

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 2023/2024

(for the period from 01.07.2023 to 30.06.2024)

19 August 2024

**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 2024.

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, 19 August 2024

BDO Ltd

Paul Kumin

Licensed Audit Expert

ppa. Angelo Cemin

Auditor in Charge

Licensed Auditor

Enclosure

Financial statements and proposed appropriation of net income

Financial statements of Faircapital Consumer Cooperative, Freienbach
Balance Sheet

Assets			
CHF	Notes	30.06.2024	30.06.2023
Cash and cash equivalents		25,805.14	133,023.72
Securities listed on a stock exchange		0.00	0.00
Trade accounts receivable		0.00	0.00
Other short-term receivables	2.1	800,029.88	242,574.32
Inventories and non-invoiced services		0.00	0.00
Prepaid expenses and accrued income		9,242.32	369.71
Total current assets		835,077.34	375,967.75
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
Total non-current assets		0.00	0.00
TOTAL ASSETS		835,077.34	375,967.75
Liabilities and Shareholders' equity			
CHF	Notes	30.06.2024	30.06.2023
Trade accounts payable		0.00	0.00
Short-term interest-bearing liabilities	2.2	445,000.00	75,000.00
Other short-term liabilities		802.90	1,067.25
Short-term provisions		2,899.00	683.18
Accrued expenses and deferred income	2.3	14,918.13	9,821.30
Total short-term liabilities		463,620.03	86,571.73
Total long-term liabilities		0.00	0.00
Total liabilities		463,620.03	86,571.73
Share capital	2.4	360,000.00	285,000.00
Legal capital reserves			
• Reserves from capital contributions		943.00	584.00
• 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		10'514.31	3,812.02
– Results carried forward		318.02	224.58
– Profit for the year		10,196.29	3,587.44
Total shareholders' equity		371,457.31	289,396.02
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		835,077.34	375,967.75

Income Statement

CHF	Notes	30.06.2024	30.06.2023
Revenue from sale of goods and services (interest income on loans)	2.5	40,324.35	20,918.10
Other operating income		0.00	0.00
Change in inventory, work in progress and non-invoiced services		0.00	0.00
Total operating income		40,324.35	20,918.10
Personnel expenses		0.00	0.00
Other operating expenses	2.6	-8,918.52	-7,215.90
Depreciation / change in valuation of financial assets		0.00	0.00
Operating result		31,405.83	13,702.20
Financial income		0.00	0.00
Financial expenses (interest costs and bank charges)		-2,401.71	-1,508.57
Exchange rate gain or loss net of hedging	2.7	-17,315.08	-7,999.99
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
Profit for the year before taxes		11,689.04	4,193.64
Direct taxes		-1,492.75	-606.20
Profit for the year		10,196.29	3,587.44

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

2023/2024

Other short-term receivables consist of the below listed direct loans outstanding as of June 30, 2024.

Loan portfolio as of June 30, 2024

Borrower	Loans disbursed		Additional commitment	
	Currency	CHF	Currency	CHF
Cocafcal (Capucas)	USD 215,000	195,478.00	USD 0	0
Asobagri	USD 280,000	254,576.00	USD 0	0
Juan Santos Atahualpa	USD 184,865	168,079.26	USD 25,135	22,827
Amoju	USD 200,000	181,840.00	USD 0	0
Total CHF		799,973.26		22,827

On July 3rd 2024, a repayment of loan principal of USD 99'943 was received from Asobagri.

The difference of CHF 56.62 to CHF 800'029.88 are amounts owed by two cooperatives that will be recovered with the next loan.

2022/2023

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

Borrower	Loans disbursed		Additional commitment	
	Currency	CHF	Currency	CHF
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
Total CHF		242,574.32		81,737

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.

2.2 Short-term interest-bearing liabilities

CHF 445'000 are subscriptions from new Faircapital Consumer Cooperative members that will be converted into share capital on July 1st, 2024.

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, 2024 an unrealized loss of CHF 3'859 on the forward contract was recorded leading to a provision of this amount.

Other accrued expenses include auditors fees of CHF 2'700, Faircapital's management fees of CHF 5'817 as well as a dividend and interest expense donation from members to spend on marketing of CHF 2'280.

2.4 Share capital

On June 30.06.2023, the Faircapital Consumer Cooperative counted 55 members with 72 shares. During the financial year 2023/2024 this number increased to 63 members with 161 shares to be created on July 1st, 2024.

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

In 2023/2024 the FairCapital Consumer Cooperative has generated interest income on loans to the following Fairtrade certified coffee cooperatives in 3 different Latin American countries:

- *Lima Coffee (FLO ID 34573)*, a coffee cooperative based in Peru that was founded in 2015. At the beginning of 2024, it had 777 active members. Lima Coffee produces and sells conventional, organic and Fairtrade coffee. In 2023, more than half of its sales were certified both Fairtrade and organic (FTO).
- *Norandino (FLO ID 18075)*, is a Peruvian organization founded in 1995 that regroups 10 associations and cooperatives. It counts a total of 6'086 members, all smallholder farmers and commercializes coffee, granulated brown sugar, cocoa beans and its derivatives, most of them with certifications like Fairtrade or organic.
- *Juan Santos Atahualpa (FLO 29078)*, a Peruvian cooperative operating since 2011, currently counts with 668 members. This Peruvian cooperative focuses on the production and commercialization of Fairtrade and/or organic certified coffee.
- *Asobagri (FLO 877)*, a Guatemalan organization established in 1986 currently counting 1'248 members. The cooperative focuses on the production and commercialization of Fairtrade and organic coffee.
- *Cocafelol (FLO ID 27211)* is a farmer cooperative in western Honduras operating since 1999. It represents 607 smallholder farmers in this region. Half of its coffee is sold as conventional, while the other half carries Fairtrade, organic and other sustainability certifications.
- *Cocafcal (Capucas) (FLO ID 19080)* is a farmer cooperative that was founded in 1993 and gathers 946 small producers in western Honduras. In addition to its commitment to Fairtrade, it sold over half of its coffee with an organic certification in the 2022-2023 campaign.

2.6 Other operating expenses

Other accrued expenses include auditors fees of CHF 2'700, Faircapital's management fee of CHF 5'817, General Assembly meeting expenses of CHF 409.

2.7 Exchange rate gain or loss net of hedging

The exchange rate losses and cost of hedging the balance sheet against a decrease of the USD relative to CHF amounted to CHF 17'315.

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	2024	2023
Results carried forward	318.02	224.58
Profit for the year	10,196.29	3,587.44
Allocation to legal reserves	1,020.00	359.00
Dividend distribution	9,000.00	3,135.00
Results carried forward next period	494.31	318.02

The board of directors will propose to the General Assembly the payment of a dividend of CHF 125 per share equal to 2.5% of the share capital.