



Coromandel Brasil Ltda.

Financial Statements

December 31, 2023

with Independent Auditor's Report

Coromandel Brasil Ltda.

Financial Statements

December 31, 2023.

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Independent auditor's report on financial statements

To
The Management of
Coromandel Brasil Ltda.
Cotia – SP

Audit opinion

We have audited the accompanying financial statements of **Coromandel Brasil Ltda. ("Company")**, which comprise the balance sheets as of December 31, 2023, and the related income statements, statements of comprehensive income, changes in net equity (negative equity) and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of **Coromandel Brasil Ltda.** as at 31 December 2023, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Significant uncertainty related to Company's operating continuity

The Company has negative working capital, a significant loss in operations, as well as a negative equity as of December 31, 2023. Therefore, the Company's operating continuity is directly related to the Management's plans and efforts, in order to ensure the financial recovery and recovery of profitability, described in Note 1. The financial statements were prepared on a going-concern basis and we have issued an unqualified opinion related thereto.

Emphasis

Related parties

We draw attention to Note 1 to the financial statements, which describes that the Company is still in the process of obtaining the required certifications from the Sanitary Vigilance National Agency - ANVISA, in order to sell its products in Brazil directly. In the meantime, the Company does not obtain such certifications, it will continue to act as the commercial representative of its parent company, and therefore, its entire source of revenue will continue to be originated from related parties through commissioning. The financial statements should be analyzed in this context. Our opinion is not qualified in respect to this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our qualified opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements-- Continuation

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our qualified opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our qualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

São Paulo, August 20, 2024.

Baker Tilly 4Partners Auditores Independentes Ltda.
CRC 2SP-031.269/O-1



Fábio Marchesini
Contador CRC 1SP-244.093/O-1

Coromandel Brasil Ltda.

Statements of financial position as of December 31, 2023 and 2022

(Amounts expressed in Reais)

Assets			
	Notes	2023	2022
Current assets			
Cash and cash equivalents	4	266,137	30,316
Other assets	-	2,492	-
Advances for rental deposit	-	7,681	6,223
Recoverable taxes	5	42,409	3,492
Total current assets		318,719	40,031
Noncurrent assets			
Investments	6	150,000	8,576
Property, plant and equipment	7	1,586	23,063
Total noncurrent assets		151,586	31,639
Total assets		470,305	71,670

The explanatory notes are an integral part of these financial statements.

Coromandel Brasil Ltda.

Statements of financial position as of December 31, 2023 and 2022

(Amounts expressed in Reais)

Liabilities and net equity (negative equity)

	Notes	2023	2022
Current liabilities			
Accounts payable	9	18,700	2,045
Salaries and social charges	10	195,110	498,681
Taxes payable	11	558,035	519,533
Advances for future capital increase	8	20,815	20,815
Total current liabilities		792,660	1.041,074
Non-current liabilities			
Taxes payable	11	188,912	-
Provision for contingencies	12	87,264	87,264
Total non-current liabilities		276,176	87,264
Net equity (negative equity)			
Capital	13	1.850,000	1.850,000
Unpaid capital		(26,780)	(26,780)
Accumulated deficit	-	(2.421,751)	(2.879,888)
Total net equity (negative equity)		(598,531)	(1.056,668)
Total liabilities and net equity (negative equity)		470,305	71,670

The explanatory notes are an integral part of these financial statements.

Coromandel Brasil Ltda.

Income statements for the years ended December 31, 2023 and 2022

(Amounts expressed in Reais)

	Notes	2023	2022
Net sales revenue	15	3.065,101	3.083,604
Operating income/(expenses):			
Administrative expenses	16	(2.331,743)	(2.687,485)
Share of loss of associate	6	141,424	(141,424)
Operating result		874,782	254,695
Financial results			
Financial expenses	17	(271,763)	(355,843)
		(271,763)	(355,843)
Profit /(loss) before taxation		603,019	(101,148)
Income tax and social contribution	14	(144,882)	(45,196)
Net profit /(loss) for the period		458,137	(146,344)

The explanatory notes are an integral part of these financial statements.

Coromandel Brasil Ltda.

Statements of comprehensive income Years ended December 31, 2023 and 2022

(Amounts expressed in Reais)

	2023	2022
Profit /(loss) for the year	458,137	(146,344)
Other comprehensive income	-	-
Comprehensive income for the year	458,137	(146,344)

The explanatory notes are an integral part of these financial statements.

Coromandel Brasil Ltda.

Statements of changes in equity (negative equity) Years ended December 31, 2023 and 2022

(Amounts expressed in Reais)

	<u>Subscribed</u>	<u>Unpaid</u>	<u>Accumulated losses</u>	<u>Total</u>
Balances as of January 1, 2022	1.850,000	(26,780)	(2.736,351)	(913,131)
Loss for the year	-	-	(146,344)	(146,344)
Others			2,807	2,807
Balances as of December 31, 2022	<u><u>1.850,000</u></u>	<u><u>(26,780)</u></u>	<u><u>(2.879,888)</u></u>	<u><u>(1.056,668)</u></u>
Profit for the year	-	-	458,137	458,137
Balances as of December 31, 2023	<u><u>1.850,000</u></u>	<u><u>(26,780)</u></u>	<u><u>(2.421,751)</u></u>	<u><u>(598,531)</u></u>

The explanatory notes are an integral part of these financial statements.

Coromandel Brasil Ltda.

Statements of cash flow Years ended December 31, 2023 and 2022

(All amounts in Brazilian Reais)

	<u>2023</u>	<u>2022</u>
Operating activities		
Profit /(loss) before taxation	603,019	(101,148)
Adjustments arising from:		
Depreciation	21,477	20,395
Fines and interest on overdue taxes	250,451	-
Provision reversal (taxes debits write-off)	(203,790)	-
Share of loss of associate	(141,424)	141,424
Changes in assets and liabilities		
Advances for rental deposit	(1,458)	3,298
Other assets	(2,492)	12,802
Accounts payable	16,655	2,045
Recoverable taxes	(38,917)	(3,492)
Salaries and social charges	(99,781)	(67,776)
Taxes payable	25,650	49,667
Income tax and social contribution paid	(193,569)	(45,196)
Net cash inflow from operating activities	<u>235,821</u>	<u>12,019</u>
Cash flows from financing activities		
Inflows of loans related parties	-	(50,000)
Net cash flow used in financing activities	<u>-</u>	<u>(50,000)</u>
Increase /(decrease) in cash and cash equivalents	<u>235,821</u>	<u>(37,981)</u>
Cash and cash equivalents		
At beginning of year	30,316	68,297
At end of year	266,137	30,316
Increase /(decrease) in cash and cash equivalents	<u>235,821</u>	<u>(37,981)</u>

The explanatory notes are an integral part of these financial statements.

1. General Information

The Company was established on 24 November 2008 and is headquartered in Cotia, State of São Paulo. The Company's objectives are the import and sale of chemical and biological products for use in agriculture (pesticides, herbicides, fertilizers, additives and other agricultural inputs), other chemical specialty products, machines, appliances, equipment and other engineering products for industrial and agricultural use, including parts and components, as well as sales representation and rendering of services in general.

The Company's activities are in the initial stage and, therefore, it has not yet generated sales revenues. The revenue recorded in 2023 and 2022 arises from commissions for representation services relating to sales made directly by the parent company Coromandel International Limited. Accordingly, the Company has spent significant amounts on organization, development and pre-operating costs which, in accordance with the Company's estimates and projections, are expected to be recovered from future operations. This will occur once the Company's products have been accepted by, and registered with, the related Brazilian authorities.

The Company has incurred recurring losses and the Company's current liabilities exceeded its current assets by R\$ 398,990 (2022 - R\$ 1,001,043) and it had an equity deficiency of R\$ 523,580 (2022 - R\$ 1,056,668) at 31 December 2023.

These financial statements were approved by the Company's management on August 20, 2024.

2. Summary of significant accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1. Basis of preparation

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil issued by the Brazilian Accounting Pronouncements Committee, considering the historical cost as the basis of value.

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Brazilian reais, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of operations.

2.3. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less, and with immaterial risk of change in value.

2. Summary of significant accounting policies--Continuation

2.4. Financial assets

2.4.1. Classification and measurement

The Company classifies its financial assets as amortized costs and as fair value through profit or loss. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

(a) Non-derivative financial assets measured at amortized cost

Included in this category are loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date (these are classified as non-current assets). The Company's non-derivative financial assets measured at amortized costs comprise accounts receivable from related parties, other assets, and cash and cash equivalents.

(b) Non-derivative financial assets measured at fair value through profit or loss

This category includes receivables, which do not have a fixed or determinable payment flow, and which the variation in value is not through other comprehensive income. The company considers in this category investments whose acquired interest is less than 20% and which has no significant influence, being classified in non-current assets.

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments using the valuation technique:

- **Level 1:** Prices quoted (without adjustments) in active markets for identical assets or liabilities;
- **Level 2:** Other techniques for which all data that have a significant effect on the recorded fair value are observable, directly or indirectly;
- **Level 3:** Techniques that use data that have a significant effect on the recorded fair value that are not based on observable market data.

Investment balances are classified by level 3.

2. Summary of significant accounting policies--Continuation

2.4. Financial assets--Continuation

2.4.2. Recognition and measurement

Loans and receivables are measured at amortized cost using the effective interest method.

Investments are measured at fair value through profit or loss, using the investee companies' internal data for the valuation.

2.4.3. Compensation of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.4.4. Impairment of financial assets

The Company assesses at the end of each year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- (i) Significant financial difficulty of the issuer or debtor;
- (ii) A breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that a lender would not otherwise consider;
- (iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- (v) The disappearance of an active market for that financial asset because of financial difficulties; or

2. Summary of significant accounting policies--Continuation

2.4. Financial assets--Continuation

2.4.4. Impairment of financial assets--Continuation

(vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- Adverse changes in the payment status of borrowers in the portfolio; and
- National or local economic conditions that correlate with defaults on the assets in the portfolio.

(vii) Indicative of impairment or operational continuity of investees whose investment is classified at fair value through profit or loss.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of operations. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment loss on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recorded loss is recognized in the statement of operations.

2.5. Accounts receivable

Accounts receivable are amounts due for services rendered in the ordinary course of the Company's business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment of receivables, when applicable.

2. Summary of significant accounting policies--Continuation

2.6. Investments

The balances of interests acquired in other companies are classified according to the relevance and influence of the interest. Taking into account the affiliate or significant influence criterion, the investment value will be measured by the equity method, otherwise, it will be measured by the acquisition cost method.

2.7. Property and equipment

Property and equipment are stated at acquisition cost and depreciated using the straight-line method to reduce their costs to their residual values over their estimated useful lives (IT equipment - five years, vehicles - five years; and furniture and fixtures - ten years).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these costs will flow to the Company and they can be measured reliably. The carrying amount of the replaced items or parts is derecognized. All other repairs and maintenance are charged to the statement of operations during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if it is above the estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other operating expenses" in the statement of operations.

2.8. Impairment of financial assets

Property and equipment and other non-current assets are reviewed annually to identify evidence of impairment and, also, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In this case, the recoverable value is calculated to verify if there is any loss. An impairment loss is recognized for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net sales price and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. As a result of this evaluation, no loss to be recognized was identified up to 31 December 2023.

2. Summary of significant accounting policies--Continuation

2.9. Current liabilities

Current liabilities are stated at known or calculated amounts, plus, when applicable, the corresponding charges and monetary variations incurred.

2.10. Current and deferred income tax and social contribution

The current and deferred income tax and social contribution charge is calculated on the basis of tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken by the Company in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

The current income tax and social contribution are presented net, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due on the reporting date.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are presented net in the balance sheet when there is a legally enforceable right and the intention to offset them upon the calculation of current taxes, generally when related to the same legal entity and the same tax authority.

2.11. Capital

The capital quotas are classified in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The company has 268 unpaid shares, in the amount of R\$ 26,780.

2. Summary of significant accounting policies--Continuation

2.12. Distribution of dividends and interest on capital

As provided in the Company's partnership agreement, the partners representing the majority of capital will decide on the distribution and appropriation of the profit for the year.

2.13. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for representation services in the sale of products directly from its Parent Company and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax.

(a) Sales of services

The Company provides sales representation services which are rendered based on fixed price agreements. Services revenue is recognized as the services are rendered.

2.14. Statements of cash flows

The statements of cash flows were prepared according to the indirect method and are presented in accordance with Accounting Pronouncement CPC 03 (R2) Statement of Cash Flows.

2.15. Translation of balances in foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency (Real) using the exchange rate of balance sheet date. Gains and losses resulting from the restatement of these assets and liabilities due to exchange rate variance between transaction date and year and/or period-end are recognized as financial income or financial expenses in the income statements.

3. Critical accounting estimates and judgments

The preparation of financial statements requires the use of estimates to record certain assets, liabilities and other transactions. Accordingly, the Company's financial statements include estimates related to the selection of the useful lives of property and equipment and the determination of the provision for contingencies. The actual results may differ from those estimated.

Based on assumptions, the Company makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

4. Cash and cash equivalents

	2023	2022
Cash and banks	266,137	30,316
	266,137	30,316

Cash and bank balances refer to current account balance held with prime banks.

5. Recoverable taxes

	2023	2022
Services Tax (ISS) – (a)	9,423	-
Withholding Income Tax (IRRF) - (a)	29,494	-
Other	3,492	3,492
	42,409	3,492

(a) Amounts paid in duplicate.

6. Investments

a) Balances

	%	2023	2022
Sabero Organics America S.A. (i)	2	150,000	8,576
		150,000	8,576

- (i) Sabero Organics América SA is a company whose final controller, like Coromandel do Brazil, is Coromandel International. The company has a social objective in the management of product records and the performance of all activities necessary to ensure the maintenance of records, as well as commercial representation of Coromandel International products. At December 31, 2023 the balance of R\$ 150,000 refer to the purchase of 2% of the capital, which remains registered by the acquisition cost method.

The Sabero Organics S.A. is a privately held company and, for this reason, there is no quoted market price for its shares. No changes were identified in the value of participation for 2023.

b) Changes in investments

Closing balance at 12/31/2022	8,576
+ Reversal share of loss of associate	141,424
Closing balance at 12/31/2023	150,000

6. Investments--Continued

c) Summarized financial information

Sabero Organics America S.A.	2023	2022
Assets		
Cash and cash equivalents	170,362	67,054
Taxes recoverable	233,431	242,915
Others assets	8,851	-
Property, plant and equipment	2,696	2,748
Intangible	55,340	121,704
Total assets	470,680	434,424
Liabilities and equity		
Accounts payable	3,960	5,640
Tax liabilities	14,809	-
Share capital	3,990,312	3,990,312
Accumulated deficit	(3,538,401)	(3,561,528)
Total liabilities and equity	470,680	434,424

7. Property and equipment

	IT equipment	Vehicles and machinery	Furniture, fittings and equipment	Total
At 1 January 2022				
Opening balance	3,764	39,694	-	43,458
Acquisitions	-	-	-	-
Depreciation	(1,089)	(19,306)	-	(20,395)
Net book value	2,675	20,388	-	23,063
At 31 December 2022				
Cost	10,894	103,617	10,769	125,280
Accumulated depreciation	(8,219)	(83,229)	(10,769)	(102,217)
Net book value	2,675	20,388	-	23,063
At 1 January 2023				
Opening balance	2,675	20,388	-	23,063
Acquisitions	-	-	-	-
Depreciation	(1,089)	(20,388)	-	(21,477)
Net book value	1,586	-	-	1,586
At 31 December 2023				
Cost	10,894	20,388	10,769	42,051
Accumulated depreciation	(9,308)	(20,388)	(10,769)	(40,465)
Net book value	1,586	-	-	1,586

8. Related parties

(a) Transactions

Transactions with related parties correspond to revenue sales commissions in intermediation sales made directly by its parent company Coromandel International Limited of R\$ 3,127,654 (2022 - R\$ 2,756,545).

(b) Key management remuneration

The remuneration paid or payable to key management for services rendered amounted to R\$ 513,397 (2022 - R\$ 602,582).

(c) Advances for future capital increase

The advances for future capital increase at 31 December 2023 and 2022, of R\$ 20,815, were not classified in a specific equity account because they did not meet the criteria established by accounting standards adopted in Brazil.

9. Accounts payable

	2023	2022
Domestic Suppliers	18,700	2,045
	18,700	2,045

10. Salaries and social charges

	2023	2022
Wage Compensation	-	33,586
Salaries	-	90,313
National Social Security (INSS)	50,011	48,332
Severance Pay Fund (FGTS)	-	11,147
Provision for fines and interest on overdue taxes	145,099	315,303
	195,110	498,681

11. Taxes payable

	2023	2022
Tax installment - Federal taxes - (a)	179,939	-
Tax installment - services Tax (ISS) - (b)	163,207	-
Services Tax (ISS)	79,331	88,446
Social Integration Program (PIS)	470	470
Social Contribution on Revenues (COFINS)	2,166	2,166
Withholding Income Tax (IRRF)	45,565	92,867
Corporate Income Tax (IRPJ)	173,506	201,314
Social Contribution on Net Income (CSLL)	87,140	108,019
Provision for fines and interest on overdue taxes	-	3,790
Other	15,623	22,461
	746,947	519,533
Current liabilities	558,035	519,533
Noncurrent liabilities	188,912	-
	746,947	519,533

- (a) On March 28, 2023, the company agreed to pay in installments of outstanding taxes (income tax and social contribution) in the balance of R\$ 155,861. The installment was recorded in the amount of R\$ 227,010, which will be paid in 24 installments;
- (b) On May 3, 2023, the company adhered to the installment payment of the Service Tax (ISS) outstanding in the amount of R\$ 108,938, the installment was recorded in the amount of R\$ 254,130, which will be paid in 48 installments.

12. Provision for contingencies

The Company adopted the policy of granting certain benefits to its former General Manager, such as the payment of rent on the former Manager's house. However, these benefits are not included in the calculation basis for payment of social charges and withholding income tax on remuneration. Brazilian law determines that all direct and indirect benefits granted to employees and/or managers must be included in the total remuneration paid to that employee and/or manager and, therefore, be subject to payment of the related social charges and withholding income tax. There are no lawsuits in which the company appears as a defendant. The Company recorded the amount of R\$ 87,264 (2022 - R\$ 87,264) in order to provide for any challenges made by the tax authorities.

13. Equity deficiency

(a) Capital

Subscribed capital at 31 December 2023 and 2022, of R\$ 1,850,000, consists of 18,500 quotas with a value of R\$ 100.00 each, held as follows:

Quotaholders	2023
Coromandel International Limited	18,315
CFL Mauritius Ltd.	185
	18,500

Brazilian legislation requires that foreign investments be registered with the Brazilian Central Bank for purposes of capital repatriation and remittance of profits. Capital registered with the Central Bank at 31 December 2023 totaled US\$ 962,559 (2022 - US\$ 962,559).

14. Income tax and social contribution

Corporate Income Tax (IRPJ) and Social Tax on Net Income (CSLL) are calculated, where applicable, with basis on prevailing rates (15% for IRPJ plus 10% for IRPJ surtax on earnings exceeding R\$ 240,000 per year and 9% for CSLL) and consider the offset of tax losses and negative CSLL tax basis for the purposes of determining the enforceability, where applicable.

Income tax and social contribution expenses for the year ended 31 December, were as follows:

	2023	2022
Income (loss) before income tax and social contribution	677,971	(101,148)
Additions		
Provision share of loss of associate	-	141,424
Non-deductible expenses	30,952	92,653
Exclusions		
Reversal share of loss of associate	(141,424)	-
Non-deductible provision	(141,375)	-
(=) Tax Basis	426,124	132,929
Income tax and social contribution at the standard rates	34%	34%
Compensates for tax loss	-	-
Income tax and social contribution expense	144,882	45,196

The tax loss and negative CSLL tax basis amounted to R\$ 5,820,832,32 as of December 31, 2023 (R\$ 6,026,146 in 2022). The related tax credit of R\$ 1,396,999,76 (R\$ 1,015,669 in 2022) has not been recorded because not all requirements for its recognition have been met.

The Company has tax loss carryforwards, social contribution and temporarily nondeductible expenses to be offset against future taxable income, amounting to R\$ 1,396,999,76 and R\$ 0 (December 31, 2022 – R\$ 2,958,222 and R\$ 0), respectively, and the net deferred tax assets in the amount of R\$ 1,396,999,76 (December 31, 2021 – R\$ 1,015,669) have not yet accounted for not being possible to say that their achievement is at present, considered likely. Permanent differences refer to fines arising from late payment of taxes. According to current tax legislation, the compensation is limited annually to 30 % of taxable income, not having, however, the limitation.

15. Net revenue

	2023	2022
Revenue from sales representatives (a)	3,127,654	3,138,735
(-) Tax service – ISS	(62,553)	(55,131)
	3,065,101	3,083,604

(a) The commercial operations carried out between the company and its parent company have specific characteristics agreed between the parties.

16. Expenses by nature

The Company presents, below, the detailing by nature:

	2023	2022
Salaries and social charges	(1,335,645)	(1,509,308)
Rent	(60,052)	(76,566)
Professional fees	(300,274)	(338,823)
Fees and product registration costs	(516,778)	(576,626)
Depreciation (Note 8)	(21,477)	(20,395)
Travel and accommodation	(57,532)	(54,844)
Advertising expenses	(20,707)	(35,446)
Other operating expenses	(19,278)	(75,479)
	(2,331,743)	(2,687,485)

17. Finance expenses

	2023	2022
Financial expenses		
Negative foreign exchange	(4,440)	(327,059)
Fines and interest on overdue taxes	(250,451)	(2,448)
Other financial costs	(16,872)	(26,337)
	(271,763)	(355,843)

18. Financial instruments by category

The main financial assets and liabilities are shown below:

	2023	2022
Financial assets carried at fair value through profit or loss		
Investments	150,000	8,576
	150,000	8,576
Financial assets carried at amortized cost		
Trade and other receivables, excluding prepayments		
Other assets	7,681	6,223
Cash and cash equivalents	266,137	30,316
	273,818	36,539
Financial liabilities carried at amortized cost		
Trade and other payables, excluding legal obligations	18,700	2,045

19. Insurance

At December 31, 2023, the Company had insurance cover for vehicles in the amount of R\$ 200,000.