ASOCIACIÓN SAN SUSTAINABLE AGRICULTURE NETWORK AND RED DE AGRICULTURA SOSTENIBLE AC AND SUBSIDIARY

Combined Financial Statements

December 31, 2023

(With corresponding figures for 2022)

(With Independent Auditors' Report thereon)

KPMG S.A.
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Independent Auditors' Report

To the Board of Directors and Shareholders of
Asociación SAN Sustainable Agricuture Network and
Red de Agricultura Sostenible AC. and Subsidiary

Opinion

We have audited the combined financial statements of Asociación SAN Sustainable Agriculture Network and Red de Agricultura Sostenible AC. and its Subsidiary ("the Group"), which comprise the combined statement of financial position as of December 31, 2023, and the combined statements of activities and changes in net assets and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Group as of December 31, 2023, and its combined financial performance and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in conformity with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), along with the ethical requirements that are relevant to our audit of the combined financial statements in the Republic of Costa Rica, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of preparation

We draw attention to notes 1 and 6.a to the combined financial statements, which describe the basis of preparation, including the approach and purpose of preparation. The combined financial statements were prepared for presentation to the members of Asociación SAN Sustainable Agriculture Network at the Annual Meeting. Our opinion is not modified in respect of this matter.

Other Matter

The combined financial statements of the Group as of and for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on November 1, 2023.

Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

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Cédula: 109060305
Nombre del Cliente: ASOCIACION SAN SUSTAINABLE AGRICULTURE NETWORK
Identificación del cliente: 3002829663
Dirigido a: Carlos Cortés
Fecha: 06-05-2024 05:05:30 PM
Tipo de trabajo: Informe de Auditoria

Timbre de ¢1000 de la Ley 6663 adherido y cancelado en el original.

ANA MARIA CAMACHO SOLANO
Contador Público Autorizado No. 3712
COSTA RICA

Código de Timbre: CPA-1000-12486

May 6, 2024

San José, Costa Rica
Ana María Camacho Solano.
Member No. 3712
Policy No. 0116 FID000513412
Expires 09/30/2024

¢1,000 tax stamp paid pursuant to Law No. 6663 and affixed to the original document.

ASOCIACIÓN SAN SUSTAINABLE AGRICULTURE NETWORK AND
RED DE AGRICULTURA SOSTENIBLE AC AND SUBSIDIARY
(San José, Costa Rica)

Combined Statement of Financial Position
(In US dollars)

December 31, 2023
(With corresponding figures for 2022)

Assets	Note	2023	2022
Current assets:			
Cash	8	4,457,802	6,504,136
Investments in financial instruments	9	6,037,500	37,500
Accounts receivable	10	207,266	118,159
Total current assets		10,702,568	6,659,795
Non-current assets:			
Office furniture and equipment	11	16,709	20,922
Other assets		55,556	34,013
Total non-current assets		72,265	54,935
Total assets		10,774,833	6,714,730
Liabilities and net assets			
Current liabilities:			
Accounts payable and accrued expenses	12	433,301	93,232
Deferred income	13	8,538,858	5,134,877
Total current liabilities		8,972,159	5,228,109
Net assets:			
Accumulated net assets		1,802,674	1,562,698
Translation effect		-	(76,077)
Total net assets		1,802,674	1,486,621
Total liabilities and net assets		10,774,833	6,714,730

The notes on pages 1 to 35 are an integral part of these combined financial statements.

ASOCIACIÓN SAN SUSTAINABLE AGRICULTURE NETWORK AND
RED DE AGRICULTURA SOSTENIBLE AC AND SUBSIDIARY
(San José, Costa Rica)

Combined Statement of Activities and Changes in Net Assets

(In US dollars)

For the year ended December 31, 2023
(With corresponding figures for 2022)

	Note	2023	2022
Income from ordinary activities	14	6,472,623	3,462,217
Other income		3,385	1,647
Total income		6,476,008	3,463,864
Expenses (income):			
Operating and administrative expenses	15	6,626,015	3,739,666
Finance income		(78,711)	(8,713)
Foreign exchange differences, net		(311,272)	1,040,516
Total expenses		6,236,032	4,771,469
Surplus (loss) for the period		239,976	(1,307,605)
Net assets at beginning of year		1,562,698	2,870,303
Net assets at end of year		1,802,674	1,562,698

The notes on pages 1 to 35 are an integral part of these combined financial statements.

ASOCIACIÓN SAN SUSTAINABLE AGRICULTURE NETWORK AND RED DE AGRICULTURA SOSTENIBLE AC AND SUBSIDIARY

(San José, Costa Rica)

Combined Statement of Changes in Net Assets

(In US dollars)

For the year ended December 31, 2023

(With corresponding figures for 2022)

	Net assets not distributed	Translation effect	Total net assets
Balance at December 31, 2021	2,870,303	(841,407)	2,028,896
Loss for the period	(1,307,605)	-	(1,307,605)
Effect of translation of financial statements	-	765,330	765,330
Balance at December 31, 2022	1,562,698	(76,077)	1,486,621
Surplus for the period	239,976	-	239,976
Realization of the translation effect	-	76,077	76,077
Balance at December 31, 2023	1,802,674	-	1,802,674

The notes on pages 1 to 35 are an integral part of these combined financial statements.

ASOCIACIÓN SAN SUSTAINABLE AGRICULTURE NETWORK AND
RED DE AGRICULTURA SOSTENIBLE AC AND SUBSIDIARY
(San José, Costa Rica)

Combined Statement of Cash Flows
(In US dollars)

For the year ended December 31, 2023
(With corresponding figures for 2022)

	Note	2023	2022
Cash flows from operating activities:			
Surplus (loss) for the period		239,976	(1,307,605)
Adjustments for:			
Depreciation	11	4,920	3,593
Interest income		(78,711)	(8,713)
Disposals of furniture and equipment	11	2,441	-
		168,626	(1,312,725)
Changes in:			
Accounts receivable		(89,107)	2,225,715
Other assets		(21,543)	116,396
Accounts payable		340,069	(119,140)
Deferred income		3,480,058	3,608,182
Net cash from operating activities		3,878,103	4,518,428
Interest received		78,711	8,713
Cash flows from operating activities		3,956,814	4,527,141
Cash flows from investing activities:			
Acquisition of furniture and computer equipment	11	(3,148)	(8,141)
Investment at amortized cost		(6,000,000)	(37,500)
Net cash used in investing activities		(6,003,148)	(45,641)
Net (decrease) increase in cash		(2,046,334)	4,481,500
Cash at beginning of year		6,504,136	1,257,306
Effect of movements in exchange rates on cash held		-	765,330
Cash at end of year	8	4,457,802	6,504,136

The notes on pages 1 to 35 are an integral part of these combined financial statements.

(1) Reporting entity

(a) Operating activities

The combined financial statements of the reporting entity include the financial statements of Asociación SAN Sustainable Agriculture Network, Red de Agricultura Sostenible AC and its subsidiary Red de Agricultura Sostenible Costa Rica, S.A., collectively referred to as "the Group" and individually as "Group entities".

Asociación SAN Sustainable Agriculture Network (the Association) is a non-profit, civil association organized in September 2021 in Costa Rica. Red de Agricultura Sostenible AC was organized in January 2010 in Mexico, and its subsidiary, based in Costa Rica, was organized on May 9, 2014. The main purpose of these entities is the promotion of sustainable agriculture, the conservation of biodiversity and improvement of rural ways of living in and around farmland through the implementation of technical services and the experience and knowledge of local partners.

The Association belongs to an international group of non-profit organizations that work for biodiversity conservation and rural development.

To meet with its objectives, the Group obtains financial support from non-reimbursable contributions and donations made by international private entities and individuals.

As of December 31, 2023, the Group has 19 employees (2022: 18).

(b) Financing

The Group activities are mainly financed through voluntary contributions and donations made by international private entities and individuals.

(Continued)

(c) Subscribed agreements

As of December 31, 2023, the Association has subscribed the following agreements:

Ferrero Trading Lux S.A. – The agreement with this entity includes a project to analyze, design and pilot plant beds to promote habitats for beneficial insects to minimize the use of synthetic pesticides. The project aims to design the habitat space in four farms, choose the different plants, plant 24 different types of plants and provide maintenance, monitor beneficial insects and pests, make a list of the use of pesticides and prepare a list of alternatives of less polluting pesticides. This project is located in Malaysia. The agreement was subscribed in the amount of US$184,778, to be executed between 2022 and 2023. The project seeks the adoption of profitable strategies by eight small farmers so as to promote habitats for beneficial insects through plant beds and reconstruction efforts, as well as the participation in pesticide training of at least ten representatives from the palm oil industry. The agreement was subscribed in the amount of US$278,243, to be executed between 2023 and 2024.

Nestrade, S.A. (Nestlé) – Based in Switzerland, Nestlé and the Association subscribed an agreement in June 2018 to coordinate and execute the Sustainable Sourcing Program of Nestlé suppliers. Through this program, suppliers accept to participate to enhance their regenerative agriculture practices to transition towards regenerative agriculture and to support efforts to reduce greenhouse gas emissions. For this purpose, the Association and other local organizations help to implement specific projects in the farms of some Nestlé suppliers in Europe, North America and Italy. The Association's scope includes the vegetable and spice sectors. Coordination and execution is determined in an annual plan according to the cycle of preparation of the land, plantation, harvest of products and delivery to Nestlé. Accordingly, the funds are invested in a manner that overlaps the fiscal years. The approved budget for 2022 was CHF5,209,934, equivalent to U$5,326,536, for execution during 2023 and 2024. Subsequently, an addendum to the agreement was signed on January 1, 2023 to execute another project until December 31, 2025, with an approved budget of CHF8,608,939, equivalent to US$9,642,012. It will be executed during 2023 and 2024. This project has several stages: 1) nutrient management, 2) soil resource management, 3) crop protection, 4) biodiversity management and conservation, 5) water resource management and efficient energy management. The project is divided into four categories: Spices - RS (responsible sourcing), spices - climate, vegetables - RS, and vegetables - climate. It will be carried out in countries such as Poland, Serbia, Spain, Ukraine, Italy, Germany, Egypt, Belgium and India.

(Continued)

ISEAL – This refers to the Blueprint for a Sustainable Landscape project financed by the ISEAL Innovations Fund located in the banana plantation area in Magdalena, Colombia. The project aims to develop an assessment framework and a sustainable landscape pilot project in banana and palm oil plantations. The agreement was subscribed in 2018 for execution in 36 months. During the pandemic, many activities planned were suspended due to travel and field visit restrictions. There was progress in the desk analysis, and field visits were postponed until they were safe in relation to the potential infection with the COVID-19 virus. As per negotiations with ISEAL, the project's delivery date was finally set for July 2022. The grant awarded for the 36 months amounted to CHF498,870.91. Subsequently, another agreement was subscribed, which aims to support sustainability standards to improve efficacy, efficiency and value by performing practice tests and innovating tools and to create a Common Territorial Agenda (CTA) with local stakeholders to promote deforestation-free and climate-friendly supply chains in Colombia's cocoa-dominated Apartadó Municipality within the Antioquía Department. This project began on September 1, 2023 and will be completed by the end of May 2024, with a grant of CHF72,680, equivalent to US$80,558.

Department for Environment, Food and Rural Affairs (DEFRA) – This project is funded by the UK Department for Environment, Food and Rural Affairs (DEFRA). The scope is for a living lab for sustainable agriculture in Gaitanía, Municipality of Planadas, in the Tolima Department of Colombia. The goal of this project was to create a Common Territorial Agenda (CTA) so that the different social and political actors could reach an agreement on the use of natural and human capital to achieve a balance in the wellness of rural communities and the environment. The foregoing is done by coming up with a number of solutions that recognize the importance of the local skills and governance as assets within the territory. The CTA provides a framework to create and implement strategies and territorial policies in coordination with different government, social and economic sectors. The project was subscribed in July 2022, to be completed in March 2023. The grant awarded for the nine months of work was GBP431,206, equivalent to US$523,762.

(2) Basis of presentation and accounting

(i) Presentation

These combined financial statements were prepared as such for presentation to the members of Asociación SAN Sustainable Agriculture Network (the Association) in the Annual Meeting (see Note 6.a).

(Continued)

(ii) <u>Accounting</u>

These combined financial statements have been prepared in accordance with IFRS Accounting Standards.

They were authorized for issue by management on May 6, 2024.

Details of the Group's material accounting policies are included in Note 6.

(3) <u>Basis of measurement</u>

The combined financial statements have been prepared on the historical cost basis.

(4) <u>Functional and presentation currency</u>

These combined financial statements and notes thereto are expressed in US dollars, which is the monetary unit of the United States of America and the Group's functional currency.

The Group's functional currency is the US dollar, which differs from the 2022 period, when the euro was determined as the functional currency.

(5) <u>Use of estimates and judgments</u>

In preparing these combined financial statements according to IFRS, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

(iii) <u>Judgments</u>

These combined financial statements do not include amounts that could be associated with judgments in applying accounting policies that have a significant effect on the amounts recognized in the combined financial statements.

(iv) <u>Assumptions and estimation uncertainties</u>

These combined financial statements do not include amounts that could be associated with assumptions or estimation uncertainties that could have a significant risk of resulting in a material adjustment in the years ended December 31, 2023 and 2022.

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(v) *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(Continued)

Further information about the assumptions made in measuring fair values is included in Note 6 (n).

(6) Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these combined financial statements. Certain comparative amounts in the financial statements and notes thereto have been reclassified for comparison purposes.

In addition, the Group adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from January 1, 2023. These amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information in certain instances.

(a) Basis of combination and consolidation

The Group's combined financial statements include the financial statements of the following entities:

- Asociación SAN Sustainable Agriculture Network
- Red de Agricultura Sostenible AC
    - Red de Agricultura Sostenible Costa Rica, S.A., a wholly owned subsidiary of Red de Agricultura Sostenible AC.

(i) Subsidiary

- The consolidated financial statements of Red de Agricultura Sostenible AC include the financial information of Red de Agricultura Sostenible AC (parent company) and its subsidiary Red de Agricultura Sostenible Costa Rica, S.A., with a 100% ownership interest.

The subsidiary is an entity controlled by Red de Agricultura Sostenible AC (parent company). The financial statements of the subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Red de Agricultura Sostenible AC controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(Continued)

(ii) *Loss of control*

When Red de Agricultura Sostenible AC loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) *Transactions eliminated on combination and consolidation*

Intra-group balances and transactions, and any unrealized income and expenses rising from intra-group transactions, are eliminated.

(b) Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the date of the combined statement of financial position are translated into the presentation currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in profit or loss.

Non-monetary assets that are measured at fair value in a foreign currency are translated into the presentation currency at the exchange rate when the fair value was determined.

(c) Financial instruments

(iv) *Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

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A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(v) *Classification and subsequent measurement*

Financial assets

On initial recognition, a financial asset is classified as subsequently measured at: amortized cost; fair value though other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial assets is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(Continued)

- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of certain equity investments that are not held for trading, the Association has made an irrevocable election to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Association may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected, and

(Continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

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Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income, calculated under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(Continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost under the effective interest method. Interest expense and foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(vi) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control over the transferred assets.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(Continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(vii) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(d) Impairment

(i) *Non-derivative financial assets*

Financial instruments

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost.

The Group also recognizes loss allowances for ECL on lease receivables, which are disclosed as part of trade and other receivables.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured at 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) are always measured at an amount equal to lifetime ECL.

(Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instruments is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

(Continued)

ECL are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for the specific financial asset because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(Continued)

(vii) *Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would be determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(e) Cash and cash equivalents

Cash and cash equivalents include cash in banks and demand deposits and any other highly-liquid, short-term investments that are easily convertible to known cash amounts and that are subject to an insignificant risk of change in value.

(f) Prepaid expenses

Prepaid expenses (under the "Other assets" line item) include prepaid insurance for the occupational hazard policy and the theft and fire policy. Prepaid expenses are carried at cost and amortized on a straight line basis over the policy coverage periods.

(g) Office furniture and equipment

(i) Recognition and measurement

Items of office furniture and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of office furniture and equipment have different useful lives, then they are accounted for as separate items (major components) of office furniture and equipment.

Any gain or loss on disposal of an item of office furniture and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Items of office furniture and equipment are depreciated from the date that they installed and are ready for use.

(Continued)

The estimated useful lives for current and comparative periods are as follows:

Office furniture and equipment	10 years
Computer hardware	5 years
Software	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Accounts payable and accrued expenses

Accounts payable and accrued expenses are recorded at amortized cost.

(i) Employee benefits

(i) Long-term employee benefits

Defined contribution plans

Costa Rican legislation requires the payment of severance benefits to employees dismissed without just cause, equivalent to approximately 20 days' salary for each year of continuous service, up to a maximum of eight years. The Group follows the policy of paying and recording this benefit in profit or loss when the employment relationship is terminated without just cause.

In February 2000, the *Employee Protection Law* was enacted and published. It modified the severance benefit system and established a mandatory supplemental pension plan, thereby amending several provisions of the Labor Code. Pursuant to this law, all public and private employers in Costa Rica must contribute 3% of monthly employee salaries during the entire term of employment. Those contributions are collected by the Costa Rican Social Security Administration (CCSS), and are then transferred to pension fund operators selected by employees.

The Group recognizes on a monthly basis an expense for severance benefits for an amount equivalent to 3% of employee salaries, which is transferred to the compulsory retirement savings account (FCL). The difference between the above contribution and the amount payable to employees upon dismissal without just cause is recognized as an expense in the statement of activities and changes in net assets when incurred.

(ii) *Short-term employee benefits*

Short-term employee benefit obligations are measured by the Group on an undiscounted basis and are expensed as the service is provided.

Statutory Christmas bonus

Costa Rican legislation requires the payment of one-twelfth of an employee's monthly salary for each month of service. That payment is made to the employee in December, even in the case of dismissal. The Group follows the policy of establishing an accrual therefor.

Vacation

Costa Rican legislation entitles employees to two weeks of vacation for every 50 weeks of service. The Group follows the policy of booking a provision related therewith.

(j) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(k) Income from ordinary activities

The Group obtains income from project management and execution. Income is initially deferred and recognized proportionally in the combined statement of net assets as the stages of each project are delivered.

(l) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

(Continued)

The Group's combined information does not report income taxes on its operations.

(i) *Current tax*

Current tax comprises the expected tax payable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted at the date of the combined statement of financial position. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) *Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that: is not a business combination; and affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

(Continued)

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the Group's business plans and the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(m) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities.

(Continued)

(n) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures the assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(Continued)

(o) Operating costs and expenses

General costs and expenses are recognized in the combined statement of activities when the service or materials are used, or as incurred.

(p) Deferred income

The Group follows the policy of recording advances of donations from customers derived from the agreements subscribed for the management of each project. Deferred income is also recognized when partial or full invoices exceed the costs incurred to provide the services. They are recognized in profit or loss when the service has been provided to the customer in conformity with the agreement.

For all of the projects implemented, a budget is created and presented to the donor (executable budget) as well as an internal budget for indirect costs and expenses.

The costs incurred in each project are recorded monthly. These costs and indirect expenses will be covered by the project's deferred income (revenue recognition) so as to ensure compliance with the budget and its full execution by the end of the agreed term.

(q) Contract assets and liabilities

When revenue is recognized based on a contract with a customer before the consideration is received (or the right to consideration is unconditional), a contract asset is recognized. When consideration is received (or the right to consideration is unconditional) before revenue is recognized, a contract liability is recognized.

Contract assets are recognized when the right to consideration becomes unconditional, irrespective of the billing date.

(r) Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual periods beginning after January 1, 2023 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these combined financial statements.

(Continued)

The following new standards or amendments to standards are not expected to have a material effect on the Group's combined financial statements:

- *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)*
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)*
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*
- *Lack of Exchangeability (Amendments to IAS 21).*

(7) Financial instruments - Risk management and fair values

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk.

Risk management framework

The Group's management has overall responsibility for the establishment and oversight of the Group's risk management framework and for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash, financial instruments at amortized cost and receivables.

The carrying amount of financial assets represents the maximum credit exposure, as follows:

	Note		December 31, 2023	December 31, 2022
Financial assets:				
Cash	8	US$	4,457,802	6,504,136
Investments in financial instruments	9		6,037,500	37,500
Accounts receivable	10		207,266	118,159
		US$	10,702,568	6,659,795

As of December 31, 2023 and 2022, credit risk on cash is low because the balances are deposited in first-tier local financial entities.

As of December 31, 2023, investments in financial instruments correspond to three term certificates of deposits (2022: one). They bear interest at rates ranging between 4.12% and 4.79% (2022: at 4.07%).

As of December 31, 2023, accounts receivable in the amount of US$207,266 (2022: US$118,159) mainly correspond to value-added tax. There are no accounts receivable from customers because, despite the concentration in Nestlé, the money for the Nestle projects is usually received in full prior to the execution of the phases of each contract.

As of December 31, 2023 and 2022, the Group did not record an allowance for impairment of accounts receivable.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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The Group's sole obligations are the payment of payroll, utilities and employer's social security contributions, which are related to the maintenance of its operations.

The Group receives donations and generates revenue throughout the whole year. Therefore, the Group's cash availability does not decrease; rather, the use of funds received is managed through the preparation of operational cash flows that allow it to cover the normal expenditures. As of December 31, 2023 and 2022, the Group holds accounts payable and accrued expenses payable, which mature between six and twelve months after those dates.

Exposure to liquidity risk

As of the reporting date, the remaining contractual maturities of financial liabilities are as follows:

			As of December 31, 2023		
	Note		Carrying amount	More than 180 days	Total
Financial liabilities:					
Accounts payable and accrued expenses	12	US$	433,301	-	433,301

			As of December 31, 2022		
	Note		Carrying amount	More than 180 days	Total
Financial liabilities:					
Accounts payable and accrued expenses	12	US$	93,232	-	93,232

(iii) Market risk

Market risk is the risk of changes in market prices - e.g. foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters.

Currency risk

The Group is exposed to currency risk on the financial assets and liabilities denominated in foreign currency. The Group continually seeks to ensure that its net exposure is kept at an acceptable level by monitoring expectations of variations in exchange rates. The Group does not have a policy in place to hedge this risk.

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Notes to the Combined Financial Statements

Monetary assets and liabilities denominated in US dollars, euro and other currencies are summarized as follows:

		Denominated in US dollars	Denominated in euro	Denominated in other currencies	Total
Assets:					
Cash	US$	2,918,529	1,532,857	6,416	4,457,802
Financial instruments		6,037,500	-	-	6,037,500
Accounts receivable		207,266	-	-	207,266
Security deposits		706	-	-	706
		9,164,001	1,532,857	6,416	10,703,274
Liabilities:					
Accounts payable		168,211	210,836	-	379,047
Employment provisions		35,705		18,549	54,254
		203,916	210,836	18,549	433,301
Net exposure	US$	8,932,748	1,322,021	(12,133)	10,242,636

As of December 31, 2022, the Group's exposure to currency risk is as follows:

		Denominated in US dollars	Denominated in euro	Denominated in other currencies	Total
Assets:					
Cash	US$	1,179,822	5,296,898	27,416	6,504,136
Financial instruments		37,500	-	-	37,500
Accounts receivable		118,159	-	-	118,159
Security deposits		3,370	-	-	3,370
		1,338,851	5,296,898	27,416	6,663,165
Liabilities:					
Accounts payable		42,778	-	-	42,778
Accounts payable to employees		2,790	-	-	2,790
Employment provisions		31,130	-	16,534	47,664
		76,698	-	16,534	93232
Net exposure	US$	1,262,153	5,296,898	10,882	6,569,933

(Continued)

As of December 31, 2023, the exchange rate was established at ¢519.21 and ¢526.88 to US$1.00 (2022: ¢594.17 and ¢601.99 to US$1.00) for the purchase and sale of US dollars, respectively.

The Group does not have a policy to hedge this type of risk. Accordingly, it constantly seeks to adequately monitor the exposure of its assets and liabilities in foreign currency to allow it to control the effects of significant fluctuations in exchange rates.

Sensitivity analysis

Regarding risks associated with foreign exchange differences as of December 31, 2023, the Group estimates that a 1% strengthening of the US dollar against the colón would have increased income from foreign exchange differences by US$13,099 (2022: increase in income from foreign exchange differences by US$53,078).

(iv) Interest rate risk

This is the risk of fluctuations in the fair value or future cash flows of a financial instrument due to changes in market interest rates.

(8) Cash

Cash is as follows:

		December 31,	
		2023	2022
Checking accounts in US dollars	US$	2,918,529	1,179,822
Checking accounts in euro		1,532,857	5,296,898
Checking accounts in colones		5,176	25,415
Checking accounts in Mexican pesos		1,240	2,001
	US$	4,457,802	6,504,136

As of December 31, 2023, checking accounts bear interest at 2% per annum in US dollars (2022: at 1.25% per annum), while they bear no interest in colones, Mexican pesos and euro.

(9) Investments in financial instruments

As of December 31, investments in financial assets measured at amortized cost include three term certificates of deposit in the amount of US$6,037,500, maturing between February and June 2024 and bearing net interest at rates ranging between 3.50% and 4.07% (2022: US$37,500, maturing in December 2023 and bearing interest at 4.07%).

(10) Accounts receivable

Accounts receivable are as follows:

		December 31, 2023	December 31, 2022
Sundry debtors	US$	51,914	5,862
Employees		4,987	-
Interest receivable		15,898	780
Credit balance - value added tax		134,467	111,517
	US$	207,266	118,159

(11) Office furniture and equipment

Office furniture and equipment is as follows:

		As of December 31, 2023		
		Furniture and equipment	Computer hardware	Total
Cost:				
Opening balance	US$	12,932	17,597	30,529
Additions		-	3,148	3,148
Disposals		(950)	(1,491)	(2,441)
Closing balance	US$	11,982	19,254	31,236
Accumulated depreciation:				
Balance at beginning of year	US$	5,251	4,356	9,607
Depreciation expense		1,344	3,576	4,920
Balance at end of year	US$	6,595	7,932	14,527
Net balances:				
As of December 31, 2023	US$	5,387	11,322	16,709

(Continued)

		As of December 31, 2022		
		Furniture and equipment	Computer hardware	Total
Cost:				
Balance at beginning of 2021	US$	11,983	10,405	22,388
Additions		949	7,192	8,141
Balance at end of 2022	US$	12,932	17,597	30,529
Accumulated depreciation:				
Balance at beginning of 2021	US$	4,127	1,887	6,014
Depreciation expense		1,124	2,469	3,593
Balance at end of 2022	US$	5,251	4,356	9,607
Net balances:				
As of December 31, 2022	US$	7,681	13,241	20,922

During the year ended December 31, 2023, the depreciation expense amounted to US$4,920 and was recorded under operating and administrative expenses and general expenses (2022: US$3,593).

(12) Accounts payable and accrued expenses

Accounts payable and accrued expenses are as follows:

		December 31, 2023	December 31, 2022
Foreign suppliers	US$	295,905	36,597
Other accounts payable		80,129	6,181
Social security taxes		14,581	12,907
Vacation		20,814	16,072
Statutory Christmas bonus		3,442	3,134
Severance benefits		11,449	11,924
Taxes		3,968	3,627
Other		3,013	2,790
	US$	433,301	93,232

(13) Deferred income

Deferred income is as follows:

		December 31,	
		2023	2022
Nestlé Vegetables Project - Nestrade, S.A.	US$	2,102,236	4,409,135
Nestlé Spices Project - Nestrade, S.A.		647,221	625,954
Nestlé 2023 Project - Nestrade, S.A.		5,653,363	-
Tinker Foundation project		103,937	-
Iseal Innvovations Fund project		32,101	-
Ferrero Healthy & Biodiverse Oil Palm Malaysia 2022 project		-	36,956
Syngenta CH IPM smallholder pilots CR Peru 2022/23 project		-	62,490
Other		-	342
	US$	8,538,858	5,134,877

(14) Revenue

(i) Revenue streams

The Group generates revenue primarily from contributions and donations received from customers and others for the development of projects abroad. As of December 31, 2023, revenue amounts to US$6,472,623 (2022: US$3,462,217).

(ii) Disaggregation of revenue from contracts with customers

Income from donations according to the contracts with customers is as follows:

		For the year ended December 31,	
		2023	2022
Nestrade, S.A. (Nestle)	US$	5992884	2607601
Ferrero Trading Lux, S.A.		231685	193166
Fuchs & Hoffmann Kakaoprodukte GmbH		-	53,063
Department For Environment, Food and Rural Affairs (DEFRA)		95,945	409,593
ISEAL Innovations Fund		7,533	149,611
Tinker Foundation		51063	-
Bioversity International-IPGRI		20,000	-
Great Britain Embassy		-	9,980
Instituto de Manejo e Certificacao Florestal e Agrícola		-	9,355
Syngenta Crop Protection AG		-	17,100
Syngenta Agro S.A. de C.V.		73,513	12,748
	US$	6,472,623	3,462,217

(iii) Contract balances

As of December 31, 2023, accounts receivable from contracts with customers amount to US$27,337 (2022: nil). There are no contract assets.

Contract liabilities are related basically to deferred income from the sale of goods and services pending realization (see Note 13).

(iv) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it receives donations and programs are executed.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

(Continued)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Contributions and donations received	To comply with its objectives, the Group obtains financial support from non-reimbursable contributions and donations made by international private entities and individuals.	Income from donations is received by the donors, which then transfer the amounts agreed as per the previously established contracts. The Group records income as the program to which the money goes is executed. If the program is not ready and the money has already been donated, that money will be recognized until the program is ready to be executed; meanwhile, the money is recorded as a deferred income liability.

(15) Operating and administrative expenses

Operating and administrative expenses are as follows:

		For the year ended December 31,	
		2023	2022
Professional fees	US$	1,767,777	1,872,239
Project management support		3,600,231	903,840
Employee benefits		823,191	637,048
Other operating expenses		72762	27335
Travel expenses		167093	131050
Insurance		100,083	66,780
Memberships and other		61,084	48,364
Other		33,794	53,010
	US$	6,626,015	3,739,666

(Continued)

(16) Transactions with related parties

Transactions with related parties correspond to an agreement for the provision of administrative services during 2022, as follows:

		For the year ended December 31,	
		2023	2022
Income:			
Professional services and licenses	US$	-	1,000
Expenses:			
Reimbursements and professional services	US$	-	444,056

(17) Income tax

(i) *Current tax*:

Asociación SAN Sustainable Agriculture Network and Red de Agricultura Sostenible Costa Rica, S.A. are subject to income tax payment equivalent to 30% of taxable income per annum. For 2023 and 2022, the current tax expense amounts to zero and was determined pursuant to current Costa Rican tax legislation.

Red de Agricultura Sostenible AC, a Mexican entity, is subject to income tax payment equivalent to 30% of taxable income per annum. As of December 31, 2023 and 2022, the current tax expense amounts to zero and was determined pursuant to current Mexican tax legislation.

Pursuant to the *Income Tax Law*, those entities are required to file annual income tax returns for the twelve months ending December 31 of each year.

The tax returns filed by the entities for the years ended December 31, 2023, 2022, 2021 and 2020 are open to review by the Tax Authorities.

(Continued)

Consequently, the companies have a contingent liability for any additional tax that may result from deductions not accepted for tax purposes. However, management of those companies believes that the tax returns, as filed, should not be substantially modified as a result of any review.

(ii) *Reconciliation of the effective tax rate:*

The difference between income tax expense and the amount that would result from applying the corresponding 30% income tax rate to pretax income is reconciled as follows:

		For the year ended December 31, 2023		2022
Surplus (loss), net	US$	239,976		(1,307,605)
Income tax (including deferred tax)		-		-
Profit before income tax		239,976		(1,307,605)
Expected income tax	30%	71,993	30%	(392,282)
Plus (less) tax effect on:				
Non-taxable income		(1,688,096)		(335,803)
Non-deductible expenses		1,543,960		401,784
		(72,143)		(326,301)
Current tax		-		-
Deferred tax		-		-
	US$	-		-

(i) *Deferred tax:*

As of December 31, 2023 and 2022, the Group does not have temporary differences that give rise to deferred tax.