

(A free translation of the original in Portuguese)

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# ***Coromandel Brasil Ltda.***

***Financial statements at  
December 31, 2020  
and report of independent auditor***





(A free translation of the original in Portuguese)

## ***Report of independent auditor on the financial statements***

To the Board of Directors and Stockholders  
Coromandel Brasil Ltda.

### **Opinion**

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We have audited the accompanying financial statements of Coromandel Brasil Ltda. ("Company"), which comprise the balance sheet as at 31 December 2020 and the statements of operations, statement of comprehensive income, changes in equity (equity deficiency) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2020, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

### **Basis for opinion**

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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.

### **Emphasis of matter**

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#### **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**

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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



Coromandel Brasil Ltda.

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**

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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 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.

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 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 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.



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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.

Campinas, 22 July 2021

*PricewaterhouseCoopers*  
PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Gustavo dos Santos Amud  
Contador CRC 1RJ085031/O-0

# Coromandel Brasil Ltda.

## Balance sheet at 31 December

All amounts in Brazilian reais

(A free translation of the original in Portuguese)

Assets	2020	2019	Liabilities and equity deficiency	2020	2019
Current assets			Current liabilities		
Cash and cash equivalents (Note 5)	390,289	188,075	Accounts payable (Note 10)	28,478	91,726
Advances to the General Manager (Note 9)		25,915	Salaries and social charges (Note 11)	126,569	104,234
Other assets	122	4,791	Taxes payable (Note 12)	405,861	335,987
Advances for rental deposit (Note 6)	9,521	41,779	Advances for future capital increase (Note 9)	20,815	20,815
	399,932	260,560		581,723	552,762
Long-term receivables			Non-current liabilities		
Taxes recoverable	46,794	46,580	Provision for contingencies (Note 13)	87,264	76,896
Investments (Note 7)	150,000	150,000			
Property and equipment (Note 8)	54,164	75,764			
	250,958	272,344	Total liabilities	668,987	629,658
			Equity deficiency (Note 14)		
			Capital	1,850,000	1,850,000
			Unpaid capital	(26,780)	(26,780)
			Accumulated deficit	(1,841,317)	(1,919,974)
			Total equity deficiency	(18,097)	(96,754)
Total assets	650,890	532,904	Total liabilities and equity deficiency	650,890	532,904

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

## Coromandel Brasil Ltda.

### Statement of income Years ended 31 December All amounts in Brazilian reais

(A free translation of the original in Portuguese)

	<b>2020</b>	<b>2019</b>
Revenue (Note 16)	<u>1,981,482</u>	<u>1,351,333</u>
Administrative expenses (Note 17)	(1,615,980)	(1,065,160)
Selling expenses (Note 17)	<u>(215,893)</u>	
<b>Operating result</b>	<u>149,609</u>	<u>286,173</u>
Financial expenses (Note 18)	(63,275)	(29,310)
Financial income (Note 18)	<u>15,065</u>	<u>32,525</u>
<b>Financial gains (expenses), net</b>	<u>(48,210)</u>	<u>3,215</u>
<b>Profit before taxation</b>	<u>101,399</u>	<u>289,388</u>
Income tax and social contribution (Note 15)	<u>(22,742)</u>	<u>(45,850)</u>
<b>Net profit for the period</b>	<u><u>78,657</u></u>	<u><u>243,538</u></u>
Number of shares at end of period	<u>18,500</u>	<u>18,500</u>
Profit per share of net capital at end of period	<u>4.25</u>	<u>13.16</u>

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

## Coromandel Brasil Ltda.

### Statement of comprehensive income

Years ended 31 December

All amounts in Brazilian reais

(A free translation of the original in Portuguese)

	<u>2020</u>	<u>2019</u>
<b>Net income for the period</b>	78,657	243,538
Other comprehensive income		
<b>Total of comprehensive income for the period</b>	<u>78,657</u>	<u>243,538</u>

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

## Coromandel Brasil Ltda.

### Statement of changes in equity deficiency

Years ended 31 December

All amounts in Brazilian reais

(A free translation of the original in Portuguese)

	Share capital		Accumulated deficit	Total
	Subscribed	Unpaid		
<b>At 1 January 2019</b>	1,850,000	(26,780)	(2,163,512)	(340,292)
Net profit for the period			243,538	243,538
<b>At December 31, 2019</b>	1,850,000	(26,780)	(1,919,974)	(96,754)
Net profit for the period			78,657	78,657
<b>At December 31, 2020</b>	1,850,000	(26,780)	(1,841,317)	(18,097)

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



# Coromandel Brasil Ltda.

## Statement of cash flows Years ended 31 December

All amounts in Brazilian reais

(A free translation of the original in Portuguese)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Profit before taxation	101,399	289,388
Adjustments arising from:		
Depreciation (Note 8)	21,600	21,800
Provision for contingencies (Note 13)	10,368	666
Financial charges on tax and labor liabilities	23,607	(17,141)
Changes in assets and liabilities		
Accounts receivable (Note 9)		324
Taxes recoverable (Note 5)	(214)	(5,153)
Advances to the General Manager	25,915	(25,915)
Advances for rental deposit (Note 6)	32,258	(16,465)
Other assets	4,669	7,809
Accounts payable (Note 10)	(63,248)	60,063
Salaries and social charges (Note 11)	19,912	(62,467)
Taxes payable (Note 12)	25,948	14,237
<b>Net cash inflow from operating activities</b>	<u>202,214</u>	<u>267,146</u>
<b>Cash flows from investing activities</b>		
Acquisition of shares in investee (Note 7)		(150,000)
<b>Net cash used in investing activities</b>		<u>(150,000)</u>
<b>Increase in cash and cash equivalents</b>	202,214	117,146
<b>Cash and cash equivalents at the beginning of the year (Note 4)</b>	<u>188,075</u>	<u>70,929</u>
<b>Cash and cash equivalents at the end of the year (Note 4)</b>	<u><u>390,289</u></u>	<u><u>188,075</u></u>

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

(A free translation of the original in Portuguese)

## **Coromandel Brasil Ltda.**

### **Notes to the financial statements at 31 December 2020 All amounts in Brazilian reais**

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#### **1.1 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 2020 and 2019 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\$ 181,791 (2019 - R\$ 292,202) and it had an equity deficiency of R\$ 18,097 (2019 - R\$ 96,754) at 31 December 2020. The parent company Coromandel International Limited formally expressed that it will maintain the financial support necessary to the Company's operations in Brazil until the Company obtains the licenses for its products from the regulatory agency, Sanitary Vigilance National Agency - ANVISA

These financial statements were approved by the Company's management on 22 July 2021.

#### **1.2 COVID-19 impacts**

Due to the Covid-19 pandemic, operations in India were completely blocked on March 22, 2020, however, as agriculture was considered an essential service, the Government of India allowed Coromandel India to resume operations and global supply.

There was an impact in India due to the blockade that was only lifted in April, however, in the South American region, operations have not yet been so impacted as operations are more related to product development and registration. Sales representations are still occurring in subsequent months, even though there was a decrease in volume due to the increase in the exchange rate.

Both the representation and product registration operations are being carried out remotely, just as they were already being carried out, without the need to take additional measures for the operation of the company.

Thus, until the date of disclosure of this financial statement, it is not possible to fully estimate what risks and uncertainties the company is or will be exposed to in the short, medium and long term. However, the company does not rule out that a retraction in the economy and in the market in general due to the covid-19 pandemic may affect its operations.

# **Coromandel Brasil Ltda.**

## **Notes to the financial statements at 31 December 2020 All amounts in Brazilian reais**

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### **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.

#### **2.4 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.

## **Coromandel Brasil Ltda.**

### **Notes to the financial statements at 31 December 2020 All amounts in Brazilian reais**

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#### **(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.

#### **2.4.2 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.

## **Coromandel Brasil Ltda.**

### **Notes to the financial statements at 31 December 2020 All amounts in Brazilian reais**

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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
- (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.

#### **2.6 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

## **Coromandel Brasil Ltda.**

### **Notes to the financial statements at 31 December 2020 All amounts in Brazilian reais**

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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 2019.

#### **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.

## **Coromandel Brasil Ltda.**

### **Notes to the financial statements at 31 December 2020 All amounts in Brazilian reais**

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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.

#### **2.12 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 Changes in accounting policies and disclosures**

The following standards have been adopted for the first time in the year beginning on January 1, 2020 and had no material impacts on the Company financial statements:

- Definition of material: amendments to IAS 1 / CPC 26 "Presentation of Financial Statements" and IAS 8 / CPC 23 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Definition of a business: amendments to IFRS 3 / CPC 15 "Business Combinations"
- IBOR reform: amendments to IFRS 9 / CPC 48, IAS 39 / CPC 38 and IFRS 7 / CPC 40 "Financial Instruments"
- Revised Conceptual Framework for Financial Reporting

## **Coromandel Brasil Ltda.**

### **Notes to the financial statements at 31 December 2020 All amounts in Brazilian reais**

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COVID-19-related Rent Concessions: amendments to IFRS 16 / CPC 06 (R2) "Leases".

Therefore, there are no CPC interpretations that are not yet effective that would be expected to have a material impact on the financial 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**

	<u>2020</u>	<u>2019</u>
Cash and banks	<u>390,289</u>	<u>188,075</u>
	<u>390,289</u>	<u>188,075</u>

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

### **5 Tax recoverable**

	<u>2020</u>	<u>2019</u>
Withholding tax (IRRF)	<u>46,794</u>	<u>46,580</u>
	<u>46,794</u>	<u>46,580</u>

Withholding tax recoverable balance are due to payments made in excess during the period from 2015 to 2019. The management plan is to offset these taxes with other federal taxes and the Company is still evaluating when it will be done. Currently it is classified as long term.

### **6 Advances for rental deposit**

The balances as of December 31, 2020 refer to the rental of a file room at the accounting office located in Cotia - SP. The advances for rental deposit at 31 December 2019 substantially refer to a prepayment



## Coromandel Brasil Ltda.

### Notes to the financial statements at 31 December 2020 All amounts in Brazilian reais

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made for the rental of a property located at Avenida Jamaris, 64. - Moema - in the City of São Paulo. The contract was signed in March 2018 and expires on 15 August 2020. This deposit was adjusted monthly by the basic Brazilian interest rate.

#### 7 Investments

##### a) Balances

	<u>2020</u>	<u>2019</u>
Sabero Organics America S.A. (i)	<u>150,000</u>	<u>150,000</u>
	<u>150,000</u>	<u>150,000</u>

##### b) Summarized financial information

<u>Sabero Organics America S.A.</u>	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	239,888	208,219
Taxes recoverable	242,915	216,100
Property, plant and equipment	2,851	2,903
Intangible	<u>652,648</u>	<u>918,118</u>
Total assets	<u>1,138,302</u>	<u>1,345,340</u>
Liabilities and equity		
Advances for future capital increase	602,253	602,253
Share capital	3,388,859	3,388,857
Accumulated deficit	<u>(2,855,956)</u>	<u>(2,645,949)</u>
Total liabilities and equity	<u>1,138,302</u>	<u>1,345,340</u>

- (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.

As of December 31, 2020 and 2019, the balances of R \$ 150,000 refer to the purchase of 2% of the capital. 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 2020.

As of December 31, 2020, the Company's management did not identify any indications of impairment at Sabero Organics.

## Coromandel Brasil Ltda.

### Notes to the financial statements at 31 December 2020 All amounts in Brazilian reais

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#### 8 Property and equipment

	IT equipment	Vehicles and machinery	Furniture, fittings and equipment	Total
At 1 January 2019				
Opening balance		95,668	1,896	97,564
Depreciation		(20,723)	(1,077)	(21,800)
Net book value		74,945	819	75,764
At 31 December 2019				
Cost	6,131	103,617	10,769	120,517
Accumulated depreciation	(6,131)	(28,672)	(9,950)	(44,753)
Net book value		74,945	819	75,764
At 1 January 2020				
Opening balance		74,945	819	75,764
Depreciation		(20,781)	(819)	(21,600)
Net book value		54,164		54,164
At 31 December 2020				
Cost	6,131	103,617	10,769	120,517
Accumulated depreciation	(6,131)	(49,453)	(10,769)	(66,353)
Net book value		54,164		54,164

#### 9 Related parties

##### (a) Transactions and balances

There is no balance at 31 December 2020 and the balance of R\$ 25,915 at 31 December 2019 refers to an advanced payment granted to the General Manager to cover travel expenses, which was expensed in 2020. As well, there was no outstanding balance of accounts receivable with related parties totaling R\$ 0 (2019 - R\$ 0).

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### Notes to the financial statements at 31 December 2020 All amounts in Brazilian reais

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**(b) Transactions**

Transactions with related parties correspond to revenue sales commissions in intermediation sales made directly by its parent company Coromandel International Limited of R\$ 2,021,020 (2019 - R\$ 1,378,911).

**(c) Key management remuneration**

The remuneration paid or payable to key management for services rendered amounted to R\$ 268,803 (2019 - R\$ 350,252).

**(d) Advances for future capital increase**

The advances for future capital increase at 31 December 2020 and 2019, 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.

**10 Accounts payable**

	<b>2020</b>	<b>2019</b>
Domestic suppliers	28,478	91,726
	<u>28,478</u>	<u>91,726</u>

**11 Salaries and social charges**

	<b>2020</b>	<b>2019</b>
Wage Compensation	33,586	34,738
Salaries	19,200	
National Social Security (INSS)	23,205	23,901
Severance Pay Fund (FGTS)	2,560	
Provision for fines and interest on overdue taxes	48,018	45,595
	<u>126,569</u>	<u>104,234</u>

**12 Taxes payable**

	<b>2020</b>	<b>2019</b>
Services Tax (ISS)	93,637	77,003
Social Integration Program (PIS)	2,688	2,405

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	<u>2020</u>	<u>2019</u>
Social Contribution on Revenues (COFINS)	4,318	3,010
Withholding Income Tax (IRRF)	38,198	28,446
Corporate Income Tax (IRPJ)	103,743	89,529
Social Contribution on Net Income (CSLL)	59,267	50,739
Provision for fines and interest on overdue taxes	100,556	79,372
Other	3,454	5,483
	<u>405,861</u>	<u>335,987</u>

#### 13 Provision for contingencies

The Company adopts the policy of granting certain benefits to its General Manager, such as the payment of rent on the 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 (2019 - R\$ 76,896) in order to provide for any challenges made by the tax authorities.

#### 14 Equity deficiency

##### (a) Capital

Subscribed capital at 31 December 2020, of R\$ 1,850,000 (31 December 2019 - R\$ 1,850,000), consists of quotas with a par value of R\$ 100.00 each, held as follows:

<u>Quotaholders</u>	<u>Number of quotas</u>
Coromandel International Limited	18,315
CFL Mauritius Ltd.	185
	<u>18,500</u>

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 2020 totaled US\$ 962,559 (2019 - US\$ 962,559).

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#### 15 Income tax and social contribution

As from 2013, income tax and social contribution started to be calculated based on actual taxable income adjusted as per specific legislation. The income tax rate is 15%, with a surcharge of 10% on annual taxable income that exceeds R\$ 240,000. The social contribution is calculated on taxable income at the rate of 9%. The combined rate is 34%.

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

	<u>2020</u>	<u>2019</u>
Profit (loss) before income tax and social contribution	<u>101,399</u>	<u>289,388</u>
Income tax and social contribution at the standard rates	<u>24%</u>	<u>24%</u>
	24,335	69,453
Adjustments to calculate the effective rate:		
Expenses not deductible for tax purposes		
Other permanent differences	8,154	(3,953)
Compensates for tax loss	<u>(9,747)</u>	<u>(19,650)</u>
Income tax and social contribution expense	<u>22,742</u>	<u>45,850</u>

The Company has tax loss carryforwards, social contribution and temporarily nondeductible expenses to be offset against future taxable income, amounting to R\$ 2,198,209 and R\$ 13,990 (December 31, 2019 – R\$ 2,238,821 and R\$ 13,990), respectively, and the net deferred tax assets in the amount of R\$ 752,148 (December 31, 2019 – R\$ 765,956) 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.

#### 16 Net revenue

The reconciliation between gross sales and net revenue is as follows:

	<u>2020</u>	<u>2019</u>
Gross services revenue	2,021,920	1,378,911
Taxes on sales of services	<u>(40,438)</u>	<u>(27,578)</u>
Net revenue	<u>1,981,482</u>	<u>1,351,333</u>

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#### 17 Expenses by nature

The Company presents, below, the detailing by nature:

	<u>2020</u>	<u>2019</u>
Salaries and social charges	(538,292)	(423,213)
Rent	(132,822)	(91,231)
Professional fees	(76,695)	(62,163)
Fees and product registration costs	(919,673)	(325,859)
Provision for contingencies (Note 13)	(10,671)	(3,315)
Depreciation (Note 8)	(21,600)	(21,800)
Travel and accommodation	(34,576)	(106,189)
Advertising expenses	(49,493)	
Other operating expenses	(48,051)	(31,390)
	<u>(1,831,873)</u>	<u>(1,065,160)</u>
Classified as:		
Administrative expenses (Note 17)	(1,615,980)	(1,065,160)
Selling expenses (Note 17)	(215,893)	
	<u>(1,831,873)</u>	<u>(1,065,160)</u>

#### 18 Finance income and costs, net

	<u>2020</u>	<u>2019</u>
Financial income		
Investment income	717	7,286
Positive foreign exchange	14,348	25,239
Total financial income	<u>15,065</u>	<u>32,525</u>
Financial expenses		
Negative foreign exchange	(28,041)	(5,211)
Fines and interest on overdue taxes	(29,875)	(18,553)
Other financial costs	(5,359)	(5,546)

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	<u>2020</u>	<u>2019</u>
Total financial expenses	<u>(63,275)</u>	<u>(29,310)</u>
Financial gains (expenses), net	<u>(48,210)</u>	<u>3,215</u>

#### 19 Financial instruments by category

The main financial assets and liabilities are shown below:

	<u>2020</u>	<u>2019</u>
Financial assets carried at fair value through profit or loss		
Investments	<u>150,000</u>	<u>150,000</u>
	<u>150,000</u>	<u>150,000</u>
Financial assets carried at amortized cost		
Trade and other receivables, excluding prepayments		
Other assets	9,521	41,779
Cash and cash equivalents	<u>390,289</u>	<u>188,075</u>
	<u>399,810</u>	<u>229,854</u>
Financial liabilities carried at amortized cost		
Trade and other payables, excluding legal obligations	<u>28,478</u>	<u>91,726</u>
	<u>28,478</u>	<u>91,726</u>

#### 20 Insurance

At December 31, 2020, the Company had insurance cover for vehicles in the amount of R\$ 50,000.

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