

To the general meeting of

## **Faircapital Consumer Cooperative**

c/o Faircapital SA  
Churerstrasse 82  
8808 Pfäffikon SZ

### **Report of the statutory auditor on the limited statutory examination of the financial statements for the year 2022/2023**

(for the period from 01.07.2022 to 30.06.2023)

28 August 2023

**Report of the statutory auditor on the limited statutory examination  
to the general meeting of**

**Faircapital Consumer Cooperative, Pfäffikon SZ**

As statutory auditor, we have examined the financial statements (balance sheet, operating statement and notes) of Faircapital Consumer Cooperative for the financial year ended 30 June 2023.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of net income do not comply with Swiss law and the cooperative's articles of incorporation.

Lachen, 28 August 2023

BDO Ltd

Paul Kumin  
Auditor in Charge  
Licensed Audit Expert

i.V. Angelo Cemin  
Licensed Auditor

Enclosure  
Financial statements and proposed appropriation of net income

**Financial statements of Faircapital Consumer Cooperative, Freienbach**
**Balance Sheet**

<b>Assets</b>				
<b>CHF</b>		<b>Notes</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
Cash and cash equivalents			133,023.72	64,887.66
Securities listed on a stock exchange			0.00	0.00
Trade accounts receivable			0.00	30.28
Other short-term receivables		2.1	242,574.32	331,931.50
Inventories and non-invoiced services			0.00	0.00
Prepaid expenses and accrued income			369.71	7,498.11
<b>Total current assets</b>			<b>375,967.75</b>	<b>404,347.55</b>
Financial assets			0.00	0.00
Investments			0.00	0.00
Property, plant and equipment			0.00	0.00
Intangible assets			0.00	0.00
<b>Total non-current assets</b>			<b>0.00</b>	<b>0.00</b>
<b>TOTAL ASSETS</b>			<b>375,967.75</b>	<b>404,347.55</b>
<b>Liabilities and Shareholders' equity</b>				
<b>CHF</b>		<b>Notes</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
Trade accounts payable			0.00	0.00
Short-term interest-bearing liabilities		2.2	75,000.00	225,570.00
Other short-term liabilities			1,067.25	1,008.70
Short-term provisions			683.18	1,800.00
Accrued expenses and deferred income		2.3	9,821.30	15,510.27
<b>Total short-term liabilities</b>			<b>86,571.73</b>	<b>243,888.97</b>
Long-term interest-bearing liabilities			0.00	0.00
Provisions			0.00	0.00
<b>Total long-term liabilities</b>			<b>0.00</b>	<b>0.00</b>
<b>Total liabilities</b>			<b>86,571.73</b>	<b>243,888.97</b>
Share capital		2.4	285,000.00	155,000.00
Legal capital reserves				
• Reserves from capital contributions			584.00	0.00
• Other capital reserves			0.00	0.00
Legal retained earnings				
• General legal retained earnings			0.00	0.00
• Reserves for treasury shares			0.00	0.00
Voluntary retained earnings				
• Available earnings			3,812.02	5,458.58
– Results carried forward			224.58	-377.85
– Profit for the year			3,587.44	5,836.43
Treasury shares				
<b>Total shareholders' equity</b>			<b>289,396.02</b>	<b>160,458.58</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>375,967.75</b>	<b>404,347.55</b>

**Income Statement**

<b>CHF</b>	<b>Notes</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
Revenue from sale of goods and services (interest income on loans)	2.5	20,918.10	24,054.89
Other operating income		0.00	0.00
Change in inventory, work in progress and non-invoiced services		0.00	0.00
<b>Total operating income</b>		<b>20,918.10</b>	<b>24,054.89</b>
Personnel expenses		0.00	0.00
Other operating expenses	2.6	-7,215.90	-5,183.68
Depreciation / change in valuation of financial assets		0.00	0.00
<b>Operating result</b>		<b>13,702.20</b>	<b>18,871.21</b>
Financial income		0.00	0.00
Financial expenses (interest costs and bank charges)		-1,508.57	-9,362.81
Exchange rate gain or loss net of hedging	2.7	-7,999.99	-2,663.27
Non-operating income		0.00	0.00
Non-operating expenses		0.00	0.00
Extraordinary, non-recurring or prior period expenses		0.00	0.00
<b>Profit for the year before taxes</b>		<b>4,193.64</b>	<b>6,845.13</b>
Direct taxes		-606.20	-1,008.70
<b>Profit for the year</b>		<b>3,587.44</b>	<b>5,836.43</b>

**Notes**
**1. Principals**

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (Art. 957 bis 962 OR). Financial reporting requires the board of directors to make estimates and judgements, which can affect the amounts of the reported assets and liabilities on the balance sheet date, as well as income and expenses for the reporting. The board of directors decides at its own discretion within the scope of the legal requirements for valuation and accounting. In the best interest of the company, depreciation, impairments, and provisions can be made in accordance with the principle of prudence beyond what is economically required.

## 2. Information on balance sheet and income statement

### 2.1 Other short-term receivables

#### 2022/2023

Other short-term receivables consist of the below listed direct loans outstanding as of June 30, 2023.

<b>Borrower</b>	<b>Loans disbursed</b>		<b>Additional commitment</b>	
	<b>Currency</b>	<b>CHF</b>	<b>Currency</b>	<b>CHF</b>
Juan Santos Atahualpa	USD 150,000.00	136,228.50	USD 0	0
UCA San Juan	USD 117,096.45	106,345.82	USD 0	0
Lima Coffee	USD 0.00	0.00	USD 90,000	81,737
<b>Total CHF</b>		<b>242,574.32</b>		<b>81,737</b>

In the first days of July 2023, 87'027 USD was disbursed to Lima Coffee while the loan to UCA San Juan was paid back.

#### 2021/2022

Other short-term receivables consist of the below listed direct loans outstanding as of June 30, 2022.

<b>Borrower</b>	<b>Loans disbursed</b>		<b>Additional commitment</b>	
	<b>Currency</b>	<b>CHF</b>	<b>Currency</b>	<b>CHF</b>
Procafé	USD 250,000.00	238,925.00	USD 0.00	0.00
Prospero (Asobagri)	CHF 50,000.00	50,000.00	CHF 0.00	0.00
Norcafé	USD 45,000.00	43,006.50	USD 150,000.00	143,355.00
<b>Total CHF</b>		<b>331,931.50</b>		<b>143,355.00</b>

In the first week of July 2022, an additional USD 38,236 was disbursed to Norcafé.

### 2.2 Short-term interest-bearing liabilities

CHF 75,000 are subscriptions from new Faircapital Consumer Cooperative members that will be converted into share capital on July 1<sup>st</sup>, 2023.

### 2.3 Accrued expenses and deferred income

The Faircapital Consumer Cooperative has renewed and increased its forward contract to hedge currency risk. As of June 30, 2023 an unrealized loss of CHF 492 on the forward contract was recorded leading to a provision of this amount.

Other accrued expenses include auditors fee of CHF 2,700, Faircapital's management fee of CHF 3,893 as well as a dividend and interest expense donation from members to spend on marketing of CHF 2,736.

### 2.4 Share capital

On June 30.06.2022, the Faircapital Consumer Cooperative counted 50 members with 57 shares. During the financial year 2022/2023 this number increased to 55 members with 72 shares to be created on July 1<sup>st</sup>, 2023.

## 2.5 Revenues from goods and services (interest income on loans)

In 2022/2023 the FairCapital Consumer Cooperative has generated interest income on loans to the following Fairtrade certified coffee cooperatives in 3 different Latin American countries:

- *Asobagri (FLO 877)*, a Guatemalan organization established in 1986 currently counting 1'509 members. The cooperative focuses on the production and commercialization of Fairtrade and organic coffee.
- *Juan Santos Atahualpa (FLO 29078)*, a Peruvian cooperative operating since 2011, currently counts with 648 members. This Peruvian cooperative focuses on the production and commercialization of Fairtrade and/or organic certified coffee.
- *Norandino (FLO ID 18075)*, is a Peruvian organization founded in 1995 that regroups 13 associations and cooperatives. It counts a total of 6'778 members, all smallholder farmers and commercializes coffee, granulated brown sugar, cocoa beans and its derivatives, most of them with certifications like Fairtrade or organic.
- *Norcafé (FLO 34328)*, a Peruvian coffee cooperative that was founded in 2015 to improve its 574 members' living standards while involving local youth in coffee farming.
- *Procafé (FLO 27124)*, a Nicaraguan cooperative counting 204 members and buying conventional coffee from 75 other small producers. Founded in 2001, Procafe produces and sells mainly certified coffee.
- *UCA San Juan (FLO ID 2967)*, is a Nicaraguan union of 8 smaller cooperatives, which has brought together 472 small coffee producers. The organization has focused on the production and commercialization of organic coffee since the start of its operations in 1993.

## 2.6 Other operating expenses

Other accrued expenses include auditors fees of CHF 2,893, Faircapital's management fee of CHF 3,893, General Assembly meeting expenses of CHF 400 as well as commercial register fees of CHF 30.

## 2.7 Exchange rate gain or loss net of hedging

The exchange rate loss of CHF 15,245 resulting from a decrease of the USD relative to CHF between the beginning and end of the year could be partially offset by a gain of CHF 7,245 from hedging contracts position.

## 2.8 Other information on balance sheet and income statement

Current assets are recognized in the balance sheet at nominal value.

Interest bearing liabilities are recognized in the balance sheet at nominal value.

Provisions are based on management estimates.

3. Declaration on the number of full-time positions

The Faircapital Consumer Cooperative has no employees.

4. Assets that have been pledged

None, as in prior year

5. Significant events occurred after the balance sheet date

None, as in prior year

**Proposed appropriation of retained earnings**

CHF	2023	2022
Results carried forward	224.58	-377.85
Profit for the year	3,587.43	5,836.43
Allocation to legal reserves	359.00	584.00
Dividend distribution	3,135.00	4,650.00
<b>Results carried forward next period</b>	<b>318.01</b>	<b>224.58</b>

The board of directors will propose to the General Assembly the payment of a dividend of CHF 55 per share equal to 1.1% of the share capital.