

## TAX REPORTING

We are committed to an open and principles-based approach towards taxation, being transparent in our economic contributions, and providing clarity in our reporting.

### Overview of the Indorama Business

Indorama Ventures ('IVL') is a major global intermediate and downstream petrochemicals producer with 123 sites in 33 countries around the world (as of December 31, 2020) providing value-added and differentiated products and services to several diversified consumer goods industries which serve common consumer needs in hygiene, improved lifestyle and safety

### Organization of the Indorama Business

The Indorama Group operates in five segments. These segments include:

- A. Integrated Polyethylene Terephthalate ('PET') including the aromatic and PET value chain;
- B. Speciality Chemicals comprising of isophthalic acid ('IPA'), Naphthalene Dicarboxylate ('NDC')
- C. Packaging
- D. Fibers
- E. Integrated Oxides and Derivatives

### CIT contribution for 2020

We provide our country-by-country report to the tax authorities in the Mauritius, in line with the Base Erosion and Profit Shifting ('BEPS') Action Plan initiated by the OECD and enacted into the Mauritius legislation.

In-line with our continued efforts at transparency, we are providing information on the following Country-by-Country information. The information provided reflects a break-down of the 2020 revenues, Profit (Loss) before taxes, Corporate Tax Expense (Income), Corporate Taxes Paid (Refund) and the Number of IVL employees in the key countries and regions where IVL operates:

Country * THB Million	Revenues (A)	Profit (Loss) Before Taxes (B)	Corporate Tax Expense (Income) (C)	Corporate Taxes Paid (Refund) (D)	No. of Employees (E)
United States	101,355	(6,667)	(2,384)	(104)	3,012
Thailand	28,701	4,455	345	166	3,960
India	22,623	(204)	(397)	108	2,175
Mexico	17,088	720	146	308	1,162
Indonesia	16,805	347	416	137	1,883
Germany	16,753	(1,678)	50	(20)	2,109
China	16,718	1,102	231	152	1,825
Brazil	13,429	1,518	(78)	44	536
Spain	12,973	(443)	(42)	(102)	313
Netherlands	10,457	386	144	149	324
Egypt	9,680	563	18	0	834
Turkey	6,890	712	4	1	107
Canada	6,194	680	241	0	139
Poland	6,016	212	46	63	201
Lithuania	5,524	(57)	(2)	(3)	115
Denmark	4,447	309	56	74	228
Portugal	3,241	(415)	(111)	15	165
Other Countries	32,619	17	73	323	4,046
<b>Total</b>	<b>331,513</b>	<b>1,557</b>	<b>(1,243)</b>	<b>1,314</b>	<b>23,134</b>

(A) Revenue for each region/country excludes intercompany transactions

(B) Profit (Loss) Before Taxes includes certain Accounting (Non-Taxable) Adjustments

(C) Corporate Tax Expense (Income) includes Deferred Tax Expense (Income)

(D) Corporate Taxes paid (Refund) includes tax payments / refunds relating to previous years

(E) No. of employees reflects full time employees and does not include temporary staff / labour on contract basis

\* Other Countries represent only 9.8% of our total revenue

The country-wise information tabulated above reflects the information in respect of all constituent entities of the organization that operate in the respective jurisdictions

The difference between the corporate taxes paid and corporate tax expense reported are caused by various factors including but not limited to certain provision to return adjustments, deferred tax accounting stemming from IFRS adjustments, timing differences or loss carry forwards. Further, there is variance in the effective tax rate of IVL Group for year-end 2020 vis-à-vis earlier years due to low profitability base of the Group for the year 2020.

Besides the corporate income tax stated above, the various constituent entities of the IVL Group also pays and bears other indirect form of taxes and duties such as custom and excise duties, sales taxes and others. These taxes are not included in the overview above.

## Effective Tax and Cash Tax Reporting

Reconciliation of effective tax rate is explained in the following table:

<b>Reconciliation of effective tax rate</b>	<b>Consolidated financial statements</b>			
	2020		2019	
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		1,557		5,898
Income tax using the Thai corporation tax rate	20.00	311	20.00	1,180
Income tax reduction - deferred - other countries		(66)		95
Effect of different tax rates in foreign jurisdictions		(677)		278
Income not subject to tax and tax privileges		(931)		(544)
Coupon payment on subordinated perpetual debentures recognised in equity		(150)		(215)
Expenses not deductible for tax purposes		880		417
Utilisation of previously unrecognised tax losses		(374)		(337)
Recognition of deferred tax assets from previously unrecognised tax losses		(2,221)		(382)
Current year losses for which no deferred tax asset was recognised		451		913
Under provided in prior years		41		13
Written-off unrecoverable deferred tax assets from loss carry forward		677		360
Share of profit of joint ventures		(55)		(34)
Foreign exchange differences arising from transaction of intercompany loans considered as part of net investment in foreign operations		82		(846)
Gain on bargain purchases		(410)		(161)
Change in recognition of temporary difference		1,353		661
Others		(154)		136
<b>Total</b>	<b>(79.83)</b>	<b>(1,243)</b>	<b>26.01</b>	<b>1,534</b>

The table below states the average reported effective tax rate as well as cash tax rate for IVL for the 2019 and 2020 periods:

<b>Financial reporting</b> <i>(in million Baht)</i>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Calculated average rate</b>
Earnings before Tax	5,898	1,557	
Reported Taxes	1,534	(1,243)	
<b>Reported Tax Rate (in %)</b>	<b>26.01%</b>	<b>-79.83%</b>	<b>3.90%</b>
Cash Taxes Paid	3,248	1,314	
<b>Cash Tax Rate (in %)</b>	<b>55.07%</b>	<b>84.37%</b>	<b>61.19%</b>

IVL's average reported tax rate is lower than its industry average tax rate due to following reasons:

1. ~ 40% revenues of IVL are from US and Thailand in FY 2020 where the headline tax rate is below the industry average i.e., 21% federal tax rate in the US and 20% statutory tax rate in Thailand
2. Profits from certain constituent entities in Thailand, Brazil, Turkey, Egypt and Lithuania are granted certain privileges including exemptions and/or reductions from payment of income tax on the net profits derived from promoted operations.
3. The overall IVL Group's profitability also includes a gain on bargain purchase of THB 1.8 billion and approximately THB 800 million for 2020 and 2019 respectively. The 'Gain on Bargain Purchase' constitutes only an accounting income that is considered an "extraordinary item" not subject to taxation. This has contributed to a reduced ETR of IVL as a Group.
4. Further, the reported tax rate of -79.8% for the year-end 2020 considers the following:
  - a. Reduction in net deferred tax liabilities amounting to ~ THB 238 million on account of reduction in the statutory corporate tax rate announced in India and Indonesia.
  - b. Recording of ~ THB 428 million on account of deferred tax assets on NOLs of past periods of certain companies of the Group in year-end 2020. These deferred tax assets on NOLs were not recorded in the past periods due to unfavourable business forecasts. The same was allowed to be recorded in the year 2020 due to improvement in the business outlook of the companies.
  - c. Additionally, in the year 2020, there has been a certain provision to return adjustments of the past period leading to an increase in NOLs in the US jurisdiction and recording of deferred tax assets amounting to ~ THB 412 million in the year 2020. This led to a reduction in the overall ETR of the Group in the year 2020 due to the recording of deferred tax assets relating to the past period.
  - d. Recording of ~ THB 51 million on account of reversal of current tax provision pertaining to historical period due to favourable court ruling obtained in the year 2020 by one of IVL Group entity in India.