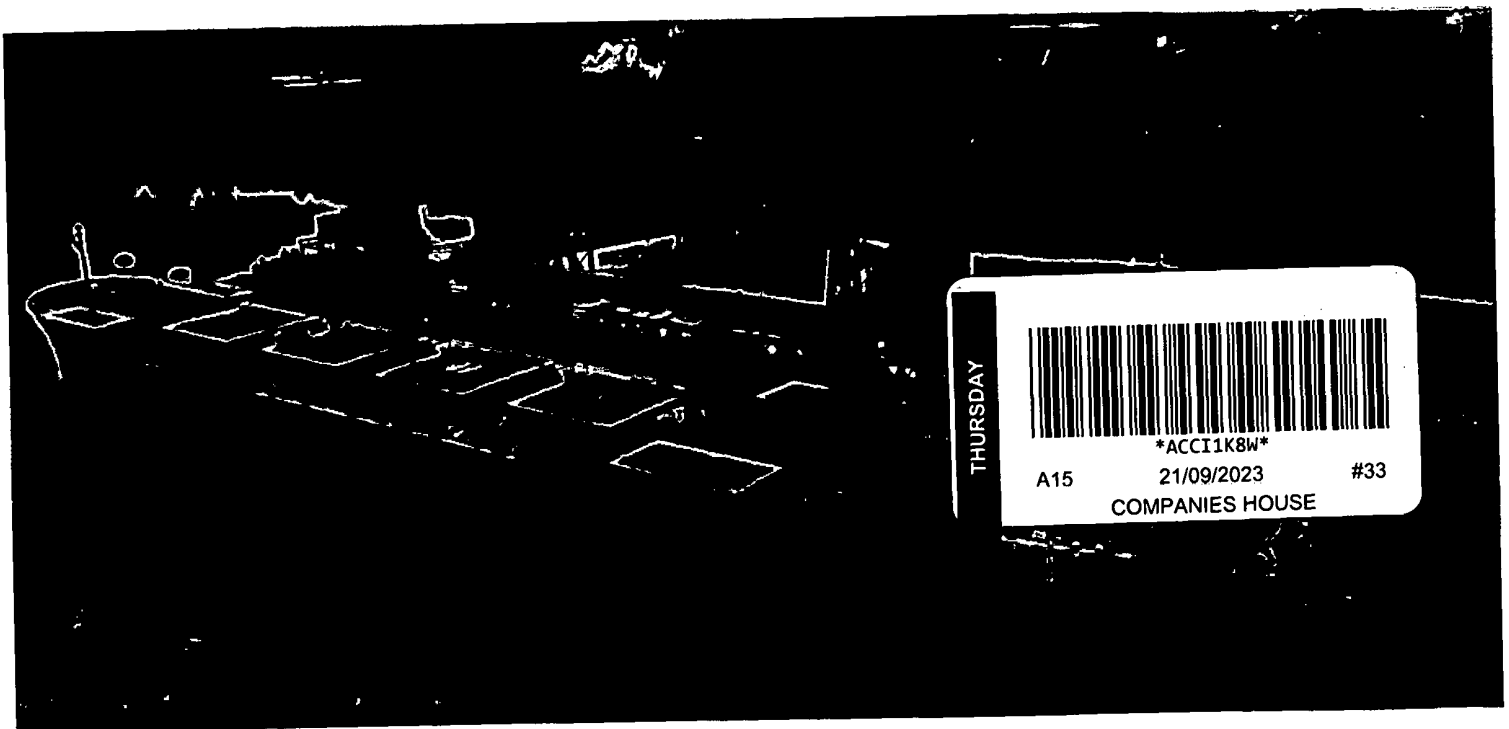


**CONCORD**

# Annual Report 2022

**Concord Resources Limited**



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## **Strategic report**

The Strategic Report, Directors' Report and financial statements are presented for the year ended 31 December 2022 (prior period comparatives for the year ended 31 December 2021).

### **Business Review**

Concord is a global resources merchant, trader and investor focused primarily on the trading and risk management of non-ferrous metals and associated raw materials markets. Concord offers its services to global producers and consumers of commodities along the supply chains to provide committed purchasing and sales, risk management and financing. Concord is active across the metal markets from refined metal products, alloys to raw materials and concentrates. This activity covers global markets including, but not limited to, copper, aluminium, zinc, lead, nickel, cobalt, precious metals, as well as some speciality metals and ores. Concord is also active across the carbon markets supporting partners with the tools and services necessary to reach their specific emission goals. Concord employs skilled and experienced marketers, traders and operations teams to maintain relationships with our partners, suppliers and customers globally, while covering global markets and diligently managing global physical operations. Concord adds value by using commodity contracts, inventories, balance sheet, market knowledge and contacts to provide a reliable service to miners, smelters, financiers, and industrial companies seeking an intermediary for the sale and purchase of commodity products.

Concord provides services such as physical commodity product marketing, committed asset production off-take, commodity supply, inventory management, logistics organisation and project development and financing across the metals producing and consuming industries. Concord is active with customers in prompt market arrangements out to multi-year structured contracts. The global metals markets are businesses sensitive to the global business activity in numerous industries, including automotive, aerospace, consumer products, steel, construction, and infrastructure. Concord serves its customers from its headquarters in London, and principal marketing offices in New York, Connecticut, and Hong Kong, while also maintaining a network of representatives and agents in South America, Europe, Asia, and Australia. Concord also makes investments in companies, assets and metal markets utilising its primary research to express market views on evolving industry dynamics. Concord moves substantial volumes of commodity products every month using ocean vessels, barges, railroads, and trucks to customers around the world. Concord is an active participant in investing in, and trading on the global metal markets.

Concord has minority equity investments in ElementUS, a new venture developing a sustainability focused processing facility to extract valuable rare earths and critical minerals from bauxite residue, Sienna Metals (a sustainably sourced cobalt investment company) and Nevada Copper, a growing producer of copper in the United States, and early-stage investments in technology companies aligned with the industry in which we operate.

Concord aims to achieve consistent above average industry profitability and corresponding annual growth in book value per share for our investors by being a different entrepreneurial risk-taking group. Concord believes it has an independent, entrepreneurial, team culture that is responsive to customer marketing needs and trading opportunities in the global commodities markets while also operating within an organised, professional and disciplined risk management structure.

Concord successfully concluded its seventh year of operation with business transactions in 42 countries and delivered over 2.5 million tons to over 230 unique customers.

### **Performance**

2022 was a very challenging year for the Group and Company because of a substantial decline in aluminium and alumina prices, a sharp rise in market interest rates relevant for our short-term use of trade financing at the same time as demand and prices for products weakened. The Group and Company's revenues decreased by 25% in 2022 and decreased overall net profits for 2022 compared to the prior year. The Group and Company had revenues of US\$4.0 billion (bn) (2021: US\$5.4bn) from business activities in the year to 31 December 2022. The Group and Company had gross (loss)/profit of US\$(46.2) million (m) and US\$(46.4m) (2021: US\$92.5m and US\$92.3m), this represents gross margins of (1.1%) and (1.2%) respectively. The Group and Company had net (loss)/profit of US\$(39.2m) and US\$(64.1m) (2021: US\$11.3m and US\$11.3m). The Group and Company's balance sheet ended 2022 with US\$1,603m and US\$1,577m of assets (2021: US\$1,909m and US\$1,908m) both supported by US\$1,032m (2021: US\$1,221m) of normal course of business commodity and trade financing from various international financial institutions.

## **Strategic report (continued)**

### **Performance (continued)**

During 2022 the global metals markets had a promising start to the year but were quickly overtaken by an energy crisis that inordinately benefitted natural gas, coal, and oil products, while simultaneously hurting demand and pricing of non-ferrous metal products. Russia's invasion of Ukraine created a temporarily justifiable frenzy for energy product security that set off a cost spiral for metals production, curtailed smelters and alumina refineries, and raised the costs of logistics. It also caused a serious contract break on the London Metal Exchange which raised all trading margins and made holding normal course of business hedges very expensive. Uneven global sanctions and embargo regimes were also applied to Russian commerce that left consumers and producers unable to clearly predict trade flows and particularly adversely affected aluminium and alumina markets. Tightening monetary policy conditions took interest rates up significantly over the year. The absolute level of interest rates is a headwind, but also important is the velocity of the change – which was something not seen in many decades. In a higher interest rate environment, metal curves are expected to tighten into material backwardation because of strong economic conditions, or go into steep contango to pay for carry, however in 2022 neither happened which impacted on our business. The alumina market had a promising start, like all commodities during Q1 (which was a record quarter for our profitability) but was short-lived. Like all metals prices it peaked in March and did not respect cost pressures, declining the rest of the year. In addition, instead of reflecting the any scarcity or supply risk premium in markets in 2022, physical aluminium markets weakened significantly during Q2 and remained low to the end of 2022.

The 2022 Group performance was directly attributable to these specific headwinds in 2022:

- The highest and quickest velocity rise in interest rates in decades, leading to a time-lag before we can pass these costs on to customers.
- The suspension of operations at Nevada Copper Corp, a copper concentrates source and associated working capital and loss of earnings for Concord Resources' copper marketing.
- Exchange trading conditions that became unhealthily volatile and at odds with industry fundamentals following the London Metal Exchange Nickel contract suspension, and associated increases in margins and prolonged backwardations in futures curves, creating poor risk-reward opportunities for trading.
- The substantial decline in prices for aluminium and alumina, two key products to which Concord has direct price exposure to across a variety of global sales contracts.

Despite these headwinds to profitability, the Company continued to make progress in each of its core areas. The Company maintains strong relationships with customers and supports a number of important global business lines. Despite the challenging year in 2022, Concord met all its obligations to customers, financiers and other stakeholders and maintains the strong support of its long-term and core shareholders.

### **Sustainability**

In 2022, Concord focused on building on its established commitments of Environmental, Social and Governance ('ESG') issues as set out in the prior year roadmap. Concord recognises it is increasingly being held to account for its ESG regulatory initiatives, its own carbon footprint and its activity along the commodity supply chain.

Concord's efforts this year were to build upon its existing framework whilst maintaining its forward-looking strategy in ESG. The headwinds of 2022, including the war in Ukraine and disrupted supply chains, have had a meaningful impact on the delivery of the Green Economy globally, and whilst Concord is well positioned to serve its customers in transitioning to the Green Economy, 2022 hindered the fast forwarding of these initiatives. Despite this however, Concord remains dedicated to deliver on these commitments in this space.

In 2022, Concord published its annual 'Sustainability Statement' which articulates its ESG commitments and demonstrates its adherence to certain ESG standards and principles that it values and wants to promote through its culture and actions. Concord adheres to all mandatory reporting requirements but also seeks to adopt any non-mandatory reporting where relevant and feasible.

## **Strategic report** *(continued)*

### **Sustainability** *(continued)*

The Sustainability Statement is updated every year on Concord's website, promoting transparent communication to stakeholders and accountability of Concord's ESG progress. Some of the key highlights from the 2022 Sustainability Statement include the following:

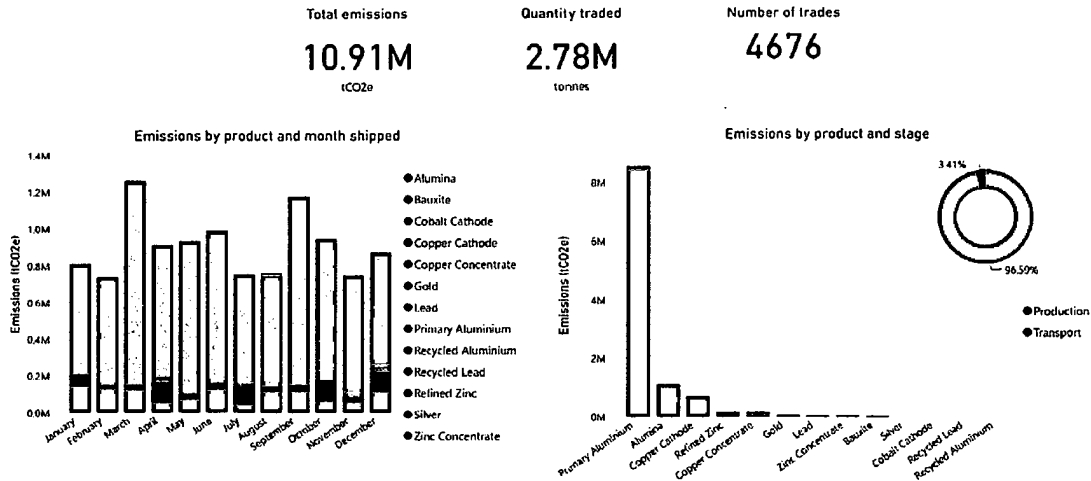
- **Ecovadis Assessment:** Concord was very pleased to be re-awarded the Silver Ecovadis Corporate Social Responsibility (CSR) rating in 2022. Maintaining the Silver Rating, while improving its overall score from the prior year, was one of Concord's commitments and one which it was able to proudly achieve, notably improving in many key areas of the scoring system.
- **HR/Employee focus:** In 2022, Concord engaged an external consulting firm to undertake an HR Discovery Audit of Concord's workforce. After the changes in working environments brought about by the Covid pandemic, more flexible working policies and the business evolution of Concord during these critical years, the management team felt it was important to turn its attention to how Concord's people and teams are developed and led.
- **ESG Risk Assessment:** The work done by an external third-party consultant to produce an ESG reporting roadmap was completed early in 2022. The conclusion of this assessment which was carried out through a series of interviews and workshops, included a materiality risk assessment of Concord's business strategy and portfolio, ESG implementation milestones and manageable timelines to achieve these. All areas of the business were included in this assessment, in which ESG reporting targets were set out. Concord used the roadmap to prioritise enhanced ESG disclosure during 2022 ((SECR, Scope 1&2 GHG Emissions ("operational carbon footprint") and Scope 3 emissions.)).

### **Investments in the Sustainable/Renewable sectors**

- **ClearSky:** During the course of 2022, Concord continued to support the work of its joint venture company, ClearSky. Concord maintains that investing in regulated and voluntary carbon offset markets will have an important role to play in the progression towards a carbon neutral world for industries with emissions that cannot be eliminated or reduced through investment and operational optimisation. Over the course of the year, ClearSky developed its business strategy concluding its first carbon offset sale to an international automobile manufacturer whilst strategically building out the commercial team to maintain steady growth and development as a new player in the Carbon offset markets. Concord supports the view that carbon trading has the potential to enhance Concord's strategic position in the sector.
- **CarbonChain:** The work with CarbonChain continues to progress very positively. Following from last year, Concord is now able to measure Scope 3 supply chain emissions efficiently. Extraction and refining of trading commodities represented the overwhelming majority of Concord's supply chain, accounting for 96.6% of 2022 emissions. Transport of traded goods contributed 3.4%. This means that sourcing choices represent the most impactful opportunity to reduce emissions. The majority of Concord's supply chain emissions came from the production of primary aluminium with an average intensity of 12.1 tonnes CO<sub>2</sub>e/tonne aluminium traded. This relates both to Concord's focus upon aluminium trading – it was the most frequently traded commodity in 2022 – and the high average emissions intensity of aluminium production, which is dominated by the smelting step. Aluminium also presents the greatest opportunity for abatement; the lowest carbon aluminium traded in 2022 had a footprint of 2.98 CO<sub>2</sub>e/tonne (Alma/Quebec) whilst the highest was 18.69 CO<sub>2</sub>e/tonne (Hillside/South Africa). Copper Cathode and Alumina trades also represented sources of supply chain emissions.

Strategic report (continued)

Sustainability (continued)



SECR Carbon Reporting

It is now a requirement for large UK organisations to include energy and carbon data in their Annual Reports, under the SECR Regulations. Concord has reviewed the relevant activities, relating to buildings and business travel, and made the calculations, as shown below.

Concord's SECR carbon emissions for calendar year 2022 amounted to 9.06 tCO<sub>2</sub>e, almost all from electricity. Absolute emissions have risen by 1% since last year and relative emissions (compared to turnover) are up by 33% as turnover in Concord Resources Limited has reduced.

Emissions Scope / Activity	Current year: 2022				2021	
	Consumption (Original unit)	Energy Equivalent (kWh)	Carbon Emissions (tCO <sub>2</sub> e)	% of SECR	Carbon Emissions (tCO <sub>2</sub> e)	% change
<b>Total Energy, kWh</b>		<b>46,708</b>			<b>42,280</b>	
<b>Scope 1 - Direct Emissions</b>			-	<b>0%</b>	-	
Gas Consumption (kWh)	-	-	-		-	
Company Vehicles (miles)	-	-	-		-	
<b>Scope 2 - Energy Indirect Emissions</b>			<b>8.90</b>	<b>98%</b>	<b>8.98</b>	<b>-1%</b>
Electricity Consumption (kWh)	45,999	45,999	8.90		8.98	
<b>Scope 3 - Other Indirect Emissions</b>			<b>0.2</b>	<b>2%</b>	-	
Grey Fleet (miles)	-	-	-		-	
Hire Cars (miles)	600	709	0.2		-	
<b>Total Emissions, tCO<sub>2</sub>e</b>			<b>9.06</b>		<b>8.98</b>	<b>1%</b>
<b>Performance metric:</b>						
Turnover (\$billion)	4.023				5.35	
<b>Relative Emissions, tCO<sub>2</sub>e/\$billion</b>			<b>2.27</b>		<b>1.70</b>	<b>33%</b>

Note: Figures above have been rounded up to one decimal place, so there may be some discrepancy in totals. The above figure does not equate to the organisation's entire emissions, just those required by SECR. Electricity emissions factor is 'location-based' using the UK national average, and do not include Transmission & Distribution. Gas emissions factor is gross calorific value.

## Strategic report *(continued)*

### Sustainability *(continued)*

	Unit	2022	2021	% change
<b>Energy consumption</b>	kWh	<b>46,708</b>	<b>42,280</b>	
<b>Scope 1 - Direct Emissions</b>	tCO <sub>2</sub> e	-	-	
<b>Scope 2 - Energy Indirect Emissions</b>	tCO <sub>2</sub> e	8.9	9.0	
<b>Scope 3 - Other Indirect Emissions</b>	tCO <sub>2</sub> e	0.2	-	
<b>Total SECR Emissions</b>	tCO <sub>2</sub> e	9.1	9.0	1%
<b>Relative SECR Emissions, normalised by turnover</b>	tCO <sub>2</sub> e/\$billion	2.3	1.7	33%

Following an energy audit, several efficiency opportunities have been identified, concentrating on heating, lighting, and office equipment, plus business travel. Concord has calculated its wider operational carbon footprint and setting a baseline and reduction targets are now being investigated. Concord also strives to understand the environmental impact of the wider activities in commodities that are being traded. The ‘cradle to grave’ impacts of extraction, processing and transport of the metals have now been quantified. This is supported by Concord’s ESG policies.

#### *SECR Emissions Calculations*

Concord has reported on all of the emission sources required by the Streamlined Energy and Carbon Reporting (SECR) requirements, under the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These sources fall within Concord’s consolidated financial statement.

Concord has followed the methodology of ISO 14064-1 (Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals) and emission factors from UK Government GHG Conversion Factors for Company Reporting 2022.

For SECR reporting, Scope 1 (Direct) emissions are those arising from natural gas heating and company vehicles. Scope 2 (Energy Indirect) emissions are from electricity. Scope 3 (Other Indirect) emissions come from grey fleet and hire vehicles.

#### *Sustainable Financing*

In 2022, Concord executed an amendment agreement with one of our trade financing banks to use the CarbonChain data to identify certain ESG targets for Concord’s business (Key Performance Indicators or “KPIs”). At this stage, the arrangement operates as a 12-month pilot to enable Concord to understand the logistics of how such ESG targets would work. As a result, there is no discount or premium in terms of cost of funding for meeting these KPIs. And indeed, there is no obligation on Concord to enter into any final KPI programme but knowing that many of our financing banks are leaning towards these types of criteria, it is a good opportunity to test the process before Concord has to commit and these KPIs could in the future form the basis for a Sustainability-linked loan. The KPIs included in the pilot programme are:

- Within the whole Concord trading portfolio, decrease carbon intensive trades by 9% and increase green trades by 23% over the next twelve months.
- Within the bank-financed portion of the Concord trading portfolio, decrease carbon intensive trades by 9% and increase green trades by 23% over the next twelve months.
- Within the whole Concord trading portfolio, reduce the average carbon intensity of aluminium traded by Concord over the next twelve months by at least 10%.
- Concord to improve its Ecovadis score by at least five points during its next assessment in September 2023.

## **Strategic report (continued)**

### **Sustainability (continued)**

Concord continues to invest its liquidity into an ESG-enhanced Money Market Fund. The ESG enhancements are considered alongside the core investment objectives of capital preservation and daily liquidity and the aim is to make better investment decisions whilst encouraging positive change in investment behaviour.

### **Principal Risks and Uncertainties**

As a global commodity merchant trader, Concord is exposed to various risks relating to commodity price fluctuations, as well as macro, credit and political risks. Concord operates in an intensely competitive industry where risk management is a daily component of successful day-to-day business. Some elements of Concord's business require constant real-time management inputs, analysis and assessments. Concord considers that it has an experienced senior management team that has invested in research and created a global network of customers, suppliers and relationships that form the basis for thoughtful decision making within the risk framework of the group.

The risk management framework has been designed to support the opportunistic nature of the business which requires responsive flexibility and appropriate risk appetite, whilst ensuring protective financial and capital risk management.

Concord believes that a global portfolio of refined metals and raw material products traded across different geographies, customer industries and liquidity profiles, as well as derivative hedges and trades, provides adequate business risk diversification and the opportunity to somewhat mitigate risks encountered by our business activities.

Key areas of risk covered by governance and management processes include the following:

#### **Commodity Price Risk**

Concord manages price risk in relation to inventory and forward priced sales and purchase contracts primarily through product listed commodity exchanges and, to a limited extent, "over the counter" (OTC) transactions. Basis risk management (metal location premiums and concentrates treatment and refining charges) is a key focus for Concord management as the hedging instruments available do not always perfectly mitigate the underlying price risk of the commodity. Basis risk loss is subject to an absolute limit for each metal complex and in aggregate across all metals. Concord is active in arbitraging listed metals exchange contracts and physical location premiums. Concord management strictly controls the transactional limits and market risk execution of such activities.

Price risk on long dated contracts is continuously monitored by Concord management and is mitigated by offsetting physical contracts, futures and, where appropriate, futures for similar products where price correlation is high.

#### **Currency Risk**

Concord's functional currency is United States Dollars (USD) and transactions denominated in currencies other than USD may be actively hedged using foreign exchange (FX) forward and swap contracts to mitigate the risk of loss from movement in exchange rates. Debt financing transactions are predominately denominated in USD and EUR and the exit market for the key commodities Concord trades in is USD.

#### **Value at Risk (VaR)**

The average daily VaR (95% confidence interval) of the business is monitored by an independent third-party risk analysis provider for the group.

#### **Credit Risk**

Credit risk is managed and reviewed on an ongoing basis for both trading counterparties and institutional counterparties using an internal proprietary credit scoring process which utilises public information, and where applicable, information provided by the credit counterparty. Financial assets which expose Concord to credit risk include cash and cash equivalents, receivables, prepayments, short-term loan receivables and derivative instruments. Cash and cash equivalents are placed on overnight deposit as well as invested in money market funds with a group of highly credit rated financial institutions. Receivables and prepayment credit risk is mitigated through a conservative risk management policy that limits exposure to lower rated counterparties.

Concord's policy is to reduce credit exposure through confirmed letters of credit, document collection, collateral and insurance agreements, where applicable.

## **Strategic report** *(continued)*

### **Interest Rate Risk**

The risks associated with market interest rate movements are currently related to secured and unsecured financing facilities. These floating rate debt facilities include either a margin linked to LIBOR, EURIBOR or SOFR plus a fixed premium or a floating internal charge for the financial institution plus a fixed premium. Interest rate risk is predominately hedged through matching, as much as possible, the floating element of financing charges to customers against the financing liability.

### **Liquidity Risk**

A conservative liquidity risk management policy ensures that Concord has adequate cash and cash equivalents to meet payments when due and can finance ongoing and potential commitments through secured and unsecured debt funding as required. The current minimum liquidity level is set at a defined percentage of group equity and is monitored daily. Concord actively reviews its capital position to ensure future investments and trade flows can be supported with enough headroom, in particular in the event of commodity price fluctuations.

### **Contract Performance Risk**

Concord manages contract performance risk through a credit risk management process. Potential future exposures to credit risk through physical sale (receivables) and purchase contracts (payments) are modelled to ensure credit limits are not breached and current fair value exposures are included in the review of credit limits by counterparty.

### **Operational risk**

Operational risk management includes political and geographic risk management, insurance management, and the assessment of third-party service providers, including ocean carriers, warehouse operators, logistics providers and suppliers, by designated executives of the group. Concord conducts regular reviews of its service providers and actively avoids doing business with companies or service providers that are believed not to meet certain standards.

Other key risk areas covered by governance and management processes include legal, compliance, regulatory, anti-bribery and corruption. Concord is a proud signatory to the UN Global Compact and is committed to acting ethically and with integrity in its business dealings and relationships throughout the world and to implementing controls to safeguard against conduct that is contrary to the tenets of the UN Global Compact, whether taking place within the business or in any of Concord's supply chains. Concord's Code of Conduct (which is displayed on Concord's website) sets out some of the key standards and principles by which Concord conducts itself and expects its counterparties to conduct themselves. It is considered a robust standard by many Concord counterparties, and it is key to our culture that we hold ourselves to a high standard and we expect our counterparties to meet those standards as well.

In addition to its Code of Conduct, Concord has a detailed and robust set of governance and compliance policies and procedures which set out the enduring ethics and principles which all Concord directors, staff, agents and consultants are required to observe. Concord's business touches many stakeholders - our success and reputation are founded on the trust and confidence that our actions generate in those we have dealings with. Earning and maintaining that trust is not taken lightly and working responsibly and engaging openly is fundamental to our future success.

Concord is operating in a world of over-lapping legal, regulatory and compliance regimes. We continue to monitor and address these challenges by assessing and updating our policies and procedures and with bespoke staff training. We are aware that the world is in a transitional phase, both as it adjusts to a "new normal" following the Covid-19 pandemic but also as it looks to achieve a more sustainable energy mix with a greater emphasis and importance attributed to environmental, social and governance ("ESG") efforts and standards. We believe that Concord is well placed to play its part in efficiently and responsibly supplying the vital commodities that will be required for this transition. ESG considerations are high on the agenda for our stakeholders and, as has been elaborated on in more detail in previous sections, Concord is actively focused on assessing how we can deliver on these matters.

By order of the board



**Mark Hansen**  
*CEO & Executive Director*

28 July 2023

## **Directors' report**

### **Directors' liabilities and indemnities**

Directors and officers of Concord Resources Limited and its subsidiaries are covered by directors & officer's liability insurance.

### **Proposed dividend**

No dividends have been proposed for the year ended 31 December 2022.

### **Directors**

The directors who held office during the year were as follows:

Mark Hansen  
Andrew William Reid  
Andreas Peter Joseph Schmitz

### **Going Concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate. Notwithstanding the consolidated loss for the year for the Group of US\$(39.2m) (2021: profit of US\$11.3m) and the Company loss for the year of US\$(64.1m) (2021: profit of US\$11.3m), the directors have assessed that they have, at the time of approving the financial statements, a reasonable expectation that Concord has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. At 31 December 2022, the Group and Company had net current assets of US\$134.9m and US\$134.6m (2021: US\$306.8m and US\$304.6m) respectively. The Group and Company had net cash and cash equivalents of US\$34.9m and US\$32.4m (2021: US\$52.7m and US\$50.8m). For the year ended 31 December 2022 the Group had operating cash inflows after working capital changes of US\$132.9m (2021: outflows US\$(170.9m)), offset by outflows from repayment of trade finance facilities of US\$(149.4m) (2021: inflows of US\$163.3m), to give a net outflow of US\$(16.5m) for the year (2021: net outflow of US\$(7.6m)). For the year ended 31 December 2022 the Company had operating cash inflows after working capital changes of US\$130.4m (2021: outflows US\$(172.0m)), offset by outflows from repayment of trade finance facilities of US\$(149.4m) (2021: inflows of US\$163.3m), to give a net outflow of US\$(19.0m) for the year (2021: net outflow of US\$(8.7m)). At the date of the approval of the accounts the Group and Company has US\$2.4bn of available, secured financing facilities of which US\$0.7bn are being utilised.

In this assessment, the directors have considered the Group and Company's financial and operational position and in particular committed sales volumes, credit risk of key counterparties, liquidity, and covenants, as well as the funds and available financing facilities as at the date of signing of the financial statements and for the next 12 months. In the assessment of credit and contract performance risk, the directors have considered the credit risk management policy as described in the Strategic Report on page 1 and the Group and Company's policy to reduce credit exposure through confirmed letters of credit, document collection, collateral and insurance agreements, will continue throughout the assessment period.

As the facilities (both committed and uncommitted) are renewed on an annual basis, there is a potential risk that these could be partially or fully withdrawn (or not renewed) by one or more of the 18 lenders during the going concern assessment period. The risk of non-renewal is mitigated through the portfolio of lenders it transacts with and the active dialogue the Board maintains with its financing partners. However, given that the actions of each of the lenders are outside the direct control of the Board, sufficient liquidity is retained in the business to close out commodity positions in an orderly manner to enable the company to remain cash flow positive should this remote event occur. To support ongoing business requirements potential shareholder support is available.

The Company's core merchant business has remained largely uninterrupted considering ongoing macroeconomic challenges, whilst new business opportunities have been slightly impacted, existing and repeat business has continued. The Company's diversified and opportunistic business model which requires responsive flexibility and appropriate risk appetite is designed to be able to position and size itself accordingly and quickly to meet changing refined metal and associated raw material market conditions.

## **Directors' report** *(continued)*

### **Going Concern** *(continued)*

Therefore, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

### **Section 172 Statement**

Under the section 172 of the Companies Act 2006, directors' duties are to promote the success of the company. The company directors are aware that this duty extends to all the stakeholders of the company and how the consequences of any decisions they make could impact the members of the company in the long term.

In this statement, we will explore the key areas identified under section 172 of the Companies Act 2006 and how the Concord directors have endeavoured to ensure success is shared amongst our shareholders, our employees, our stakeholders and actively considers the impact of the company's operations on the community and environment.

#### **1. Our Shareholders**

Concord's management frequently engage with the shareholders of the company's parent entity Concord Resources Holdings Limited ("CRHL"). Each month, the shareholders are sent the CRHL's shareholder report, disclosing the monthly results, a detailed commentary from the CEO of business advances and any meaningful developments in the industry which can impact the company. In this monthly email, the shareholders are invited to raise any questions or concerns they may have with the Management team. Every quarter, certain shareholders are sent the quarterly financial results and every year all shareholders receive the audited annual report. Concord holds quarterly board meetings in which the board members are reminded of their duties under Section 172. It is also important to note that the majority of board members of CRHL are themselves shareholders with greater than 70% of shareholder representation on the board of directors.

#### ***Annual General Meeting***

The AGM is part of effective communication with shareholders of CRHL for corporate matters. All shareholders have the opportunity to ask questions at the AGM, to be held in H2 2023 Our Board welcomes the opportunity for communication and all shareholders to participate and ask questions during the meeting.

#### **2. Our Employees**

Employee welfare is central to the directors' day to day management and decision making. Concord recognises that its team members play a critical role in executing our strategy and delivering value to stakeholders. To promote a safe working environment, all employees are encouraged to communicate any concerns or issues they have to their line managers on a regular basis and through the annual review process. This will also include a salary review and incentive compensation rewarded to ensure employees participate in the company's performance. Each week, all of the employees of the company are invited to dial into a 'Business Update' call. This allows all the regions and business lines to share updates and developments on a weekly basis and to raise any questions or concerns. The company engaged with a corporate training company in 2019 and 2020 which aimed to reinforce the Concord culture, teamwork and value of communication throughout the Group. As a testament to Concord's approach to employee welfare, low levels of staff turnover have been maintained since the inception of the company.

#### **3. Our Stakeholders**

Concord has preserved strong relationships with its stakeholders and built a reputation of trust amongst its banking partners, customers and suppliers. Each year, a significant percentage of repeat business is awarded to the marketing team as a testament to the leading business relationships it has created. Where required, Concord aims to offer its customers financial support with reasonable payment terms. With regards to its suppliers, Concord closely monitors its payment practices with bi-yearly reviews and always aims to pay its suppliers in a timely way in the regular course of business.

## Directors' report (continued)

### Section 172 Statement (continued)

#### 3. Our Stakeholders (continued)

Each year, banking partners are updated by a presentation on operational and financial performance. This consists of a management presentation, led by the CEO, COO and CFO discussing the annual financial results and the forward-looking strategic business plans of the company. The annual update creates a good opportunity for the bankers to discuss with the Management teams and day to day operational teams, reinforcing their relationships and opening a dialogue on shared business opportunities.

Maintaining constructive relationships and dialogue with governments and regulators is an important part of Concord's business approach. Concord's Code of Conduct is built on company values and provides a framework for what Concord considers reliable conduct. Management proactively and responsibly engages with all tax authorities in the jurisdictions in which we operate, and our tax policy can be accessed on our company website.

#### 4. Sustainability

In 2022, sustainability including corporate social responsibility and the environment formed a key part of the strategic business agenda. For further information on ESG initiatives and developments, please refer to the strategic report section.

#### *SECR Carbon Reporting*

It is now a requirement of large organisations to include energy and carbon data in their Annual Reports, under the SECR Regulations. We have reviewed the relevant activities, relating to buildings and business travel, and made the calculations, as shown below.

Our SECR carbon emissions for our calendar year 2022 amounted to **9.1 tCO<sub>2</sub>e**, all from electricity. Absolute emissions have risen by 1% since last year and relative emissions (compared to turnover) increased by 33% due to reducing revenue.

#### **SECR Energy & Carbon Emissions (kWh & tCO<sub>2</sub>e)**

	Unit	2022	2021	% change
<b>Energy consumption</b>	kWh	<b>46,708</b>	<b>42,280</b>	
<b>Scope 1 - Direct Emissions</b>	tCO <sub>2</sub> e	-	-	
<b>Scope 2 - Energy Indirect Emissions</b>	tCO <sub>2</sub> e	<b>8.9</b>	<b>9.0</b>	
<b>Scope 3 - Other Indirect Emissions</b>	tCO <sub>2</sub> e	<b>0.2</b>	-	
<b>Total SECR Emissions</b>	tCO <sub>2</sub> e	<b>9.1</b>	<b>9.0</b>	<b>1%</b>
<b>Relative SECR Emissions, normalised by turnover</b>	tCO <sub>2</sub> e/\$billion	<b>2.3</b>	<b>1.7</b>	<b>33%</b>

We have recently commissioned an energy audit to identify efficiency opportunities, concentrating on heating, lighting and equipment use in the office. This, along with means to manage business travel, will address our operational carbon footprint. We also strive to understand the environmental impact of their wider activities in materials trading. A recent project has started to quantify the 'cradle to gate' impacts of extraction, processing and transport of the metals. This is supported by our ESG policies.

We have reported on all of the emission sources required by Streamlined Energy and Carbon Reporting (SECR), under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These sources fall within our consolidated financial statement.

## **Directors' report** *(continued)*

### **Section 172 Statement** *(continued)*

#### **4. Sustainability** *(continued)*

We have followed the methodology of ISO 14064-1 (Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals) and emission factors from UK Government GHG Conversion Factors for Company Reporting 2022. In order to track progress, historic data was recalculated using current emissions factors (hence carbon figures for last year differ slightly from those reported in our previous Annual Report).

For SECR reporting, Scope 1 (Direct) emissions are those arising from natural gas heating and company vehicles. Scope 2 (Energy Indirect) emissions are from electricity. Scope 3 (Other Indirect) emissions come from grey fleet and hire vehicles.

#### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

#### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

By order of the board



**Mark Hansen**  
*CEO & Executive Director*

28 July 2023

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## **Independent auditors report to the Members of Concord Resources Limited**

### **Opinion**

We have audited the financial statements of Concord Resources Limited (“the Company”) for the year ended 31 December 2022 which comprise the Consolidated and Parent Company Statement of Profit and Loss and Other Comprehensive Income, Consolidated and Parent Company Balance, Consolidated Statement of Changes in Equity for the Group, Consolidated Statement of Changes in Equity for the Company, Consolidated and Parent Company Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 31 December 2022 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the directors’ conclusions, we considered the inherent risks to the Group’s business model and analysed how those risks might affect the Group and Company’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

## **Independent auditors report to the Members of Concord Resources Limited** *(continued)*

- Enquiring of directors and Group's internal and external legal counsels, and inspection of policy documentation as to the Group's high level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud
- Reading Board meeting minutes
- Consultation with our own forensic professionals regarding the identified fraud risks and the design of the audit procedures planned in response to these. This involved discussion between the engagement partner and the forensic professionals
- Considering remuneration incentive schemes and performance targets for management and directors the annual performance bonus for management, which is dependent on a number of key metrics, some of which are non-GAAP measures such as adjusted earnings before tax, depreciation and amortisation (EBTDA).
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as in the valuation of derivatives arising from long term contracts. On this audit we do not believe there is a fraud risk related to revenue recognition because management recognise derivatives on entering forward contracts for the sale of physical commodities and so the timing of revenue recognition will not materially impact the result for the period.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual cash and revenue postings.
- Reviewing the valuation of derivatives arising on long term contracts which included involving valuation specialists to review managements valuation methodology, agreeing inputs to supporting documentation and reperforming management's calculations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias, including consulting with valuation specialists in respect of early-stage investment valuations.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from obtaining legal letters from the Group's external legal counsels and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of noncompliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: regulations relating to increase in the transparency across the European Union's financial markets and standardizing the regulatory.

## **Independent auditors report to the Members of Concord Resources Limited** *(continued)*

disclosures required for particular markets imposed by MiFID and MiFID II, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **Independent auditors report to the Members of Concord Resources Limited** *(continued)*

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Adrian Wilcox (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square,  
Canary Wharf,  
London,  
E14 5GL

**01 August 2023**

**Consolidated and Parent Company Statement of Profit and Loss and Other  
Comprehensive Income**  
*for the year ended 31 December 2022*

	Note	Group		Company	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Revenue	2	4,023,496	5,349,241	4,023,496	5,349,237
Cost of sales		(4,069,704)	(5,256,739)	(4,069,854)	(5,256,951)
Gross (loss) / profit		(46,208)	92,502	(46,358)	92,286
Other income / (expense)	3	18,492	3,461	(700)	3,461
Selling, general & administrative expenses	4, 5	(18,114)	(33,888)	(18,059)	(33,677)
Operating (loss) / profit		(45,830)	62,075	(65,117)	62,070
Interest income	7	6,377	4,314	6,351	4,301
Interest expense		(48,545)	(29,645)	(48,545)	(29,645)
Non-cash interest income / (expense) on redeemable shares		18,579	(12,679)	18,579	(12,679)
Total interest expense	7	(29,966)	(42,324)	(29,966)	(42,324)
Net financing expense		(23,589)	(38,010)	(23,615)	(38,023)
Share of profit / (loss) of equity-accounted investees	14	5,521	(3,063)	-	(3,063)
(Loss) / profit before tax		(63,897)	21,001	(88,733)	20,984
Tax income / (expense)	8	24,677	(9,690)	24,680	(9,686)
(Loss) / profit for the year		(39,220)	11,311	(64,053)	11,298
Share of other comprehensive income from associates	14	-	403	-	403
Exchange (loss) / gain on translation of foreign operations		(123)	58	-	-
<b>Total comprehensive (loss) / income for the year</b>		<b>(39,344)</b>	<b>11,772</b>	<b>(64,053)</b>	<b>11,701</b>

**Consolidated and Parent Company Balance Sheet**  
*at 31 December 2022*

	Note	Group		Company	
		2022	2021	2022	2021
		\$000	\$000	\$000	\$000
<b>Non-current assets</b>					
Property, plant and equipment	9	60	69	60	69
Right-of-use assets	10	1,400	2,097	1,400	2,097
Intangible assets	11	323	339	323	339
Investment in subsidiaries	13	-	-	1,501	1,501
Investments in associates	14	-	4	-	-
Other investments	15	5,847	7,135	5,847	7,135
Lease receivables	10	-	258	-	258
Other financial assets – non-current	16	66,817	98,254	66,817	98,254
Other receivables – non-current	19	128,227	-	101,587	-
Deferred tax assets	23	17,644	-	17,644	-
		<b>220,318</b>	<b>108,156</b>	<b>195,179</b>	<b>109,653</b>
<b>Current assets</b>					
Inventories	12	730,017	854,773	730,017	854,773
Other financial assets - current	16	188,288	248,044	188,243	248,028
Trade and other receivables	17	427,033	644,658	429,094	644,386
Tax receivable		1,657	149	1,657	-
Lease receivables	10	258	298	258	298
Cash and cash equivalents	18	34,930	52,746	32,408	50,812
		<b>1,382,185</b>	<b>1,800,668</b>	<b>1,381,678</b>	<b>1,798,296</b>
<b>Total assets</b>		<b>1,602,503</b>	<b>1,908,824</b>	<b>1,576,857</b>	<b>1,907,948</b>
<b>Current liabilities</b>					
Borrowings	20	1,078,286	1,226,698	1,078,286	1,226,698
Lease liabilities	10	943	900	943	900
Trade and other payables	21	79,605	148,843	79,428	148,727
Tax payable		875	6,652	874	6,652
Other financial liabilities - current	22	87,556	110,765	87,556	110,765
		<b>1,247,265</b>	<b>1,493,858</b>	<b>1,247,087</b>	<b>1,493,743</b>
<b>Non-current liabilities</b>					
Borrowings	20	118,807	137,386	118,807	137,386
Deferred tax liabilities	23	930	840	930	840
Lease liabilities	10	873	1,944	873	1,944
Other financial liabilities – non-current	22	2,765	5,420	2,765	5,420
		<b>123,375</b>	<b>145,591</b>	<b>123,375</b>	<b>145,590</b>
<b>Total liabilities</b>		<b>1,370,640</b>	<b>1,639,448</b>	<b>1,370,462</b>	<b>1,639,332</b>
<b>Net assets</b>		<b>231,863</b>	<b>269,375</b>	<b>206,395</b>	<b>268,616</b>
Share capital	24	74,139	74,139	74,139	74,139
Share premium	24	73,670	73,670	73,670	73,670
Other reserves	24	11,311	9,602	11,255	9,424
Retained earnings		72,743	111,964	47,330	111,383
<b>Total equity</b>		<b>231,863</b>	<b>269,375</b>	<b>206,395</b>	<b>268,616</b>

**Consolidated and Parent Company Balance Sheet (continued)**  
*at 31 December 2022*

These financial statements were approved by the board of directors on 28 July 2023 and were signed on its behalf by:



**Mark Hansen**, *CEO & Executive Director*

**Consolidated Statement of Changes in Equity for the Group**  
*for the year ended 31 December 2022*

	Share capital	Share premium	Share- based payments reserve	Capital contributions	Capital redemption reserve	Retained earnings	Currency translation reserve	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 January 2022	74,139	73,670	-	6,145	3,279	111,964	178	269,375
<b>Total comprehensive income for the year</b>								
Profit or loss	-	-	-	-	-	(39,220)	-	(39,220)
Other comprehensive income	-	-	-	-	-	-	(123)	(123)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(39,220)	(123)	(39,344)
<b>Transactions with owners, recorded directly in equity</b>								
Equity-settled share-based payment transactions	-	-	-	1,831	-	-	-	1,831
<b>Total contributions by and distributions to owners</b>	-	-	-	1,831	-	-	-	1,831
<b>Balance at 31 December 2022</b>	<b>74,139</b>	<b>73,670</b>	<b>-</b>	<b>7,976</b>	<b>3,279</b>	<b>72,743</b>	<b>55</b>	<b>231,863</b>

**Consolidated Statement of Changes in Equity for the Group (continued)**  
 for the year ended 31 December 2021

	Share capital \$000	Share premium \$000	Share-based payments reserve \$000	Capital contributions \$000	Capital redemption reserve \$000	Retained earnings \$000	Currency translation reserve \$000	Total equity \$000
Balance at 1 January 2021	74,139	73,670	(384)	2,389	3,279	100,250	120	253,463
<b>Total comprehensive income for the year</b>								
Profit or loss	-	-	-	-	-	11,311	-	11,311
Other comprehensive income	-	-	-	-	-	403	58	461
<b>Total comprehensive income for the year</b>	-	-	-	-	-	11,714	58	11,772
<b>Transactions with owners, recorded directly in equity</b>								
Equity-settled share-based payment transactions	-	-	384	3,756	-	-	-	4,140
<b>Total contributions by and distributions to owners</b>	-	-	384	3,756	-	-	-	4,140
<b>Balance at 31 December 2021</b>	<b>74,139</b>	<b>73,670</b>	<b>-</b>	<b>6,145</b>	<b>3,279</b>	<b>111,964</b>	<b>178</b>	<b>269,375</b>

**Statement of Changes in Equity for the Company**  
*for the year ended 31 December 2022*

	Share capital	Share premium	Share-based payments reserve	Capital contributions	Capital redemption reserve	Retained earnings	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 January 2022	74,139	73,670	-	6,145	3,279	111,383	268,616
<b>Total comprehensive income for the period</b>							
Profit or loss	-	-	-	-	-	(64,053)	(64,053)
Other comprehensive income	-	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	-	-	(64,053)	(64,053)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>							
Equity-settled share-based payment transactions	-	-	-	1,831	-	-	1,831
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-	1,831	-	-	1,831
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2022</b>	<b>74,139</b>	<b>73,670</b>	<b>-</b>	<b>7,976</b>	<b>3,279</b>	<b>47,330</b>	<b>206,395</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Statement of Changes in Equity for the Company (continued)**  
*for the year ended 31 December 2021*

	Share capital \$000	Share premium \$000	Share-based payments reserve \$000	Capital contributions \$000	Capital redemption reserve \$000	Retained earnings \$000	Total equity \$000
Balance at 1 January 2021	74,139	73,670	(384)	2,389	3,279	99,682	252,775
<b>Total comprehensive income for the period</b>							
Profit or loss	-	-	-	-	-	11,298	11,298
Other comprehensive income	-	-	-	-	-	403	403
<b>Total comprehensive income for the period</b>	-	-	-	-	-	11,701	11,701
<b>Transactions with owners, recorded directly in equity</b>							
Equity-settled share-based payment transactions	-	-	384	3,756	-	-	4,140
<b>Total contributions by and distributions to owners</b>	-	-	384	3,756	-	-	4,140
<b>Balance at 31 December 2021</b>	<b>74,139</b>	<b>73,670</b>	<b>-</b>	<b>6,145</b>	<b>3,279</b>	<b>111,383</b>	<b>268,616</b>

**Consolidated and Parent Company Cash Flow Statement**  
*for the year ended 31 December 2022*

	Note	Group		Company	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>					
(Loss) / profit for the year		(39,220)	11,311	(64,053)	11,298
<i>Adjustments for:</i>					
Depreciation, amortisation and impairment	4	1,005	719	1,005	719
Interest income	7	(6,377)	(4,314)	(6,351)	(4,301)
Interest expense	7	29,966	42,324	29,966	42,324
Equity settled share-based payment expenses	25	1,831	4,140	1,831	4,140
Gain on sale of associate	14	(19,192)	-	-	-
Gain on sale of investment	3	(130)	-	(130)	-
Share of (profit) / loss of equity-accounted investees	14	(5,521)	3,063	-	3,063
Unrealised fair value movement on other investments	3	1,766	453	1,766	453
Dividend income from investments	3	(936)	(1,980)	(936)	(1,980)
Tax (income) / expense	8	(24,677)	9,691	(24,680)	9,686
		<b>(61,486)</b>	<b>65,407</b>	<b>(61,582)</b>	<b>65,402</b>
Decrease/(increase) in trade and other receivables	16, 17, 19	209,195	(153,450)	206,890	(154,706)
Decrease/(increase) in inventories	12	124,755	(105,525)	124,755	(105,525)
(Decrease)/increase in trade and other payables	21, 22	(96,858)	55,749	(96,804)	55,595
		<b>175,606</b>	<b>(137,819)</b>	<b>173,259</b>	<b>(139,234)</b>
Interest received		4,504	4,232	4,477	4,218
Interest paid		(47,588)	(29,857)	(47,587)	(29,857)
Tax received/(paid)		393	(7,431)	253	(7,101)
<b>Net cash from operating activities</b>		<b>132,915</b>	<b>(170,875)</b>	<b>130,402</b>	<b>(171,974)</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of investments		37	4,528	37	4,528
Purchase of investments in associates	14	-	(4)	-	-
Purchase of other investments	15	(1,980)	(8,468)	(58)	(8,468)
Dividend income from investments	3	936	1,980	936	1,980
Acquisition of property, plant and equipment	9	(24)	-	(24)	-
Acquisition of intangible assets	11	(260)	(229)	(260)	(229)
<b>Net cash from investing activities</b>		<b>(1,291)</b>	<b>(2,226)</b>	<b>631</b>	<b>(2,222)</b>
<b>Cash flows from financing activities</b>					
Net (repayments)/proceeds from trade finance facilities	20	(149,440)	163,294	(149,440)	163,294
<b>Net cash from financing activities</b>		<b>(149,440)</b>	<b>163,294</b>	<b>(149,440)</b>	<b>163,294</b>
Net decrease in cash and cash equivalents		(17,816)	(9,806)	(18,404)	(10,901)
Cash and cash equivalents at the start of the period		52,746	62,552	50,812	61,714
<b>Cash and cash equivalents at 31 December 2022</b>	18	<b>34,930</b>	<b>52,746</b>	<b>32,408</b>	<b>50,812</b>

The notes on pages 25-61 form part of these financial statements.

## Notes

### 1 Accounting policies

Concord Resources Limited (the “Company”) is a private company incorporated, domiciled and registered in England in the UK. The registered number is 09788959 and the registered address is 27 Old Gloucester Street, London WC1N 3AX. The company was incorporated on 22 September 2015.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group” or “Concord”) and equity account the Group’s interest in associates. The parent company financial statements present information about the Company as a separate entity and not about its Group.

The Group and Parent Company financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards and applicable law.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company and Group’s functional currency is United States Dollars (USD).

#### **Critical accounting judgments and estimates**

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Concord’s business model exposes it to credit and contract performance risk from counterparties who operate in competitive markets with price volatility and are susceptible to weak macro-economic environments. Judgement is required to decide whether receivables and contracted deliveries will be received and may impact current assets recognised in the statement of financial position.

Concord enters into transactions for the sale and purchase of commodities which may contain a financing element including extended payment terms to customers. Judgement is required to ensure the most appropriate classification and presentation of these transactions in the income statement, balance sheet and cash flow statement. In most instances the economic substance of the transaction is operating in nature and presented as revenue or cost of sales, operating cash flow and a receivable or payable on the balance sheet.

Derivative instruments and inventories are measured at fair value and Concord classifies the quality and reliability of assumptions used to measure fair value in three hierarchy levels as required by IFRS 13 Fair Value Measurement. Current fair value positions are measured using level 1, level 2 and level 3 inputs as described in note 25. These fair value measurements are estimated based on the amounts for which the assets and liabilities would be settled or exchanged at the specific transaction date or reporting date and can differ from the cash flow on settlement. Concord uses valuation techniques that are appropriate for the respective derivative instruments and uses a discounted cash flow valuation technique where unobservable inputs are significant to the overall valuation.

Proceeds from disposal of equity or associate investments that may not be directly received as cash and consideration is received in the form of equity interests in other investments have been calculated using discounted cash flow valuation technique where unobservable inputs are significant to the overall valuation (see Note 3 for further details).

Equity instruments with redemption options have been classified as non-current liabilities to the extent they identify as debt instruments and a subsequent effective interest charge recognised in relation to the potential future liability to be settled on exercise of the redemption option. Judgement has been applied to determine the expected shareholder returns in the future and a market rate of interest for an equivalent long-term loan.

In 2022, the Company’s immediate parent Concord Resources Holdings Limited and its subsidiaries (the “CRHL Group”) realised a gain on sale of the associate investments in Niche Fusina Rolled Products S.R.L (“NFRP”) and Niche European Holdings LLC (“NEH”) (see note 3). In exchange for the disposal of these investments, the CRHL Group received additional 6.4% shareholding in Atlantic Alumina Company LLC (“ATALCO”) as well as a reduction in the preference share liability arising from the acquisition of ATALCO. The value of the proceeds to be used in the gain on sale calculations depends on the primary motivation for the transaction. Management have determined that the primary motivation of the transaction was to dispose of NFRP and NEH and therefore the value of the proceeds is calculated as the fair value of the additional ATALCO shareholding plus reduction in the preference share liability. The Group has recorded the proceeds for the disposal of NFRP as an amount due from related parties (see note 30) with value determined as described.

## Notes (continued)

### 1 Accounting Policies (continued)

#### 1.1 Basis of measurement

The financial statements are prepared on the historical cost basis except for financial instruments and investments classified as fair value through the profit or loss.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Notwithstanding the consolidated loss for the year for the Group of US\$(39.2m) (2021: profit of US\$11.3m) and the Company loss for the year of US\$(64.1m) (2021: profit of US\$11.3m), the directors have assessed that they have, at the time of approving the financial statements, a reasonable expectation that Concord has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. At 31 December 2022, the Group and Company had net current assets of US\$134.9m and US\$134.6m (2021: US\$306.8m and US\$304.6m) respectively. The Group and Company had net cash and cash equivalents of US\$34.9m and US\$32.4m (2021: US\$52.7m and US\$50.8m). For the year ended 31 December 2022 the Group had operating cash inflows after working capital changes of US\$132.9m (2021: outflows US\$(170.9m)), offset by outflows from repayment of trade finance facilities of US\$(149.4m) (2021: inflows of US\$163.3m), to give a net outflow of US\$(16.5m) for the year (2021: net outflow of US\$(7.6m)). For the year ended 31 December 2022 the Company had operating cash inflows after working capital changes of US\$130.4m (2021: outflows US\$(172.0m)), offset by outflows from repayment of trade finance facilities of US\$(149.4m) (2021: inflows of US\$163.3m), to give a net outflow of US\$(19.0m) for the year (2021: net outflow of US\$(8.7m)). At the date of the approval of the accounts the Group and Company has US\$2.4bn of available, secured financing facilities of which US\$0.7bn are being utilised.

In this assessment, the directors have considered the Group and Company's financial and operational position and in particular committed sales volumes, credit risk of key counterparties, liquidity, and covenants, as well as the funds and available financing facilities as at the date of signing of the financial statements and for the next 12 months. In the assessment of credit and contract performance risk, the directors have considered the credit risk management policy as described in the Strategic Report on page 1 and the Group and Company's policy to reduce credit exposure through confirmed letters of credit, document collection, collateral and insurance agreements, will continue throughout the assessment period.

As the facilities (both committed and uncommitted) are renewed on an annual basis, there is a potential risk that these could be partially or fully withdrawn (or not renewed) by one or more of the 18 lenders during the going concern assessment period. The risk of non-renewal is mitigated through the portfolio of lenders it transacts with and the active dialogue the Board maintains with its financing partners. However, given that the actions of each of the lenders are outside the direct control of the Board, sufficient liquidity is retained in the business to close out commodity positions in an orderly manner to enable the company to remain cash flow positive should this remote event occur. To support ongoing business requirements potential shareholder support is available.

The Company's core merchant business has remained largely uninterrupted considering ongoing macroeconomic challenges, whilst new business opportunities have been slightly impacted, existing and repeat business has continued. The Company's diversified and opportunistic business model which requires responsive flexibility and appropriate risk appetite is designed to be able to position and size itself accordingly and quickly to meet changing refined metal and associated raw material market conditions.

Therefore, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

#### 1.3 Basis of consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee. The acquisition date is the date on which control is transferred to

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Basis of consolidation (continued)

the acquirer. The assets, liabilities and results of operations of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset.

#### *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not the ability to control them. A holding of between 20% and 50% of the voting power will usually indicate significant influence unless proven otherwise.

Where the holding is less than 20% significant influence can be evidenced by representation on the board of directors, material transactions between both parties, participation in the policy making, interchange of management personnel or provision of essential technical information. Any related party transaction with an associate will result in unrealised profits and losses eliminated to the extent of the Group's interest in that associate.

#### *Application of the equity method to associates*

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, including any other unsecured long-term receivables, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the Group's interest in these entities, unless the sale or contribution of assets constitute a business in which case the gains and losses are recognised in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1.11.

Changes in the Group's interest in associates are accounted for as a gain or loss on disposal with any differences between the amount by which the carrying amount of the associate is adjusted and the fair value of the consideration received being recognised directly in the consolidated statement of profit and loss and other comprehensive income.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, the United States Dollar, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the currency translation reserve. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the currency translation reserve, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

#### 1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, short-term loan receivables, cash and cash equivalents, loans and borrowings, lease obligations and trade and other payables.

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Restricted cash represents cash held with brokers not available for immediate use and so is included other receivables rather than cash and cash equivalents.

Provisions for expected credit losses are calculated by considering the historical loss profile across the receivables portfolio whilst taking into consideration relevant forward macroeconomic information. In addition, receivables or prepayments more than 30 days overdue represent a material increase in credit risk and if any additional information is provided that would support an increase in the credit risk profile or potential default. Provisions for expected credit losses associated with defaults are calculated based on the individual credit exposure at the point of default and considering the probability of future recovery either during the next 12 months or during the timeline of the contractual obligation.

Trade receivables are written off (impaired) when objective evidence indicates that there is no reasonable expectation of recovery. This is based on an individual review for impairment due to an increase of the credit risk of the customer, past due amounts and taking into account any retention right on product stored for this customer.

Management have assessed the probability of default on intercompany receivables by projecting the future cash flows of Atlantic Alumina Company LLC ("ATALCO"), including the repayment of the intercompany balances. If it is projected that the balances will be settled in full within the forecasting period then Management determines the probability of default to be insignificant. Management have decided to use projected future cashflows of ATALCO in the assessment of intercompany receivables because the various intercompany entities would be able to obtain cash to settle the balances with the Group via ATALCO generating cash. The company assumes that the credit risk on an intercompany loan asset has increased significantly where there is evidence that the headroom under the above definition of default has fallen significantly since origination of the loans.

##### *Trade and other payables*

Trade and other payables represent liabilities for goods and services provided by suppliers to the Group prior to the end of the financial year that are unpaid. They are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Accrued cost and expenses relate to purchases and expenses made before the year end that have not been invoiced at the balance sheet date.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash held at bank, unrestricted cash held with brokers and overnight bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Non-derivative financial instruments (continued)

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

#### 1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- fixtures and fittings: 4 years
- computer hardware: 4 years

For the accounting policies related to the amortisation of right-of-use assets recognised in relation to the leases of the Group and Company, refer to note 1.8 below.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### 1.8 Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets.
- leases with a duration of 12 months or less.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Leases (continued)

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

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

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method, and the rights-of-use asset is depreciated on a straight-line basis, from the commencement date to the earlier of the end of the useful life of the right-of-use asset, or the end of the lease term.

The lease liability is remeasured when:

- there is a change in future lease payments arising from changes in an index or rate;
- there is a change in the Group's assessment of whether it will exercise an extension option; or
- there are modifications in the scope or the consideration of the lease that were not part of the original term.

The lease liability is remeasured with a corresponding adjustment to the rights-of-use asset, or is recorded in profit or loss if the carrying amount of the rights-of-use asset has been reduced to zero.

Depreciation of assets held under finance leases is calculated over the shorter of the lease term or the estimated useful life of the asset.

#### 1.9 Intangible assets

##### *Intangible assets*

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software licences 1 to 5 years

#### 1.10 Inventories

Trading related inventories are stated at fair value less costs to sell. When such inventories are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in profit or loss in the period of the change.

#### 1.11 Impairment excluding inventories and deferred tax assets

##### *Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Impairment excluding inventories and deferred tax assets (continued)

##### *Non-financial assets*

The carrying amounts of the Group and Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.12 Employee benefits

##### *Short-term employment benefit*

Wages, salaries, social security contributions, annual leave and sickness absenteeism, incentives and non-monetary benefits are recognised in the year in which the associated services are rendered by employees.

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### *Share-based payment transactions*

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Group or the Company, as the case may be, account for these share-based payments as equity-settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to equity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Employee benefits (continued)

##### *Share-based payment transactions (continued)*

Share-based payment transactions in which Concord receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of Concord's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

##### *Short-term benefits (cash settled portion of earned incentive compensation)*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 1.13 Revenue

The Group and Company's revenue is generated from the sale of physical commodities. The Group and Company acts as principal in all transactions it is involved in. Revenue is recognised when the customer obtains control of the goods sold. Revenue excludes any applicable sales taxes and is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will *flow* to the Group and Company and the revenues and costs can be reliably measured.

In all but a small number of exceptional instances, sales revenue is recognised when title is transferred to the customer as this when the customer obtains control of the goods.

Revenue from services rendered are recognised if the result of a transaction relating to a service can be reliably estimated and the revenue is probable to be received. Revenues from the services rendered are recognised in proportion to the services delivered up to the balance sheet date.

For certain transactions, the sales price is determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing, which range from 1 to 210 days after initial booking. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The provisional price revenue adjustment embedded within provisionally priced transactions has characteristics of a derivative and the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue.

Performance fees are earned when the contractual performance criteria have been met and when it is probable that a significant reversal of revenue recognised will not occur in future reporting periods.

Marketing income related to agency relationships is recognised over time as the service is rendered.

#### 1.14 Other investments

Equity investments, other than investments in associates, are recorded at fair value through profit and loss. As a result, changes in fair value are recorded in the consolidated statement of profit and loss. Gains on the sale of assets and the divestment of interests in other entities are deemed realised at the time the benefits and the risks of the assets are substantially borne by the buyer and there is no uncertainty as to whether the agreed payment will be received.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

#### 1.15 Financing income and expenses

##### *Financing expenses*

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

**Notes** *(continued)*

**1 Accounting policies** *(continued)*

**1.15 Financing income and expenses** *(continued)*

*Financing income*

Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to Concord and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable interest rate.

**1.16 Income tax**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**2 Revenue**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Revenue by geographical location of customer				
- Americas	2,060,646	2,514,050	2,060,646	2,514,050
- Asia Pacific	878,365	1,764,515	878,365	1,764,511
- Europe, Middle East and Africa	1,084,485	1,070,676	1,084,485	1,070,676
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	<b>4,023,496</b>	<b>5,349,241</b>	<b>4,023,496</b>	<b>5,349,237</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Sale of goods	3,997,481	5,347,711	3,997,481	5,347,707
Rendering of services	26,015	1,530	26,015	1,530
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	<b>4,023,496</b>	<b>5,349,241</b>	<b>4,023,496</b>	<b>5,349,237</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**3. Other income / (expense)**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Loss on equity investments measured at fair value through profit and loss	(1,766)	(453)	(1,766)	(453)
Dividend income received from investments	936	1,980	936	1,980
Gain on disposal of investments	130	1,934	130	1,934
Gain on disposal of associate (see note 14)	19,193	-	-	-
<b>Total other income / (expense)</b>	<b>18,492</b>	<b>3,461</b>	<b>(700)</b>	<b>3,461</b>

In 2022 the Group realised a gain on sale of the associate investment in Niche Fusina Rolled Products S.R.L of US\$19.2m. The consideration received by the wider CRHL group for the disposal of this investment was in the form of a proportion of additional 6.4% shareholding in Atlantic Alumina Company LLC (“ATALCO”) as well as a reduction in the preference share liability arising from the acquisition of ATALCO by other group companies. This has been represented by the Group as amounts due from related parties. As the consideration is partly derived from the fair value of the shares received in ATALCO the gain recognised in the year is sensitive to the fair value of the CRHL group’s investment in ATALCO as at 31 December 2022. The fair value of ATALCO was determined using level 3 inputs and a change in these assumptions would result in a gain on sale for the investment for the low, mid, and high cases of US\$17.0m, US\$18.0m and US\$19.2m, respectively. Management has recorded the realised gain on the sale of the disposal using the high case in these financial statements as the discount rate used in the valuation approach for Atlantic Alumina Company LLC includes a size premium of 1.2%.

**4. Expenses and auditor’s remuneration**

*Included in profit/loss are the following:*

	Group and Company	
	2022 \$000	2021 \$000
Depreciation and amortisation	1,005	719

*Auditor’s remuneration:*

	Group and Company	
	2022 \$000	2021 \$000
Fees payable to Group and Company’s auditors and its associates for the audit of parent company and the consolidated financial statements	849	765
Fees payable to Group and Company’s auditors and its associates for other services:		
Taxation compliance services	343	219
Other tax advisory services	6	4
	<b>1,198</b>	<b>988</b>

**Notes** *(continued)*

**5. Staff numbers and costs**

The average number of persons employed by Concord (excluding non-executive directors) during the year, analysed by category, was as follows:

	<b>Group and Company</b>	
	<b>Number of employees</b>	
	<b>2022</b>	<b>2021</b>
Employees	54	55
	<hr/>	<hr/>
	<b>54</b>	<b>55</b>
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	8,489	20,374
Social security costs	863	2,933
Share based payments (see note 25)	1,831	4,140
Contributions to defined contribution plans	263	275
	<hr/>	<hr/>
	<b>11,446</b>	<b>27,722</b>
	<hr/> <hr/>	<hr/> <hr/>

Wages decreased by US\$11.9m when compared to prior year even though staff numbers remained similar. This was due to a reduction in the total performance related compensation as well as a weaker average GBP/USD exchange during the year.

**6 Directors' remuneration**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Directors' remuneration	1,077	5,977
Contributions to defined contribution scheme	23	26
Amounts receivable under long term incentive schemes	1,260	2,728
	<hr/>	<hr/>
<b>Total directors' remuneration</b>	<b>2,360</b>	<b>8,730</b>
	<hr/> <hr/>	<hr/> <hr/>

The aggregate of remuneration and amounts receivable under long term deferred incentive schemes (includes prior year awards) of the highest paid director, including prior awards vesting, was US\$1,470k (2021: US\$6,434k). The number of directors that held office at the end of the year was 3 (2021: 3), of which 3 (2021: 3) received remuneration and 2 (2021: 2) received amounts under the defined contribution scheme.

**Notes** *(continued)*

**7 Interest income and expense**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Interest income</b>				
Interest income on overnight deposits	24	14	6	1
Interest income on extended payment terms	2,946	3,569	2,946	3,569
Interest income on intercompany loans	3,335	692	3,335	692
Interest income on held-to-maturity investments	39	35	39	35
Interest income on loans to associates	8	-	-	-
Interest income on overpaid tax	7	-	7	-
Interest income on lease receivables	18	4	18	4
<b>Total interest income</b>	<b>6,377</b>	<b>4,314</b>	<b>6,351</b>	<b>4,301</b>

	Group and Company	
	2022 \$000	2021 \$000
<b>Interest expense</b>		
Interest expense on financial liabilities measured at amortised cost	48,545	29,645
Interest (income)/expense on redeemable equity classified as debt	(18,579)	12,679
<b>Total interest expense</b>	<b>29,966</b>	<b>42,324</b>

A non-cash income of US\$18.6m (2021: expense of US\$12.7m) has been included in interest expense in relation to redemption options for D1 Class, D2 Class, D3 Class and X Class shares which can be exercised by the investors (and in relation to X Class Shares, by Concord) at certain time intervals after the date of initial investment (further detail is provided in note 25). The US\$18.6m has been calculated using effective interest rates of between 5.9% and 10.1%. These rates have been calculated by fair valuing the liability component in relation to the D1, D2, D3 and X shares assuming a 6% return on equity over the time intervals between initial investment and redemption cash flow and discounting this back at the market rate of interest of between 4.2% and 8.9% for an unsecured term loan.

**8 Taxation**

**Recognised in the income statement**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
UK corporation tax	(6,373)	7,123	(6,373)	7,123
Prior year adjustments to current tax	(1,096)	(4)	(1,096)	(4)
Overseas tax suffered	346	2,276	343	2,272
<b>Current tax (income)/expense</b>	<b>(7,123)</b>	<b>9,396</b>	<b>(7,125)</b>	<b>9,392</b>
Deferred tax (income)/expense in current year	(17,554)	270	(17,554)	270
Prior year adjustment to deferred tax	-	-	-	-
Effect of exchange rates	-	24	-	24
<b>Deferred tax (income)/expense</b>	<b>(17,554)</b>	<b>294</b>	<b>(17,554)</b>	<b>294</b>
<b>Total tax (income)/expense in income statement</b>	<b>(24,677)</b>	<b>9,690</b>	<b>(24,680)</b>	<b>9,686</b>

**Notes** *(continued)*

**8 Taxation** *(continued)*

**Reconciliation of effective tax rate**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
(Loss)/profit for the year	(39,220)	11,312	(64,053)	11,298
Total tax (income)/expense	(24,677)	9,690	(24,680)	9,686
<b>(Loss)/profit excluding taxation</b>	<b>(63,897)</b>	<b>21,001</b>	<b>(88,733)</b>	<b>20,984</b>
Tax (income)/expense using the UK corporation tax rate of 19.00% (2021: 19.00%)	(12,140)	3,990	(16,859)	3,987
Prior year adjustments and rate change effects	(5,368)	20	(5,368)	20
Non-deductible expenses	(3,479)	2,644	(3,479)	2,644
Overseas tax	89	2,596	104	2,596
Deferred tax not recognised	(5)	-	-	-
Income not taxable	(4,696)	-	-	-
Share in chargeable profits from partnerships	-	178	-	178
Gain on capital disposal	-	195	-	195
Exchange rate differences	922	67	922	67
<b>Total tax (income)/expense</b>	<b>(24,677)</b>	<b>9,690</b>	<b>(24,680)</b>	<b>9,686</b>

The Group and Company's effective tax rate has decreased to 38.6% and 27.8% (2021: 46.1% and 46.2%) due to higher non-deductible expenses related to interest accrued on the redeemable shares, an overseas capital gain tax charge related to the disposal of Concord Resources Europe B.V holdings in Niche Fusina Rolled Products S.R.L., and the increase in UK corporation tax rates as discussed below which impacts the Group and Company's deferred tax balances.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 December 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary/timing differences.

**Notes** *(continued)*

**9 Property, plant and equipment**

	Group and Company		Total
	Computer hardware \$000	Fixtures & fittings \$000	
<b>Cost</b>			
Balance at 1 January 2022	465	335	800
Additions	24	-	24
	<u>489</u>	<u>335</u>	<u>824</u>
Balance at 31 December 2022	<u>489</u>	<u>335</u>	<u>824</u>
<b>Depreciation</b>			
Balance at 1 January 2022	404	327	731
Depreciation charge for the year	30	3	33
	<u>434</u>	<u>330</u>	<u>764</u>
Balance at 31 December 2022	<u>434</u>	<u>330</u>	<u>764</u>
<b>Net book value at 31 December 2022</b>	<u>55</u>	<u>5</u>	<u>60</u>

	Group and Company		Total
	Computer hardware \$000	Fixtures & fittings \$000	
<b>Cost</b>			
Balance at 1 January 2021	442	325	767
Additions	23	10	33
	<u>465</u>	<u>335</u>	<u>800</u>
Balance at 31 December 2021	<u>465</u>	<u>335</u>	<u>800</u>
<b>Depreciation</b>			
Balance at 1 January 2021	368	324	692
Depreciation charge for the year	36	3	39
	<u>404</u>	<u>327</u>	<u>731</u>
Balance at 31 December 2021	<u>404</u>	<u>327</u>	<u>731</u>
<b>Net book value at 31 December 2021</b>	<u>61</u>	<u>8</u>	<u>69</u>

**Notes** *(continued)*

**10 Leases**

*Right of use assets*

	<b>Group and Company</b>	
	<b>Leasehold Building \$000</b>	<b>Total \$000</b>
<b>Cost</b>		
Balance at 1 January 2022	3,869	3,869
Additions / Remeasurements	-	-
	<hr/>	<hr/>
Balance at 31 December 2022	<b>3,869</b>	<b>3,869</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation</b>		
Balance at 1 January 2022	1,772	1,772
Amortisation for the year	697	697
	<hr/>	<hr/>
Balance at 31 December 2022	<b>2,469</b>	<b>2,469</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value at 31 December 2022</b>	<b>1,400</b>	<b>1,400</b>
	<hr/> <hr/>	<hr/> <hr/>

	<b>Group and Company</b>	
	<b>Leasehold building \$000</b>	<b>Total \$000</b>
<b>Cost</b>		
Balance at 1 January 2021	3,543	3,543
Additions / Remeasurements	326	326
	<hr/>	<hr/>
Balance at 31 December 2021	<b>3,869</b>	<b>3,869</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation</b>		
Balance at 1 January 2021	1,319	1,319
Amortisation for the year	453	453
	<hr/>	<hr/>
Balance at 31 December 2021	<b>1,772</b>	<b>1,772</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value at 31 December 2021</b>	<b>2,097</b>	<b>2,097</b>
	<hr/> <hr/>	<hr/> <hr/>

*Lease liabilities*

The following table sets out the movements in the lease liabilities during the year.

	<b>Group and Company</b>	
	<b>Leasehold building 2022 \$000</b>	<b>Leasehold building 2021 \$000</b>
Balance at 1 January 2022	2,844	2,323
Lease obligations entered into in the year	-	1,208
Remeasurement due to updated management assumptions	-	(278)
Interest expense on lease liabilities	72	50
Cash payments	(973)	(449)
Foreign exchange differences	(127)	(10)
	<hr/>	<hr/>
<b>Balance at 31 December 2022</b>	<b>1,816</b>	<b>2,844</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**10 Leases** *(continued)*

The following table sets out a maturity analysis of lease payments payable, showing the undiscounted lease payments to be paid after the reporting date:

	<b>Group and Company</b>	
	<b>Office Lease</b>	<b>Office Lease</b>
	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Due less than 1 year	943	900
Due 1-2 years	384	974
Due 2-5 years	489	970
Due greater than 5 years	-	-
	<hr/>	<hr/>
<b>Balance at 31 December 2022</b>	<b>1,816</b>	<b>2,844</b>
	<hr/> <hr/>	<hr/> <hr/>

On 1 September 2016, the Group and Company entered into a long-term lease agreement for office space at 3 St. James's Square, London. The lease is for a term of 10 years with break clauses at the 3 and 5 year points. It was originally deemed likely that the Group and Company would exercise its break clause at the 3 year point but now it is now envisaged the Group and Company will not exercise any break clauses. This change in assumptions resulted in a remeasurement of the lease obligation in 2019 of US\$2,112,767. In March 2021 there was an amendment made to the rental agreement resulting in a remeasurement of US\$(278,285).

On 28 October 2020, the Group and Company entered into a long-term lease agreement for office space at 60 Arch Street, Greenwich, CT 06830, USA. The lease is for a term of 42 months commencing in December 2020.

On 1 November 2021, the Group and Company entered into a long-term lease agreement for office space at 28th Floor, 437 Madison Avenue. The lease is for a term of 24 months commencing November 2021.

The interest expense charged on the lease obligation has been calculated using a rate of 3%.

The Group and Company makes payments for short-term leases of serviced offices in Hong Kong of HKD 2,175,409 [US\$277,836] (2021: HKD 2,429,390 [US\$312,454]) in China of CNY 38,400 [US\$5,694] (2021: CNY 38,400 [US\$5,956]) and in the Netherlands of €2,004 [US\$2,110] (2021: €2,251 [US\$2,659]) have been recognised directly in the income statement in accordance with IFRS 16 paragraph 6.

Expenses relating to leases of low-value assets that are not shown as short-term leases (included in Selling, General and Administrative expenses) amount to US\$2,429 (2021: US\$3,653).

*Lease receivables*

The following table sets out the movements in the lease receivables during the year.

	<b>Group and</b>	<b>Group and</b>
	<b>Company</b>	<b>Company</b>
	<b>Office Lease</b>	<b>Office Lease</b>
	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Balance at 1 January 2022	556	-
Lease receivables entered into in the year	-	604
Interest income on lease liabilities	18	4
Cash payments	(316)	(52)
	<hr/>	<hr/>
<b>Balance at 31 December 2022</b>	<b>258</b>	<b>556</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**10 Leases** *(continued)*

The following table sets out a maturity analysis of lease payments payable, showing the undiscounted lease payments to be paid after the reporting date:

	<b>Group and Company Office Lease 2022 \$000</b>	<b>Group and Company Office Lease 2021 \$000</b>
Due less than 1 year	258	298
Due 1-2 years	-	258
Due 2-5 years	-	-
Due greater than 5 years	-	-
 	<hr/>	<hr/>
<b>Balance at 31 December 2022</b>	<b>258</b>	<b>556</b>
	<hr/> <hr/>	<hr/> <hr/>

The interest income charged on the lease receivable has been calculated using a rate of 4.34%.

The Group and Company received income from a short-term lease agreement relating to the office in Madison Avenue totalling US\$50k (2021: US\$nil).

**11 Intangible assets**

	<b>Group and Company Software Licences \$000</b>	<b>Total \$000</b>
<b>Cost</b>		
Balance at 1 January 2022	1,466	1,466
Additions	260	260
	<hr/>	<hr/>
<b>Balance at 31 December 2022</b>	<b>1,726</b>	<b>1,726</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Amortisation and impairment</b>		
Balance at 1 January 2022	1,127	1,127
Amortisation for the year	276	276
	<hr/>	<hr/>
<b>Balance at 31 December 2022</b>	<b>1,403</b>	<b>1,403</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value at 31 December 2022</b>	<b>323</b>	<b>323</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**11 Intangible assets** *(continued)*

	<b>Group and Company</b>	
	<b>Software Licences \$000</b>	<b>Total \$000</b>
<b>Cost</b>		
Balance at 1 January 2021	1,237	1,237
Additions	229	229
	<hr/>	<hr/>
Balance at 31 December 2021	<b>1,466</b>	<b>1,466</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Amortisation and impairment</b>		
Balance at 1 January 2021	900	900
Amortisation for the year	227	227
	<hr/>	<hr/>
Balance at 31 December 2021	<b>1,127</b>	<b>1,127</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value at 31 December 2021</b>	<b>339</b>	<b>339</b>
	<hr/> <hr/>	<hr/> <hr/>

*Amortisation and impairment charge*

The amortisation and impairment charge is recognised in the following line items in the income statement:

	<b>Group and Company</b>	
	<b>2022 \$000</b>	<b>2021 \$000</b>
Selling, general & administrative expenses	276	227
	<hr/>	<hr/>
	<b>276</b>	<b>227</b>
	<hr/> <hr/>	<hr/> <hr/>

**12 Inventories**

	<b>Group and Company</b>	
	<b>2022 \$000</b>	<b>2021 \$000</b>
Inventories	730,017	854,773
	<hr/>	<hr/>
	<b>730,017</b>	<b>854,773</b>
	<hr/> <hr/>	<hr/> <hr/>

All inventories are carried at fair value less costs to sell. The fair value classification of inventories is at level 2 fair value measurement using observable market prices obtained from exchanges or market information services adjusted for relevant location and quality differentials.

Inventories recognised as cost of sales in the year amounted to US\$3.9bn (2021: US\$4.9bn).

The Group and Company has a number of secured financing facilities (see note 20) which finance an amount of its inventories. The inventory is not derecognised as the Group and Company retains the principal risks and rewards of ownership.

**Notes** *(continued)*

**13 Investments in subsidiaries**

The Group and Company has the following investments in subsidiaries:

	Registered office address	Class of shares held	Ownership	
			2022	2021
Concord Resources International Commercial and Trading (Shanghai) Co. Limited	Room 2237, 22 <sup>nd</sup> Floor, Tomson Commercial Building, No. 710 Dong Fang Road, China (Shanghai) Free Trade Zone	Ordinary	100%	100%
Concord Resources Europe B.V.	Singel 250, 1016AB Amsterdam, Netherlands	Ordinary	100%	100%

**14 Investments in associates**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Carrying amount for equity accounted investees</b>				
At 1 January	4	18,427	-	18,427
Additions	1,901	7,504	-	7,500
Disposals	(7,447)	(23,267)	-	(23,267)
Share of income/(loss) from associates	5,521	(3,063)	-	(3,063)
Share of other comprehensive profit from associates	-	403	-	403
Effect of movements in exchange rates	21	-	-	-
<b>At 31 December 2022</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>

As at 31 December 2022, the total carrying value of associate investments is US\$nil (2021: US\$4k). During the year, Concord Resources Europe B.V (subsidiary of Concord Resources Limited) disposed of its holding in Niche Fusina Rolled Products S.r.l, a limited liability company for non-cash consideration of US\$26.6m with a gain recorded in the Profit and Loss statement of US\$19.2m (see note 3 for further details).

**15 Other Investments**

	Group and Company	
	2022 \$000	2021 \$000
Listed equity securities	291	752
Unlisted equity securities	5,556	6,383
	<b>5,847</b>	<b>7,135</b>

All equity securities are accounted for under the fair value through profit and loss method.

**Notes** *(continued)*

**16 Other financial assets**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Short-term loan receivables	-	369	-	369
Derivatives - current	188,288	247,675	188,243	247,659
Derivatives – non-current	66,817	98,254	66,817	98,254
	<u>255,105</u>	<u>346,298</u>	<u>255,060</u>	<u>346,282</u>

**17 Trade and other receivables**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Trade receivables due from third parties	347,027	485,530	347,027	485,530
Amounts due from related parties	-	85,978	2,212	86,033
Restricted cash with brokers	47,974	50,719	47,906	50,483
Indirect tax receivable	778	943	703	860
Deposits	346	475	346	475
Prepayments	30,887	21,002	30,880	20,994
Receivables from employees	21	11	21	11
<b>Current</b>	<u>427,033</u>	<u>644,658</u>	<u>429,094</u>	<u>644,386</u>

The Group and Company has a number of financing facilities, which finance a portion of its receivables. The receivables have not been derecognised as the Group and Company retains the principal risks and rewards of ownership. The proceeds received are recognised as current interest-bearing loans and borrowings (see note 20).

**18 Cash and cash equivalents**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash at bank	31,678	36,708	31,011	36,533
Excess cash held in trade finance facilities	-	1,218	-	1,218
Unrestricted cash with brokers	3,243	10,411	1,388	8,652
Money market fund deposits	9	4,409	9	4,409
<b>Cash and cash equivalents</b>	<u>34,930</u>	<u>52,746</u>	<u>32,408</u>	<u>50,812</u>

**Notes (continued)**

**19 Other receivables – non-current**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Non-current receivables from related parties	128,227	-	101,587	-
<b>Other receivables – non-current</b>	<b>128,227</b>	<b>-</b>	<b>101,587</b>	<b>-</b>

**20 Borrowings**

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 27.

	Group and Company	
	2022 \$000	2021 \$000
<b>Non-current liabilities</b>		
Shares classified as debt	118,807	137,386
	<b>118,807</b>	<b>137,386</b>
<b>Current liabilities</b>		
Trade finance facilities	1,032,111	1,220,698
Short-term borrowings	25,775	6,000
Shareholder Loans	5,140	-
Third Party Loans	15,260	-
	<b>1,078,286</b>	<b>1,226,698</b>

*Terms and debt repayment schedule*

	Currency	Nominal interest rate	Year of maturity	Group and Company	
				Carrying amount 2022 \$000	Carrying amount 2021 \$000
Uncommitted secured inventory/receivable facilities	USD	US\$LIBOR/COF/SOFR + 105 – 280bps	< 1 year	1,028,370	1,177,745
Committed secured inventory/receivable facility	USD	US\$LIBOR/COF/SOFR+140bps	< 1 year	3,741	42,953
Uncommitted unsecured revolving credit facilities	USD	US\$LIBOR/COF/SOFR+125 280bps	< 1 year	25,775	6,000
Redeemable shares classified as liabilities	USD	See note 23	Multiple	118,807	137,386
Shareholder loans	USD	Various	< 1 year	5,140	-
Third party loans	USD	Various	< 1 year	15,260	-
				<b>1,197,093</b>	<b>1,364,084</b>

**Notes (continued)**

**20 Borrowings (continued)**

The Group and Company has a total of US\$2,260m (2021: US\$1,915m) of uncommitted financing facilities and US\$150.0m (2021: US\$150.0m) of committed financing facilities.

A commitment fee was also incurred in addition to the nominal interest rate for the inventory facility.

D1, D2, D3 and X shares classified as non-current liabilities are explained further in note 25.

**21 Trade and other payables**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Current</b>				
Trade payables due to third parties	57,098	102,083	57,092	102,076
Amounts due to related parties	-	1,045	-	1,045
Non-trade payables and accrued expenses	4,614	15,076	4,443	14,967
Broker balances	1	10,066	1	10,066
Indirect tax payable	2,026	3,528	2,026	3,528
Cash advances from customers	15,841	17,045	15,841	17,045
Non-cash advances	25	-	25	-
	<u>79,605</u>	<u>148,843</u>	<u>79,428</u>	<u>148,727</u>

**22 Other financial liabilities**

	Group		Company	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Derivatives - current	87,556	110,765	87,556	110,765
Derivatives – non-current	2,765	5,420	2,765	5,420
	<u>90,321</u>	<u>116,185</u>	<u>90,321</u>	<u>116,185</u>

**23 Deferred tax assets and liabilities**

*Recognised deferred tax assets and liabilities:*

Deferred tax assets and liabilities are attributable to the following:

	Group and Company				Net 2022 \$000	Net 2021 \$000
	Assets 2022 \$000	Assets 2021 \$000	Liabilities 2022 \$000	Liabilities 2021 \$000		
Property, plant and equipment	-	-	(82)	(81)	(82)	(81)
Short-term timing differences	607	5	-	-	607	5
Carried forward interest relief	9,946	-	-	-	9,946	-
Other investments	373	-	(930)	(764)	(557)	(764)
Tax losses carried forward	6,800	-	-	-	6,800	-
	<u>17,726</u>	<u>5</u>	<u>(1,012)</u>	<u>(845)</u>	<u>16,714</u>	<u>(840)</u>
Tax assets/(liabilities)	(82)	(5)	82	5	-	-
Net of tax assets/(liabilities)	<u>17,644</u>	<u>-</u>	<u>(930)</u>	<u>(840)</u>	<u>16,714</u>	<u>(840)</u>

**Notes** *(continued)*

**23 Deferred tax assets and liabilities** *(continued)*

*Movement in deferred tax during the year*

	<b>Group and Company</b>	<b>2022</b>	<b>2021</b>
		<b>\$000</b>	<b>\$000</b>
Opening deferred tax liability		(840)	(545)
(Credit)/charge to profit and loss account		17,554	(270)
Adjustments in respect of prior years		-	-
Rate effects		-	(25)
		<hr/>	<hr/>
<b>Closing deferred tax asset/(liability)</b>		<b>16,714</b>	<b>(840)</b>
		<hr/> <hr/>	<hr/> <hr/>

**24 Share capital and reserves**

**Share capital**

All shares have a par value of US\$0.50 each except for B shares which have a par value of US\$0.01 each and C shares which have a par value of £1.00 each.

	<b>Issued and fully paid up at 1 January 2022</b>	<b>Issued for cash during period</b>	<b>Issued as employee compensation</b>	<b>Repurchased by the group during the year</b>	<b>On issue at 31 December 2022 (fully paid up)</b>
<i>Number of shares</i>					
A shares	129,104,694	-	-	-	129,104,694
B shares	16,500,000	-	-	-	16,500,000
C shares	1	-	-	-	1
D1 shares	50,000,000	-	-	-	50,000,000
D2 shares	16,790,896	-	-	-	16,790,896
D3 shares	16,899,415	-	-	-	16,899,415
X shares	1,535,020	-	-	-	1,535,020

	<b>Issued and fully paid up at 1 January 2021</b>	<b>Issued for cash during period</b>	<b>Issued as employee compensation</b>	<b>Repurchased by the group during the year</b>	<b>On issue at 31 December 2021 (fully paid up)</b>
<i>Number of shares</i>					
A shares	129,104,694	-	-	-	129,104,694
B shares	16,500,000	-	-	-	16,500,000
C shares	1	-	-	-	1
D1 shares	50,000,000	-	-	-	50,000,000
D2 shares	16,790,896	-	-	-	16,790,896
D3 shares	16,899,415	-	-	-	16,899,415
X shares	1,535,020	-	-	-	1,535,020

**Notes** *(continued)*

**24 Share capital and reserves** *(continued)*

**Share capital** *(continued)*

	Group and Company			
	Share capital	Share premium	Share capital	Share premium
	2022	2022	2021	2021
	\$000	\$000	\$000	\$000
<i>Allotted, called up and fully paid</i>				
A shares with a par value of US\$0.50 each	64,552	73,670	64,552	73,670
A shares with a par value of US\$0.50 each - restricted not yet vested	-	-	-	-
B shares with a par value of US\$0.01 each	165	-	165	-
C shares with a par value of £1.00 each	-	-	-	-
D1 shares with a par value of US\$0.50 each	6,917	-	6,917	-
D2 shares with a par value of US\$0.50 each	1,417	-	1,417	-
D3 shares with a par value of US\$0.50 each	932	-	932	-
X shares with a par value of US\$0.50 each	157	-	157	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Shares classified as shareholder funds</b>	<b>74,139</b>	<b>73,670</b>	<b>74,139</b>	<b>73,670</b>
	<hr/>	<hr/>	<hr/>	<hr/>
D1 shares classified as long-term borrowings (redemption option)	18,083	51,135	18,083	54,570
D2 shares classified as long-term borrowings (redemption option)	6,979	16,180	6,979	17,329
D3 shares classified as long-term borrowings (redemption option)	7,518	16,771	7,518	17,980
X shares classified as long-term borrowings (redemption option)	611	1,531	611	1,637
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Shares classified as long-term borrowings</b>	<b>33,191</b>	<b>85,616</b>	<b>33,191</b>	<b>91,516</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total shares</b>	<b>107,330</b>	<b>159,287</b>	<b>107,330</b>	<b>165,187</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The number of restricted Class B shares issued and linked to employees and shareholders with a substantial risk of forfeiture due to specific performance hurdles and employment criteria is nil (2021: nil). As a result of the share-for-share exchange (see note 25), the Class B shares issued by the Company no longer have any restrictions as at 31 December 2022. See note 25 for further details regarding performance hurdles and vesting dates.

The holders of ordinary shares (except Class C shares) are entitled to receive dividends as declared from time to time subject to the Shareholder Agreement and Board discussion. The holders of ordinary shares (except Class C shares) are entitled to one vote per share at meetings of Concord.

During the year the Group and Company issued nil (2021: nil) shares and repurchased nil (2021: nil) shares.

A portion of the D1, D2, D3 and X shares equity has been classified as long-term borrowings due to redemption options for these share classes, which can be exercised by the investors (and in relation to Class X Shares, by Concord) at certain time intervals after the date of initial investment. Class D1, D2 and D3 shareholders have the right to redeem or repurchase one third of the shares on 1 December 2023, 1 November 2023, 1 March 2024/25, June 2023/24 and September 2023 respectively, and then one third at each anniversary of the previous redemption date. Payment occurs 6 months after the redemption date. Class X shareholders are redeemable by either the shareholder or the group upon serving a redemption notice and can be redeemed on the 1-year anniversary of the redemption notice. Non-cash accrued interest income/(expense) during the period of US\$18.6m (2021: US(\$12.7m)) has been recognised within the share premium component of the shares classified as long-term borrowings.

*Dividends*

No dividends were distributed during the year (2021: nil).

## 24 Share capital and reserves (continued)

### *Share based payment reserve*

The share-based payment reserve comprises the portion of A shares issued as part of incentive compensation that is restricted (note 25).

### *Other reserves*

Other reserves are comprised of capital redemption reserves of US\$3.3m (2021: US\$3.3m), capital contribution reserves of US\$8.0m (2021: US\$6.1m) and currency translation reserves of US\$0.1m (2021: US\$0.2m).

## 25 Share based payments

On 29th November 2019, all shares held by shareholders in Concord Resources Limited (“CRL”) were transferred in a one-for-one share-for-share exchange to Concord Resources Holdings Limited (“CRHL”). All rights attached to the shares in CRL were mirrored in CRHL. Therefore, references to shares below in 2019 onwards correspond to shares in CRHL, as opposed to shares in CRL.

Equity settled share-based payments relate to restricted Class A and B shares.

Class B shares issued to employees have substantial risk of forfeiture due to employment criteria and, for certain current and former directors only, equity raising criteria. All of the Class B shares were unrestricted at 31 December 2022 (2021: all were unrestricted). B shares are restricted from voting, dividends and transfer until they become unrestricted and are subject to forfeiture in certain circumstances on cessation of employment. The unrestricted market value at subscription was US\$0.01 per share as the Group had not commenced operations and had no assets.

Class A shares issued to employees as part of incentive compensation have a substantial risk of forfeiture due to employment criteria. The shares granted as part of annual incentive compensation become unrestricted over a period of 4 years provided the employee remains with the Group (note there are certain circumstances where the shares still become unrestricted if the employee leaves the Group). No shares were granted in relation to 2022. In 2021 the unrestricted market value for subscription was US\$1.86 per share which was in line with a range of values presented to us by our third-party valuer.

The terms and conditions of the grants are as follows:

	Group and Company				Vesting conditions
	Fair value at grant date \$000	Method of settlement	Number of instruments outstanding 2022	Number of instruments outstanding 2021	
Equity settled award to employees - 2019 (A Shares) (issued by CRHL)	2,504	Equity	-	99,682	Vest over 4 years to 31 Dec 2022
Equity settled award to employees - 2020 (A Shares) (issued by CRHL)	780	Equity	30,469	101,563	Vest over 4 years to 31 Dec 2023
Equity settled award to employees - 2021 (A Shares) (issued by CRHL)	5,155	Equity	590,087	1,357,200	Vest over 4 years to 31 Dec 2024
Equity settled award to employees - 2021 (A Shares) (issued by CRHL)	660	Equity	-	94,286	Vest over 1 year to 30 Jun 2022

**25 Share based payments (continued)**

The total expenses recognised for in the year arising from share-based payments are as follows:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Equity settled share-based payment expense	1,831	4,140
	<u>1,831</u>	<u>4,140</u>

**26 Financial instruments**

Fair values are determined using quoted market prices and observable inputs and are classified into a fair value hierarchy based on the valuation technique and observability of inputs used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs) and are significant for the fair value measurement

***Fair values of financial instruments***

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows (note that Company only amounts have not been presented as they are identical to Group numbers except for differences on cash and cash equivalents of US\$2,522k, trade and other receivables of US\$29,113, trade and other payables of US\$177k and futures of US\$45k):

	<b>Group</b>			
	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Futures	22,195	22,195	-	-
Options	1,747	1,747	-	-
OTC derivatives	2,574	-	2,574	-
Physical forwards	228,589	-	203,755	24,834
Other investments	5,847	291	-	5,556
	<u>260,952</u>	<u>24,233</u>	<u>206,329</u>	<u>30,390</u>
<b>Total financial assets designated at fair value through profit or loss at 31 December 2022</b>	<b><u>260,952</u></b>	<b><u>24,233</u></b>	<b><u>206,329</u></b>	<b><u>30,390</u></b>

	<b>Group</b>			
	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Futures	36,703	36,703	-	-
Options	2,285	2,285	-	-
OTC derivatives	1,145	-	1,145	-
Physical forwards	303,064	-	180,577	122,487
Cross currency swaps	2,732	-	2,732	-
Other investments	7,135	752	-	6,383
	<u>353,064</u>	<u>39,740</u>	<u>184,454</u>	<u>128,870</u>
<b>Total financial assets designated at fair value through profit or loss at 31 December 2021</b>	<b><u>353,064</u></b>	<b><u>39,740</u></b>	<b><u>184,454</u></b>	<b><u>128,870</u></b>

**Notes** *(continued)*

**26 Financial instruments** *(continued)*

*Fair values of financial instruments*

	Fair value	Group		
		Level 1	Level 2	Level 3
		2022	2022	2022
	\$000	\$000	\$000	\$000
Futures	22,195	22,195	-	-
Options	1,747	1,747	-	-
OTC derivatives	2,574	-	2,574	-
Physical forwards	228,589	-	203,755	24,834
Other investments	5,847	291	-	5,556
<b>Total financial assets designated at fair value through profit or loss at 31 December 2022</b>	<b>260,952</b>	<b>24,233</b>	<b>206,329</b>	<b>30,390</b>

	Fair value	Group		
		Level 1	Level 2	Level 3
		2021	2021	2021
	\$000	\$000	\$000	\$000
Futures	36,703	36,703	-	-
Options	2,285	2,285	-	-
OTC derivatives	1,145	-	1,145	-
Physical forwards	303,064	-	180,577	122,487
Cross currency swaps	2,732	-	2,732	-
Other investments	7,135	752	-	6,383
<b>Total financial assets designated at fair value through profit or loss at 31 December 2021</b>	<b>353,064</b>	<b>39,740</b>	<b>184,454</b>	<b>128,870</b>

**Notes** *(continued)*

**26 Financial instruments** *(continued)*

*Fair values of financial instruments (continued)*

	<b>Group</b>			
	<b>Fair value</b>	<b>Carrying</b>	<b>Fair value</b>	<b>Carrying</b>
	<b>2022</b>	<b>amount</b>	<b>2021</b>	<b>amount</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	34,930	34,930	52,746	52,746
Trade and other receivables	427,033	559,794	429,094	644,807
Other receivables – non-current	132,760	-	101,587	-
Lease receivables	258	258	556	556
Short-term loan receivables	-	-	369	369
	<u>594,982</u>	<u>594,982</u>	<u>698,478</u>	<u>698,478</u>
<b>Total loans and receivables</b>	<b>594,982</b>	<b>594,982</b>	<b>698,478</b>	<b>698,478</b>

	<b>Group</b>			
	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Futures	18,422	18,422	-	-
Options	2,509	2,509	-	-
OTC derivatives	10,366	-	10,366	-
Physical forwards	56,450	-	55,636	814
Cross currency swaps	2,574	-	2,574	-
	<u>90,321</u>	<u>20,931</u>	<u>68,576</u>	<u>814</u>
<b>Total financial liabilities designated at fair value through profit or loss at 31 December 2022</b>	<b>90,321</b>	<b>20,931</b>	<b>68,576</b>	<b>814</b>

	<b>Group</b>			
	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Futures	22,202	22,202	-	-
Options	686	686	-	-
OTC derivatives	7,887	-	7,887	-
Physical forwards	85,409	-	78,487	6,922
	<u>116,184</u>	<u>22,888</u>	<u>86,374</u>	<u>6,922</u>
<b>Total financial liabilities designated at fair value through profit or loss at 31 December 2021</b>	<b>116,184</b>	<b>22,888</b>	<b>86,374</b>	<b>6,922</b>

**Notes** *(continued)*

**26 Financial instruments** *(continued)*

*Fair values of financial instruments (continued)*

	Group			
	Fair value	Carrying amount	Fair value	Carrying amount
	2022 \$000	2022 \$000	2021 \$000	2021 \$000
Borrowings	1,078,286	1,078,286	1,226,698	1,226,698
Redeemable shares classified as liabilities	118,807	118,807	137,386	137,386
Lease obligations	1,816	1,816	2,844	2,844
Trade and other payables	79,605	79,605	148,843	148,843
<b>Total financial liabilities measured at amortised cost</b>	<b>1,278,514</b>	<b>1,278,514</b>	<b>1,515,771</b>	<b>1,515,771</b>

There were transfers of assets from Level 3 to Level 2 of US\$105,488k (2021: US\$2,924K) as all significant inputs became observable during the year, with the maturity of the contracts becoming naturally shorter dated over time. US\$15.1m of Level 3 asset fair values have maturity dates within the next 2 years.

**Reconciliation of Level 3 asset fair values:**

	Group	
	Derivative financial assets	Derivative financial assets
	2022 \$000	2021 \$000
Opening balance at 1 January	122,487	57,230
Transfers out of Level 3	(105,488)	(2,924)
Total gains or losses - in profit or loss (cost of sales)	7,835	68,181
<b>Closing balance at 31 December</b>	<b>24,834</b>	<b>122,487</b>

**Notes (continued)**

**26 Financial instruments (continued)**

*Fair values of financial instruments (continued)*

The following table shows the valuation techniques and inputs used to determine fair value for financial instruments.

Financial instruments measured at fair value	Valuation technique and inputs	Group and Company			
		2022		2021	
		Assets \$000	Liabilities \$000	Assets \$000	Liabilities \$000
Futures (Level 1)	Exchange quoted prices in an active market.	22,195	18,422	36,703	22,202
Options (Level 1)	Exchange quoted prices in an active market.	1,747	2,509	2,285	686
Other investments (Level 1)	Share prices quoted in an active market.	291	-	752	-
OTC derivatives (Level 2)	Discounted cash flow model where appropriate. Observable quoted prices sourced from both exchanges or traded references in active markets for both assets and liabilities. Prices are adjusted for discount rates which captures the time value of money and counterparty credit risk where appropriate.	2,574	10,366	1,145	7,887
Physical forwards (Level 2)	Discounted cash flow model where appropriate. Observable quoted prices sourced from both exchanges or traded references in active markets for both assets and liabilities. Prices on occasion are adjusted for location, grade differentials and discount rates which captures the time value of money and counterparty credit risk.	203,755	55,636	180,577	78,487
Foreign currency contracts, cross currency swaps and options (Level 2)	Discounted cash flow model where appropriate. Observable quoted prices sourced from both exchanges or traded references in active markets for both assets and liabilities. Prices are adjusted for discount rates which captures the time value of money and counterparty credit risk where appropriate.	-	2,574	2,732	-
Physical forwards (Level 3)	The fair value of the level 3 contracts has been calculated using discounted cash flow models supported by @Risk modelling to stress test valuations (similar to Monte Carlo simulation). Prices on occasion are adjusted for location, grade differentials and discount rates which captures the time value of money and counterparty credit risk. Significant unobservable inputs consist of the longer dated points on forward price curves. A +/-1% movement in the historical 1-2 year moving monthly average alumina to LME aluminium price ratio would result in a +/- US\$7.8m movement in the net NPV value of the purchase and sales contracts. A +/- 1% change in the discount rate would result in a +/- US\$0.7m movement in the net NPV value of the purchase and sale contracts.	24,834	814	122,487	6,923

**Notes** *(continued)*

**27 Financial and capital risk management**

Financial risks arising in the normal course of business from Concord's activities comprise market risk (including commodity price risk), interest rate risk, currency risk, credit risk (including contract performance risk) and liquidity risk. Concord's risk management policies and procedures have been outlined in the strategic report.

**27 (a) Credit risk**

Credit risk is the risk of financial loss to Concord if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Concord's receivables from customers, cash and cash equivalents, prepayments and derivative instruments.

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Trade receivables due from third parties	347,027	485,530	347,027	485,530
Prepayments	30,887	21,002	30,880	20,994
Lease receivables	258	556	258	556
Cash and cash equivalents	34,930	52,746	32,408	50,812
Derivative assets	255,105	345,929	255,060	345,913
Short-term loan receivables	-	369	-	369
	<u>668,207</u>	<u>912,552</u>	<u>665,633</u>	<u>910,594</u>

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Americas	186,533	262,517
APAC	75,952	119,699
EMEA	84,542	103,314
	<u>347,027</u>	<u>485,530</u>

**Notes** *(continued)*

**27 Financial and capital risk management** *(continued)*

**27 (a) Credit risk** *(continued)*

The concentration of credit risk for trade receivables at the balance sheet date by type of counterparty was:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Consumer	345,926	482,047
Producer	1,101	683
Trading	-	2,800
	<u>347,027</u>	<u>485,530</u>

*Credit quality of financial assets and impairment losses*

Provisions for expected credit losses are in line with the Group and Company's accounting policy in note 1. The aging of trade receivables at the balance sheet date was:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Not past due	334,723	464,920
Past due 0-30 days	12,286	15,422
Past due 31-120 days	18	212
More than 120 days	-	4,976
	<u>347,027</u>	<u>485,530</u>

*Credit risk on intercompany receivables*

Management have assessed the probability of default on intercompany receivables by projecting the future cash flows of Atlantic Alumina Company LLC ("ATALCO"), including the repayment of the intercompany balances. If it is projected that the balances will be settled in full within the forecasting period then Management determines the probability of default to be insignificant. Management have decided to use projected future cashflows of ATALCO in the assessment of intercompany receivables because the various intercompany entities would be able to obtain cash to settle the balances with the Group and Company via ATALCO generating cash. It is forecast that these balances will be repaid by 2036 so the likelihood of default is deemed insignificant with the expected credit loss therefore being immaterial. At 31 December 2022 the total intercompany receivable balance was US\$128.2m (2021: US\$79.6m) of which US\$128.2m (2021:US\$79.6m) was repayable on demand. At 31 December 2022, US\$52.2m (2021: US\$48.3) of the intercompany receivables are free from interest.

**Notes (continued)**

**27 Financial and capital risk management (continued)**

**27 (b) Liquidity risk**

Liquidity risk is the risk that Concord will not be able to meet its financial obligations as they fall due. Conservative liquidity management requires sufficient cash and cash equivalents to meet future financial obligations. Concord manages liquidity to an internal limit which is required to be met at all times. The following are the contractual maturities of financial liabilities, including estimated effective interest payments and excluding the effect of netting agreements (note that Company only amounts have not been presented as they are identical to Group numbers except for small differences on trade payables of US\$176K):

	Group				
	Due after 5 years \$000	Due 2 - 5 years \$000	Due 1 - 2 years \$000	Due 0 - 1 year \$000	Total \$000
Borrowings	-	-	-	1,078,286	1,078,286
Shares classified as debt (redemption option)	-	92,503	43,714	7,753	143,970
Lease obligations	-	502	405	988	1,895
Trade payables	-	-	-	79,605	79,605
Other financial liabilities	-	331	2,434	87,556	90,321
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total at 31 December 2022</b>	<b>-</b>	<b>93,336</b>	<b>46,553</b>	<b>1,254,188</b>	<b>1,394,077</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Group				
	Due after 5 years \$000	Due 2 - 5 years \$000	Due 1 - 2 years \$000	Due 0 - 1 year \$000	Total \$000
Borrowings	-	-	-	1,226,698	1,226,698
Shares classified as debt (redemption option)	-	106,965	50,551	8,966	166,481
Lease obligations	-	970	975	900	2,844
Trade payables	-	-	-	148,843	148,843
Other financial liabilities	-	-	5,420	110,765	116,184
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total at 31 December 2021</b>	<b>-</b>	<b>107,934</b>	<b>56,945</b>	<b>1,496,171</b>	<b>1,661,050</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The carrying value of financial liabilities is equal to the contractual cash flows shown above, with the exceptions of shares classified as debt and lease obligations which have carrying values of US\$118,807K and US\$1,816K (2021: US\$137,386K and US\$2,844K) respectively.

**27 (c) Currency risk**

The Group's functional currency is United States Dollars (USD) and transactions denominated in currencies other than USD may be actively hedged using foreign exchange (FX) forward and swap contracts to mitigate the risk of loss from movement in exchange rates. Debt financing transactions are predominately denominated in USD and the exit market for the key commodities Concord trades in is USD. Accordingly, foreign exchange movements against the USD on transactions will have an immaterial financial impact.

	Group and Company			
	Notional 2022 \$000	Fair value 2022 \$000	Notional 2021 \$000	Fair value 2021 \$000
Cross currency swaps – assets/(liabilities)	148,411	(2,574)	182,931	2,732
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total at 31 December 2022</b>	<b>148,411</b>	<b>(2,574)</b>	<b>182,931</b>	<b>2,732</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**27 Financial and capital risk management (continued)**

**27 (c) Currency risk (continued)**

The major currencies that Group has exposure to are Renminbi (CNY), Euros (EUR) and British Pound Sterling (GBP). The average exchange rates against USD in the year were CNY/USD 0.149 (2021: 0.155) EUR/USD 1.053 (2021: 1.183) and GBP/USD 1.236 (2021: 1.376). The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

	Group			
	Renminbi \$000	Euro \$000	Sterling \$000	Total \$000
Cash and cash equivalents	2,054	(343)	656	2,367
Trade receivables	-	49,015	4,163	53,178
Secured bank loan	-	2,755	1	2,756
Trade payables	(2)	(3,613)	(29)	(3,644)
Forward exchange contracts	231	(62,541)	9,810	(52,500)
Other payables and receivables	178	31,712	(2,344)	29,546
	<hr/>	<hr/>	<hr/>	<hr/>
Balance sheet exposure	2,461	16,985	12,257	31,703
Estimated forecast sales	-	18,509	4,695	23,204
Estimated forecast purchases	-	(1,408)	-	(1,408)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net exposure at 31 December 2022</b>	<b>2,461</b>	<b>34,086</b>	<b>16,952</b>	<b>53,499</b>

	Group			
	Renminbi \$000	Euro \$000	Sterling \$000	Total \$000
Cash and cash equivalents	451	4,845	424	5,720
Trade receivables	-	83,249	3,563	86,812
Trade payables	-	(5,153)	-	(5,153)
Forward exchange contracts	4	(114,346)	15,553	(98,789)
Other payables and receivables	2,241	(96)	(1,325)	820
	<hr/>	<hr/>	<hr/>	<hr/>
Balance sheet exposure	2,696	(31,501)	18,215	(10,590)
Estimated forecast sales	-	38,096	1,635	39,731
Estimated forecast purchases	-	(1,867)	-	(1,867)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net exposure at 31 December 2021</b>	<b>2,696</b>	<b>4,728</b>	<b>19,850</b>	<b>27,274</b>

*Sensitivity analysis*

A 1% percent weakening of the following currencies against the US Dollar at 31 December would have increased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Group	
	Equity \$000	Profit or loss \$000
Euro	25	25
Sterling	170	170
Renminbi	341	341

**Notes** *(continued)*

**27 Financial and capital risk management** *(continued)*

**27 (c) Currency risk** *(continued)*

The Company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

	Renminbi \$000	Company		Total \$000
		Euro \$000	Sterling \$000	
Cash and cash equivalents	21	(751)	656	(74)
Trade receivables	-	49,015	4,163	53,178
Secured bank loans	-	2,755	1	2,756
Trade payables	-	(3,609)	(29)	(3,638)
Forward exchange contracts	231	(62,541)	9,810	(52,500)
Other payables and receivables	(2)	2,912	(2,344)	566
	<hr/>	<hr/>	<hr/>	<hr/>
Balance sheet exposure	250	(12,219)	12,257	288
Estimated forecast sales	-	18,509	4,695	23,204
Estimated forecast purchases	-	(1,408)	-	(1,408)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net exposure at 31 December 2022</b>	<b>250</b>	<b>4,882</b>	<b>16,952</b>	<b>22,084</b>

	Renminbi \$000	Company		Total \$000
		Euro \$000	Sterling \$000	
Cash and cash equivalents	377	4,824	424	5,625
Trade receivables	-	83,249	3,563	86,812
Secured bank loans	-	-	-	-
Trade payables	-	(5,153)	-	(5,153)
Forward exchange contracts	4	(114,346)	15,553	(98,789)
Other payables and receivables	1	6	(1,325)	(1,318)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance sheet exposure	382	(31,420)	18,215	(12,823)
Estimated forecast sales	-	38,096	1,635	39,731
Estimated forecast purchases	-	(1,867)	-	(1,867)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net exposure at 31 December 2021</b>	<b>382</b>	<b>4,809</b>	<b>19,850</b>	<b>25,041</b>

A 1% percent weakening of the following currencies against the US Dollar at 31 December would have increased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

	Company	
	Equity \$000	Profit or loss \$000
Euro	49	49
Sterling	170	170
Renminbi	3	3

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

## Notes (continued)

### **27 Financial and capital risk management (continued)**

#### **27 (d) Interest rate risk**

The Group and Company is exposed to different risks with regards to fluctuations in market interest rates for both assets and liabilities. Interest rate risk is predominately hedged through matching, as much as possible, the floating element of financing charges to customers against the financing liability. Market rates of interest are considered when concluding transaction pricing terms.

Floating rate debt facilities used to finance short-term working capital requirements include either a margin linked to US dollar LIBOR or SOFR or various COF plus a fixed premium or a floating internal charge for the financial institution plus a fixed premium.

#### *Sensitivity analysis*

A change of 50 basis points in interest rates at the balance sheet date would have increased (decreased) equity and pre-tax profit or loss by US\$6.0m (2021: US\$6.8m). This calculation assumes that the change occurred at the balance sheet date and had been applied to floating rate liabilities existing at that date (excludes the sensitivity impact from any offsetting market interest rate movements for fair value hedges).

#### **27 (e) Capital management**

The Group and Company actively manages its capital structure to ensure that a robust position is maintained to support future business requirements and developments for the benefit all stakeholders. The approach to capital management requires strict management and adherence to financial covenants whilst maintaining financial flexibility and a competitive cost of capital. Distribution of cash to shareholders is subject to the Shareholder Agreement and Board discussion.

### **28 Commitments**

Concord has not entered into any material unrecognised contractual commitments.

### **29 Contingent liabilities**

There are currently no corporate guarantees in place or litigation claims pending against Concord.

Concord reviews its liabilities for all assessable tax years open to audit using the latest information available. Concord records the best estimate of the tax liabilities for all jurisdictions where it is deemed to have a permanent establishment. Uncertainty is present when estimating tax liabilities due to the complexity of international tax legislation and the subsequent interpretation required. Future results may be impacted by favourable or unfavourable adjustments in periods of resolution of assessments.

### **30 Related parties**

Total purchases with Pala Investments Limited, who hold an investment in Concord Resources Holdings Limited and have a Director on the Board during the year were US\$nil (2021: US\$2.3m) and total sales during the year were US\$4.3m (2021: US\$nil). Total payable balance as at 31 December 2022 was US\$nil (2021: US\$0.7m).

Purchase and sale contracts were also entered into with Sienna Metals LLP, a subsidiary of Pala Investments Limited, which was created due to a business transfer from Sienna Metals Holdings Limited (Previously named Cobalt27 Capital Corp). Total purchases during the year were US\$7.4m (2021: purchases of US\$35.3m) and total sales during the year were US\$0.1m (2021: US\$24.0m). Total payable balance as at 31 December 2022 was US\$0.1m (2021: US\$2.6m).

Long term purchase contracts exist (expiring in December 2024) and short-term contracts with ATALCO Gramercy LLC (previously known as Gramercy Holdings LLC), an indirect subsidiary of Concord Resources Holdings Limited ("CRHL"). Total purchases during the year were US\$171.7m (2021: US\$193.1m). Total sales during the year were US\$8.1m (2021: US\$nil). Net income from financially settling swaps with ATALCO Gramercy LLC during the year was US\$nil (2021: US\$2.7m). Total service fee income from ATALCO Gramercy LLC, during the year was US\$18.7m (2021: US\$nil). Total receivable as at 31 December 2022 was US\$26.3m. (2021: US\$nil). The US\$18.7m component of the receivable balance bears interest at 3M Term SOFR plus 6% reset quarterly. Interest of US\$5k has been charged during the year.

## Notes (continued)

### 30 Related parties (continued)

Total service fee income from ATALCO LLC, a company whose ultimate parent is CRHL, during the year was US\$7.1m (2021: US\$nil). Total receivable as at 31 December 2022 was US\$7.1m (2021: US\$nil). The receivable balance bears interest at 3M Term SOFR plus 6% reset quarterly. Interest of US\$2k has been charged during the year.

At 31 December 2022 Concord Resources Limited had a loan receivable balance from Atlantic Alumina Company LLC, a company whose ultimate parent is CRHL, of US\$24.6m (2021: US\$24.9m). This loan bears interest at 6% per annum. Interest expense of US\$1.4m (2021: US\$0.7m) has been charged during the year.

At 31 December 2022 Concord Resources Limited had a loan receivable balance from its ultimate parent, Concord Resources Holdings Limited, of US\$17.9m (2021: US\$31.3m). This loan is repayable on demand and no interest was charged during the year. During the year Concord Resources Limited made a distribution of US\$11.4m (2021: US\$nil) to Concord Resources Holdings Limited (see note 23).

At 31 December 2022 Concord Resources Europe B.V, a subsidiary of Concord Resources Limited, had a loan receivable balance from Concord Resources Holdings Limited of US\$11.4m (2021: US\$nil). This loan is repayable on demand and no interest was charged during the year.

At 31 December 2022 Concord Resources Limited had a loan receivable balance from Concord Resources International Minerals Limited, a sister company whose ultimate parent is Concord Resources Holdings Limited, of US\$25.7m (2021: US\$23.3m). This loan is repayable on demand and no interest was charged during the year.

At 31 December 2022 Concord Resources Limited had a loan receivable balance from Concord Resources Europe B.V, of US\$2.2m (2021: a receivable balance of US\$0.1m). This loan is repayable on demand and no interest was charged during the year.

At 31 December 2022 Concord Resources Limited had a loan receivable balance from Concord Gramercy LP, a subsidiary of Concord Resources International Minerals Limited, of US\$6.9k (2021: US\$nil). This loan is repayable on demand and no interest was charged during the year.

At 31 December 2022 Concord Resources Europe B.V had a loan receivable balance from Concord Gramercy LP, of US\$15.3m (2021: US\$nil). This loan is repayable on demand and no interest was charged during the year.

At 31 December 2022 Concord Resources Limited had a loan receivable balance from Concord Gramercy LLC, a subsidiary of Concord Resources International Minerals Limited, of US\$0.1k (2021: US\$nil). This loan is repayable on demand and no interest was charged during the year.

#### *Remuneration of key management personnel*

The remuneration of Directors and other members of key management personnel recognised in the consolidated statement of income including salaries and other current employee benefits amounted to US\$2,361k (2021: US\$8,730k). Further detail on remuneration of directors is set out in note 6.

#### *Parent and ultimate controlling party*

The immediate parent and ultimate controlling party of the Company is Concord Resources Holdings Limited, a company incorporated in Bermuda with registered number 54995 and registered address of Park Place, 55 Par La Ville Road, Hamilton, Bermuda HM11. The financial statements of Concord Resources Holdings Limited are not made available for public use and therefore the largest group for which consolidated financial statements are prepared for public use are the accounts of Concord Resources Limited.