



GARCÍA SABATÉ, CASTAÑEDA,
NAVARRETE, S.C.

Independent Auditors Report

Mexico City, May 2, 2022

Shareholders' Assembly
CFS de México Blends, S.A. P.I. de C.V.
P r e s e n t.

Opinion

We have audited the consolidated financial statements of **CFS de México Blends, S.A. P.I. de C.V.**, and subsidiaries (the group) comprising the Consolidated financial statements as of March 31, 2021 and March 31, 2022 and the consolidated statements of profit and loss, changes in consolidated stockholders' equity and consolidated cash flows for the years then ended, as well as the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of **CFS de México Blends, S.A. P.I. de C.V.**, as of March 31, 2021 and March 31, 2022 as well as its consolidated results and consolidated cash flows for the years then ended, in accordance with the International Financial Reporting Standards (IFRS).

Basis of opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities, in accordance with these standards, are described below in the section Responsibilities of the auditor in relation to the audit of the consolidated financial statements of this report. We are independent of the Company in accordance with the Code of Professional Ethics of the Mexican Institute of Public Accountants, A.C. (Code of Professional Ethics), together with the ethical requirements that are applicable to our audits of the consolidated financial statements in México and we have fulfilled all other ethical responsibilities in accordance with those requirements and the Code of Professional Ethics. We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.



GARCÍA SABATÉ, CASTAÑEDA,
NAVARRETE, S.C.

Other information

Management is Responsibilities with Regard to Financial Statements.

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS and the internal control that the Company's management deemed necessary to enable the preparation of those financial statements free of material misstatements, due to fraud or error.

In the preparation of the financial statements, the Company's management is responsible for evaluating the group's ability to continue as a going concern, revealing, where appropriate, the business related issues and using the business accounting principle unless the management of the Company intends to liquidate the group or cease its operations, or else there is no more realistic alternative.

Responsibilities of the auditor in relation to the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements, as a whole, are free from material misstatement, due to fraud or error, and to issue an audit report containing our opinion. Reasonable safety is a high level of safety, but does not guarantee that an audit performed in accordance with ISA will always detect a material deviation when it exists. Deviations may be due to fraud or error and are considered material if, individually or jointly, they can reasonably be expected to influence the economic decisions that users make, when they are based on the consolidated financial statements prepared by management of the Company.

As part of an audit in accordance with ISAs, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. As well:

- a) We identify and assess the risks of material deviation in the financial statements, due to fraud or error; we design and apply audit procedures to respond to those risks and obtain audit evidence sufficient and adequate to provide a basis for our opinion. The risk of not detecting fraud due to fraud is higher than in the case of a material error due to fraud, since fraud may involve collusion, falsification, deliberate omissions, misleading statements or circumvention of internal control implemented by the management of the Company and relevant to the audit.
- b) We obtain knowledge of the internal control, implemented by the Company's management, relevant to the audit, in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- c) We evaluate the adequacy of the accounting policies applied, the reasonableness of accounting estimates and the corresponding information disclosed by the Company's management.

- d) We conclude on the adequacy of the management of the group, the accounting principle of business in progress and, based on the audit evidence obtained, we conclude on whether or not there is a material deviation related to facts or conditions that may generate significant doubts about the ability of the group to continue as a going concern. If, we conclude that there is material uncertainty, it is necessary to draw attention in our audit report on the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, to express a modified opinion. Our findings are based on the audit evidence obtained so far from our audit report. Nevertheless; Facts or future conditions usually cause the group to cease to be a going concern.
- e) We evaluate the overall presentation, structure and content of the accompanying consolidated financial statements, including the information disclosed in its notes and, if the accompanying consolidated, financial statements represent the underlying transactions and events in a manner that achieves their presentation in reasonable form.

We communicate to the company's officers, among other things, the scope and timing of the audit and the significant findings of the audit, as well as any significant deficiencies in the internal control relevant to the audit that we identified in the course of the audit.

Yours sincerely,

**GARCIA SABATE, CASTAÑEDA,
NAVARRETE, S.C.**



Javier Sabaté CPA
Audit Partner

CFS DE MEXICO BLENDS, S.A.P.I. DE C.V.
Balance Sheet as at March 31, 2022

RP - I

Particulars	Notes **	Mexican pesos	
		As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1	-	-
Capital Work-in-Progress	2	-	-
Right-Of-Use Assets	3	-	-
Investment Property	4	101,841,972	-
Intangible Assets -Goodwill		75,036,228	-
Other Intangible Assets	5	-	-
Intangible Assets under development	6	-	-
<u>Financial Assets</u>			
Investments	7	-	-
Loans	8	-	-
Other Financial Assets	9	-	-
Deferred Tax Assets (Net)	10	-	-
Other Non-Current Assets	11	3,808,167	-
Total Non-Current Assets		180,686,367	-
Current Assets			
Inventories	12	-	-
<u>Financial Assets</u>			
Investments	13	-	-
Trade Receivables	14	-	-
Cash and Cash Equivalents	15	9,956	-
Bank Balances other than Cash and Cash Equivalents	16	-	-
Loans	17	-	-
Other Financial Assets	18	-	-
Current Tax Assets (Net)	10	425,147	-
Other Current Assets	19	-	-
Total Current Assets		435,103	-
TOTAL ASSETS		181,121,470	-
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	20	50,000	-
Other Equity	21	2,644,883	-
Total Equity		2,694,883	-
LIABILITIES			
Non-Current Liabilities			
<u>Financial Liabilities</u>			
Borrowings	22	139,493,347	-
Lease Liabilities	3	-	-
Other Financial Liabilities	23	-	-
Provisions	24	-	-
Deferred Tax Liabilities (Net)	10	-	-
Other Non Current Liabilities	25	-	-
Total Non-Current Liabilities		139,493,347	-
Current Liabilities			
<u>Financial Liabilities</u>			
Borrowings	26	24,841,173	-
Lease Liabilities	3	-	-
Trade Payables	27	10,934,272	-
Other Financial Liabilities	28	808,070	-
Other Current Liabilities	29	-	-
Provisions	30	-	-
Current Tax Liabilities	10	2,349,725	-
Total Current Liabilities		38,933,240	-
Total Liabilities		178,426,587	-
TOTAL EQUITY AND LIABILITIES		181,121,470	-

** Kindly fill the applicable schedules and give appropriate reference.

CFS DE MEXICO BLENDS, S.A.P.I. DE C.V.
RP - II
Statement of Profit and Loss for the year ended March 31, 2022
For the period starting as of September 15, 2021 to March 31, 2022
Mexican pesos

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
Revenue from Operations	31	-	-
Other Income	32	-	-
Total Income		-	-
EXPENSES			
Cost of Materials Consumed	33	-	-
Purchases of Stock-in-Trade	34	-	-
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	35	-	-
Employee Benefits Expense	36	-	-
Finance Costs	37	(5,045,992)	-
Depreciation and Amortisation Expense	38	-	-
Other Expenses	39	14,966	-
Total Expenses		(5,031,026)	-
Profit Before Exceptional Items and Tax		5,031,026	-
Exceptional Items	40	-	-
Profit Before Tax		5,031,026	-
Tax Expense			
Current tax	10	2,386,143	-
Deferred tax	10	-	-
Total Tax Expenses		2,386,143	-
Profit for the year		2,644,883	-
Other Comprehensive Income			
Items that will not be subsequently reclassified to Profit or Loss			
Remeasurements of Defined Benefit Plans		-	-
Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
Total Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		2,644,883	-

Particulars	Mexican pesos	
	For the year Ended March 31, 2022	For the year Ended March 31, 2021
Cash Flow from Operating Activities		
Profit Before Tax	5,031,026	
Adjustment for:		
Depreciation and Amortisation Expense		
Finance Costs	(5,045,992)	
Foreign Exchange Loss / (Gain) (Unrealised)		
(Gain)/Loss on sale of Property, Plant & Equipment and Intangible Assets		
Allowance/(Reversal) of Credit Loss		
Bad Debt written off		
Allowances for Doubtful advances		
Impairment in investments, loans and advances		
Provision for Compensated Absences		
Interest Income		
Rent Expenses		
Net Gain arising on Financial Liabilities measured at Fair Value Through Profit or Loss (FVTPL)		
Operating Profit before working capital changes	(14,966)	-
Adjustment for:		
Increase/(Decrease) in Non Financial Liabilities	13,283,997	
Increase/(Decrease) in Financial Liabilities		
(Increase)/Decrease in Non Financial Assets	(4,233,314)	
(Increase)/Decrease in Financial Assets		
Cash generated from/(used in) operations	9,035,717	-
Taxes Paid (Net)	(2,386,143)	
Net Cash Flow from/(used in) Operating activities	6,649,574	-
Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment and Intangible Assets		
Sale of Property, Plant & Equipment and Intangible Assets		
Sale/(Purchase) of Non-Current Investment	(176,878,200)	
Loan to Associate / Subsidiary		
Maturity of / (Investment in) Fixed Deposit		
Interest Received		
Net Cash Flow from/(used in) Investing Activities	(176,878,200)	-
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	50,000	
Proceeds from / (Repayment of) Long Term Borrowings (Net)		
Proceeds from / (Repayment of) Short Term Borrowings (Net)	165,142,590	
Payment of lease liabilities		
Interest Paid	5,045,992	
Net Cash Flow from Financing Activities	170,238,582	-
Net Increase / (Decrease) in Cash & Cash Equivalents	9,956	-
Cash & Cash Equivalents at the beginning of the year	-	-
Cash & Cash Equivalents at the end of the year	9,956	-

a) Equity Share Capital

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Balance at the beginning of the reporting year		
Add: Issued of equity shares during the year	50,000	
Changes in equity share capital during the year		-
Balance at the end of the reporting year	50,000	

b) Other Equity

Particulars	Reserves and Surplus					Revaluation Surplus	Foreign Currency Translation Reserve (FCTR)	Total
	Capital Reserve	Securities Premium	General Reserves	Retained Earnings	Other Reserves (Please specify the nature of reserve)			
Balance as at March 31, 2020								-
Profit for the year								-
Remeasurement of Defined Benefit Plans								-
Dividend Paid								-
Foreign Currency Translation Reserve								-
Other movements (Please specify the nature of movement)								-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	-	-	-	-	-	-	-	-
Profit for the year				2,644,883				2,644,883
Remeasurement of Defined Benefit Plans								-
Dividend Paid								-
Foreign Currency Translation Reserve								-
Other movements (Please specify the nature of movement)								-
Total Comprehensive Income for the year	-	-	-	2,644,883	-	-	-	2,644,883
Balance as at March 31, 2022	-	-	-	2,644,883	-	-	-	2,644,883

CFS DE MEXICO BLENDS, S.A.P.I. DE C.V.

NOTES FINANCIAL STATEMENTS FOR THE TIME PERIOD MARCH 31, 2022

(Expressed in Mexican Pesos)

1) Company activity

CFS DE MEXICO BLENDS, S.A. P.I.de C.V. (México) hereinafter CFS BLENDS, is the holding of the following entities:

- Dresen Química, S.A.P.I. de C.V., (México) (hereinafter Dresen)

The main activity of this group of companies consists in manufacture, marketing and distribution of anti-oxidants, additives and preservatives for human and animal consumption.

2) Basis of presentation

a) Compliance declaration

The above condensed, consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS).

b) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expenses during the exercise. The important items subject to these estimates and assumptions include the carrying amount of property, plant and equipment and goodwill; the valuation of accounts receivable, other accounts receivable, inventories, and deferred income tax assets, and liabilities relating to employee benefits. Actual results may differ from these estimates and assumptions.

c) Functional and reporting currency

The aforementioned consolidated financial statements are presented using as reporting currency the Mexican Peso, which is their functional and reporting currency. The currency of registration is the Mexican Peso for Mexican companies, the Guatemalan Quetzal for Guatemala, the Colombian Peso for Colombia and the Peruvian Sol for Perú; in those cases, those currencies are converted to Mexican Peso.

d) Consolidated financial statements presentation

The aforementioned consolidated financial statements were prepared in accordance with IFRS "Consolidated financial statements".

3) Summary of significant Accounting Policies and Procedures

Below is a summary of main accounting policies and procedures:

a) Transactions in foreign currency

Operations in foreign currencies different from the peso are registered at the exchange rate of the date they are done, the differences in exchange between that date and the dates of collection, liquidation or closure of the exercise are taken to results. The assets and liabilities in foreign currency at the closure of the exercise were valued at the exchange rate established by the Diario Oficial de la Federación ("Official Journal of the Federation").

b) Cash and cash equivalents

These are recorded and show at original investment value including cash in banks and short-term investments that may be immediately liquidated.

c) Inventory

Raw material and finished product inventories are recorded and shown at average prices, which do not exceed market values.

d) Fixed Assets

Are recorded and show at original historic value though, for reporting purposes they are shown at the exchange rate in force at the closing of the period. Depreciation is calculated by applying the straight-line method, mainly taking as bases its estimated useful life.

e) Other assets and liabilities

Assets are recorded when originated from past events resulting in future economic benefits and liabilities are recorded at the time company is obliged to have them settled.

f) Permanent investment in shares

These are recorded at cost of acquisition or investments and are assessed in the individual financial statements of the holding by applying the interest method.

g) Business Acquisition

Recorded at cost of acquisition and, when they are majority capital investments or holding significant control thereon are consolidated by calculating its book value on the date of acquisition and compared against the acquired value. The difference resulting from this comparison is shown as goodwill.

h) Provisions, Contingent Assets and Contingent Liabilities

Significant obligations or losses related to contingencies are recognized when their effects are likely to materialize and there are reasonable elements for their quantification. If these reasonable elements do not exist, their disclosure is included qualitatively in the notes to the financial statements. Contingent income, profits or assets are recognized until they are certain that they will be realized.

i) Goodwill

Goodwill represents the excess of cost over the fair value of the net asset of the subsidiary, as of the date of acquisition. Goodwill is not amortized and is subject to impairment tests.

j) Impairment of long-lived assets in use

The Entity reviews the carrying amounts of long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows or the net sales price upon disposal. Impairment is recorded when the carrying amounts exceed the greater of the aforementioned amounts. Impairment indicators considered for these purposes are, among others, operating losses or negative cash flows in the period if they are combined with a history or projection of losses, depreciation and amortization charged to results, which in percentage terms in relation to revenues are substantially higher than those of previous years, obsolescence, reduction in the demand for services rendered, competition and other legal and economic factors. The impairment loss on the value of long-lived assets in use, as well as its reversal, are classified in the same cost and expense line items where the related depreciation or amortization associated with those assets are recognized.

k) Earnings per Share

Basic earnings per share is computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares outstanding during the year adjusted for the effects of all dilutive potential equity shares.

4) Business Acquisition and Goodwill

On November 15, 2021, CFS Blends acquired 33% of voting shares of the Mexican entity Dresen.

The results of acquired entities are included in attached financial statements as of such date.

Below is a summary of the book value, of acquired assets and assumed liabilities on the date of acquisition:

	<u>Dresen</u>
Current Assets	\$ 447,782,915
Fixed Assets	206,914,430
Other Assets	49,818,248
Total Value of Acquired Assets	<u>\$ 704,515,593</u>
Current Liabilities	<u>\$ 400,509,707</u>
Total Value of Assumed Liabilities	<u>\$ 400,509,707</u>
Total	<u><u>\$ 304,005,886</u></u>
	<u>Dresen</u>
Value as of Date of Acquisition	\$ 101,841,972
Paid Consideration	176,878,200
Goodwill	<u>75,036,228</u>

5) Short and long-term loans

	<u>Mexican pesos</u>		<u>US dollars</u>
Promissory note	\$ 164,334,521	(1)	\$ 8,253,371
Interest accrued payable	808,069		40,584
Total	<u>\$ 165,142,590</u>		<u>\$ 8,293,955</u>

The annual maturities of the long-term loan are as follows:

Year	31/03/2022	
	Total in Mexican pesos	Total in US dollars
2021-2022	\$ 4,910,679	246,629
2022-2023	24,841,173	1,247,598
2023-2024	26,818,196	1,346,890
2024-2025	28,891,549	1,451,020
2025-2026	31,212,439	1,567,582
2026-2027	33,507,643	1,682,854
2027-2028	19,063,520	957,427
	\$ 169,245,200	8,500,000

(1) Banco Sabadell, S.A., Institución de Banca Multiple.

- **Interest rate:** Libor (3m) + 3.2 points quarterly payments.
- **Payments:** 24 quarterly payments.
- **Guarantee:** Camlin Fine Sciences Limited, as corporate guarantor with shares of Dresen.

The Bank loan establish certain obligations “to do and not to do”, among which there are many limitations, including requirements for the payment of dividends, the need of maintaining certain financial ratios, providing written authorization if it intends to grant any type of real guarantees and they exceed 10% of fixed assets, as well as for granting credits or loans.

6) Stockholders' equity (deficit)

Below are described the main characteristics of the accounts that make up the stockholders' equity (deficit):

- a) Stockholders' equity is composed in its fixed portion of 50,000 shares with a nominal value of one Peso.

7) Balances recognized in the acquisitions are shown below:

Entities of the Group -

Investments in Subsidiaries -

	<u>Shareholding</u>	<u>Main Activity</u>	<u>Country</u>
	%		
Dresen Química, S.A.P.I. de C.V.	33	Antioxidant sales	México

8) Subsequent events

COVID-19 which was first reported in November, 2019 and spread to all countries of the world. On March 10, 2020, the World Health Organization (WHO) declared it a pandemic.

In March 2020, an alert was issued in Mexico, declaring a health emergency, including a partial closure of the country that was estimated to end on May 31, 2020 (This did not happen, since until February 2022 it remained in "Alert red") Through these notices, and additional notices of the so-called "Second Wave COVID", commercial and social activities were suspended in all sectors (public and private) either intermittently or permanently with the exception of the so-called essential sectors.

Mexican authorities stated rules and recommendations for professional and social interactions based on a "traffic light" or "color stage" mechanism, consisting of local Governments analyzing and informing weekly, based on the color or stage of said entity.

The four stages are *Red: Maximum Health Alert. *Orange: High alert. *Yellow: Medium alert. *Green: Daily life, no alert. Work and social life resumes or is interrupted based on the traffic light stages indicated along with the previously reported essential or non-essential sectors.

World growth expectations improved, the World Bank raised its GDP growth forecast for Mexico to 5 percent in 2021, ending at 4.8 percent, mainly supported by the recovery in the United States. The Mexican economy grew by 1.6% in the first quarter of 2022.
