

Símbolo de Pequeños Productores Global

Financial Analysis 2019-2023

1. User fees

The income performance from buyers in terms of user fees has not been consistent, as it has varied as follows:

2019	376,677.43 USD	
2020	439,346.45 USD	+23%
2021	334,561.32 USD	-20%
2022	392,132.25 USD	+11%
2023	538,407.19 USD	+20%

The year of lowest performance was 2021, during the pandemic's peak.

The variations shown in the last column are in relation to the previous year, which means that the real recovery occurs up until fiscal year 2023.

2. Sponsorships and Donations

Donation income as part of projects EQ2 (East Africa) and Grandes Cafés de Chiapas (Mexico), both with resources from the French Development Agency (AFD), directly impacted the income reflected in the financial statements. Donation income in 2022 was the lowest in the last three years.

In the case for EQ2, a lower amount was received in 2022 and in 2023 there was no income; however, the project operated normally in both years. During 2024, part of the income earned in 2023 is expected to be recovered through the third and final settlement payment from AFD, for an amount of 10% of the AFD contribution.

Meanwhile, the Chiapas Coffees Project received resources in the last trimester of 2023; however, expenditures for this project in 2023 have still been minimal.

Grandes cafés	333,761.92 USD	2023
EQ2	36,133.36 USD	2022
EQ2	50,619.94 USD	2021

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To show the impact, we present an alternative version of the financial statement, without the resources and expenses of both projects. The financial analysis is deemed convenient without the consideration of income and expenses of these projects, since they are administratively managed separately, as they are resources labeled for specific purposes, not for normal operational expenses.

3. Foreign exchange gain

For accounting purposes, the foreign exchange gain is considered income, but the strengthening of the Mexican peso against the U.S. dollar (main currency income) has drastically decreased profit and has impacted total income:

YEAR	FOREIGN EXCHANGE GAIN IN PESOS	Exchange Rates AT THE END OF THE PERIOD	PERFORMANCE IN RELATION TO THE PREVIOUS YEAR
2019	74,109.00	18.8727	
2020	900,625.75	19.9352	+5.62
2021	933,189.30	20.5157	+2.9
2022	891,857.61	19.3615	-5.62
2023 ¹	224,198.97	16.8935	-12.74

4. Human Resources

With the intention of strengthening the operational team and giving greater impulse to the SPP, more personnel were hired during fiscal year 2022, which had a significant impact on spending. Hiring is carried out in accordance with Mexican legislation, respecting the workers' rights and the social burden of each position raises its cost; in 2022 alone, \$ 38,034 USD (\$ 736,400 MXP) were paid for social security.

5. Telephone, internet and web services

Due to the work-from-distance hiring scheme, as of October 2021, a monthly support of \$250 Mexican pesos (approximately \$12.50 USD) was allocated for each employee to cover connectivity expenses. In addition, more digital services were hired (Google accounts, design programs, Zoom accounts, etc.) to optimize communication.

¹ The figures presented for fiscal year 2023 have not yet been audited.

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6. Brands

In 2022, it was agreed to standardize the SPP brands, which required a significant investment of \$23,743.28 USD, with payments made in Mexico, the United States, and Canada.

7. Other fairs and events, visits

In the years 2020 and 2021, travel expenses and participation in fairs were greatly limited compared to previous years, due to the pandemic.

The only regularly scheduled fairs are BIOfach and SCAA. In the fiscal year 2022 the Salón du Chocolat and Natexpo event were attended, which significantly increased this expense item, going from \$ 13,455.04 USD in the year 2021 (pandemic year) to \$ 74,826.79 USD in the year 2022.

Comparison of the item *other fairs and events*, since they are not recurrent, they are included in a single accounting item.

Year	Expenditure in USD	Extraordinary events	Variation
2023	486.27		-99.10%
2022	54,428.22	<ul style="list-style-type: none"> ● Salón du Chocolat ● Natexpo ● WOC 	+7320%
2021	744.25		-88.03%
2020	6,222.10		-78.93%
2019	29,539.76	<ul style="list-style-type: none"> ● Stuttgart 	

The variations shown in the last column are in relation to the previous year.

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8. Board of Directors

The fiscal year in which most resources were requested by the presidency was 2022, the amount requested and transferred was a total of \$10,246 USD, which in comparison with the other years was the highest in this comparative exercise.

Item	2023	2022	2021	2020	2019
Board of Directors and Surveillance Committee	2,275.73	10,245.57	6,122.22	5,581.71	-

9. Regional Funds

In the fiscal year 2022, a decision was made to reallocate resources from regional funds to operations. This surplus accumulated during the pandemic years (2020 and 2021) was available. Furthermore, a portion of the resources from national and regional funds was allocated for visits to international trade events by members of various organizations from different countries, both items amounted to \$ 97,475 USD.

10. Other expenses

During fiscal years 2022 and 2023, the 'other expenses' items was influenced by two situations. Firstly, a VAT adjustment was foregone in 2022 to prevent disputes with the tax authority. Secondly, in 2023, a debt incurred by the former administrator was negotiated for their settlement to prevent potential labor conflicts.

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11. Bank charges

The cost of bank charges for depositing any amount is \$30 USD plus VAT. Additionally, there is an undocumented charge for either the depositing agency or SPP, ranging from \$2 to \$20 USD, which simply does not reach SPP's bank and even when the paying agency deposits the full amount the interbank commission removes it from the bank credit, so it is a cost absorbed by SPP Global.

12. Change in equity

From 2019 to 2023 the change in equity has been positive, going from \$99,318.11 USD to \$786,860.66 USD.

In fiscal years 2020 and 2021, during the pandemic, spending was reduced, allowing for a surplus to be accumulated. This surplus was then available for increased spending in subsequent years. Although in 2022 the accounting loss appears significant, it is only a partial figure due to the income received in that same fiscal year, since it was when less usage fees were collected than in the year 2020. In essence, by deciding to spend the reserves on strong promotional activities, an apparent loss of \$217,886 USD was generated.

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This last table summarizes the items that had the greatest impact on the increase in expenses and is higher than the loss obtained in fiscal year 2022.

Item	2023	2022	2021	2020	2019
Other fairs and events	486.27	\$ 54,428.22	744.25	6,222.10	29,539.76
Business visits and trips	189.88	\$ 17,777.28	2,095.91	7,924.86	25,431.71
Board of Directors and Surveillance Committee	2,275.73	\$ 10,245.57	6,122.22	5,581.71	-
National Representations	26,227.81	\$ 27,580.77	2,186.69		-
Regional Funds	49,199.67	\$ 69,893.99	487.43		-
Foreign exchange loss	116,001.39	\$ 99,071.01	54,935.47	65,541.70	24,214.39
Sum	194,380.74	\$ 278,996.84	66,571.97	85,270.38	79,185.86

This document was elaborated based on the financial statements for fiscal years 2019 to 2023, and whose bases have complied with the Accounting Standards.

LGB Consultoría Fiscal y Contable

[Signature of Liz Miriam González Barajas]

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