjusted once final billing information will be received.

Adjustment on equity

As part of the transaction 9,300,000 shares have been issued to the benefit of the former bond holders. The transaction has been accounted for using the fair value approach. For the purpose of the financial information, the fair value per share has been determined using a commonly accepted valuation methodology taking into account the adjusted net debt as it appeared post refinancing.

The fair value attributed to the 9,300,000 shares amounting to US$ 16,851 thousand is allocated to par value for US$ 220 thousand and to share premium for US$ 16,631 thousand.

17. Post balance sheet events

There are no significant post balance sheet events.