Feasibility Study

CONACADO Agroindustrial

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February 28th, 2024

Calle Fernando Escobar
Hurtado No. 8A
Ensanche Serrallés
Santo Domingo, D.N.
República Dominicana

T: +1 (809) 621 3306
F: +1 (809) 732 7018
www.bakertilly.com.do

Mr.
Isidoro de la Rosa
President
CONACADO Agroindustrial, S.A.
Santo Domingo, D.N.

As per the requirement of CONACADO Agroindustrial, S.A., formalized through meetings, our firm, Baker Tilly, has conducted the Feasibility Study for the Modernization and Expansion Project (hereinafter referred to as MEP). We emphasize that this document was prepared with the goal of evaluating the success of an expansion plan focused on modernizing, revitalizing, and expanding the company's production to generate greater value from the cocoa produced by the CONACADO members.

Our estimate was made on the basis of analyses and procedures regularly used in Feasibility Study services, which are described in this document. The information used for the development of this project was provided by the management of CONACADO Agroindustrial, who consider it to be accurate and valid for the purposes of our services.

The use of the information contained in this report should not be extended beyond the original purpose of providing an estimate of the business feasibility. Neither our report nor its contents may be used for any other purpose than that originally established. These have been issued for the exclusive use of the shareholders and/or stakeholders of CONACADO Agroindustrial.

We appreciate the opportunity to serve you and hope to have met your requirement.

Sincerely,
José Rosario
Director

Executive Summary

Cocoa produced in the Dominican Republic is characterized by being one of the most coveted in the international chocolate market. Leveraging these conditions, CONACADO Agroindustrial (one of the companies with the highest volume of local cocoa purchases) intends to develop an expansion plan that includes new machinery for its derivatives production plant and the development of a new line that will offer products used in the manufacture of fine chocolate.

The project involves an investment in machinery, buildings, and transportation equipment equivalent to US$29,456,062, of which CONACADO Agroindustrial's management intends to finance 100% and add US$5,809,129 to be used as working capital in the first year of operation. At the same time, it is seeking access to a line of credit that will support it in the long term to finance working capital.

The development of the Project will allow the Company to increase its purchases significantly. Between 2018 and 2023, 12,188 metric tons of cocoa beans have been purchased in the local market; with the implementation of the plan, purchases would increase to 44,178 metric tons as of 2027. In addition, with the creation of 195 jobs in Duarte Province, close to RD$54,408 million in direct benefits could be contributed over a 10-year period.

The purpose of the study is to estimate the economic feasibility of the project. The projected results show a Net Present Value (NPV) FCFF equivalent to RD$8,907 million, and an IRR of 33.81%, which being positive and higher than the WACC (minimum expected return of the project's investors) indicate that the project is profitable given the required investment.

Confidentiality

Our report and/or its content should not be referred to or mentioned, in whole or in part, in any declaration, prospectus, public record, loan agreement, or any other contract or agreement, without our prior knowledge and written approval, which may require additional work and/or tests.

Events and circumstances often do not occur as expected, and there are usually material differences between actual and projected results. We are not responsible for decisions made based on the information contained in this report, nor for the fulfillment of the expectations considered in the financial projections presented in this document. We assume no responsibility, duty, or obligation to third parties regarding the services and this Feasibility Study. Likewise, we assume no obligation to update this report with information provided to us after the delivery date of this report.

Limiting Conditions

1. The estimates made are for reference purposes only. Changes in assumptions could yield different results. However, the criteria used are intended to be conservative and adjusted to the reality described in the body of the report.
2. The value estimation presented in this report applies only to this study and cannot be used outside the context presented in this document.
3. This study is valid only for the purpose or purposes specified in this document.
4. Possession of this report does not imply permission to publish it or any part of it. No part of this report should be communicated to the public through advertising, news releases, sales and promotions, or any other means without prior written notice and our approval.
5. We are not responsible for decisions made based on the information contained in this report.
6. This report is valid only for the date specified here.

Definitions

GDP
Gross Domestic Product.

IMF
International Monetary Fund.

NPV
Net present value.

NSO
National Statistical Office

Analysis of Financial Indicators
Determination of the relevant elements that influence the project's operations, such as revenues, costs and expenses, and the influence of particular events and situations in each of the periods studied, identifying the relevant KPIs.

Free Cash Flow
Free Cash Flow (FCF). This is the cash generated by a project after considering the cash outflows that support its operations and maintain its capital assets. In other words, free cash flow is the cash remaining after a project pays its operating expenses and capital expenditures (CapEx).

Weighted Average Cost of Capital (WACC)
Weighted Average Cost of Capital (WACC). The discount rate used to discount future cash flows when valuing a project.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)
Financial metric used to assess a company's operating performance by excluding expenses unrelated to day-to-day business operations, providing a clearer view of profitability from core activities.

Leverage
The use of borrowed capital as a source of financing when investing, to expand the project's asset base and generate returns on risk capital.

Liquidity
Liquidity refers to the efficiency or ease with which an asset or security can be converted into cash without affecting its market price.

Objective

The feasibility study aims to determine the viability of the project through the following components:

Background: Establishes objectives, scope, and definitions; fundamentals, where the project's justification is detailed, key factors for success, project phases (if applicable), and evaluation method.

Market Study: Includes analysis of the country's economic environment, the sector's economic environment, description of cocoa as an agricultural product, description of third-party certifications, analysis of global cocoa production and consumption, behavior of international cocoa bean prices, demand for cocoa by-products internationally, trade of Dominican cocoa in the world, SWOT analysis.

Technical Study: Description of the supply and commercialization chain, description of the investment budget, detail of the machinery to be installed, evaluation of the projected operation, socioeconomic impact.

Financial Study: Consolidates the previous elements into a quantitative analysis to determine equity needs and project financial statements.

BACKGROUND

Fundamentals

Project Justification

The purpose of this project is to gather information to determine if CONACADO Agroindustrial's proposed mechanization and expansion of the cocoa processing plant in San Francisco de Macoris is feasible in terms of market, technical, and financial aspects.

Project Implementation Solutions

The project development will offer multiple benefits:

1. Enhance the company's technical, operational, and financial capacity.
2. Meet current requirements for process mechanization, added value of cocoa, and timely marketing.
3. Supply the growing demand for high-quality raw, semi-processed, and finished products by national and international clients.

Evaluation Methods

The Project will be evaluated considering financial and market parameters.

Financial Feasibility

The parameters that will determine the financial feasibility of the project are:

1. **Profitability:** Financial profitability will be assessed using the return on equity indicator, relating economic benefit to the resources needed to generate profit.
2. **Free Cash Flow**: This method considers the liquidity of the project, which could compromise its viability.
3. **Net Present Value**: A project is considered profitable when the NPV is positive.
4. **Internal Rate of Return**: The project is feasible if the IRR is equal to or greater than the rate required by the investor.

General Background

The Company

CONACADO Agroindustrial, S.A. is a private equity company operating under the Special Free Zones regime in the Dominican Republic, established during an institutional transformation process from CONACADO NGO in 2010. Its goal is to enhance the income and living standards of associated cocoa producers through improving cocoa production quality, grain transformation, harvest commercialization, and post-harvest farm management.

By 2023, the company brings together 9,364 cocoa producers, with 65% certified as organic, 27% as conventional, and 8% as transitioning producers.

With experienced and qualified personnel, CONACADO demonstrates administrative maturity and promises efficient and competent resource use for the project's resources. In its history it has received financing from Banco Ademi, Oikocredit, Banco Interamericano, BHD, Banco Popular, Banco de Reservas, Cooperativa COOPNACADO and Banco Agrícola.

The company's share equity is divided among four shareholders: Cocoa Farmers, Konakao Investments, Procacao, and Fundación Conacado.

The current Board of Directors is composed of:

Isidoro de la Rosa President	Economist and founder of the company. 69 years.
José Galán Vicepresident	Agricultural Engineer. 33 year in the company.
Alfonzo Baldera Secretary	Agricultural Engineer. 28 years in the company.
Abel Fernández Vocal	Commercial Technician. 38 years in the company.
Lucas Paredes Vocal	Agricultural Engineer. 30 years in the company.
Miguel Mendoza Vocal	Agricultural Engineer. 31 years in the company.
Ramón Mota Vocal	Producer. 28 years in the company.

General Background

Organization Chart

The daily operations of the company are managed by a team of managers, led by a General Manager, and composed as follows:

Isidoro de la Rosa Ogando - General Manager/President

Ramón Mosquea - Collection Manager, Agronomist Engineer. Specialty in collection and technical assistance on cocoa farms, 18 years with the company.

Rhina Campo - Post-harvest Manager, Agronomist Engineer. Specialty in cocoa fermentation and drying, 18 years with the company.

Danys Reyes - Financial Manager, accountant, postgraduate degree in finance, 26 years with the company.

Abel Fernández - Marketing Manager

Jaime Gómez - Technical and Quality Manager, Agronomist Engineer. Specialist in certifications and rural development, 24 years with the company.

Cris Reyes - Human Resources Manager, Business Administration, 2 years with the company.

Melquisedec Benitez - Technology Manager, Engineer in Technology, 14 years with the company.

Elizabeth Dhinora Burgos - Plant Production Manager, Bachelor's in Biology. Specialty in cocoa processing and chocolate making, 14 years with the company.

Elizet Rodriguez - Laboratory Manager, Food Engineer. Specialty in chocolate, 3 years with the company.

Franklin Gómez Burdier - Projects Manager. Accountant, Master's in modern management, Master's in Financial Administration, certified in governance, operational processes, sustainable development, project management. 16 years with the company.

General Background

Project Definition

CONACADO Agroindustrial will invest in machinery, infrastructure, and other equipment that will enable the company to be at the forefront of the demand for cocoa products and to position itself as a benchmark in both the local and international markets.

Project Objectives

To achieve these objectives, the company plans to develop four strategic axes:

- Improve the financial structure and obtain resources for working capital.
- Mechanize and automate the processes of fermentation, drying, and cocoa production.
- Centralize the activities of storage, preparation, finishing, packaging, and export of cocoa.
- Build a chocolate production line, so that cocoa produced by Dominican producers is marketed at a higher value.

MARKET STUDY

Market Study

Economic Environment

Global Outlook and the Dominican Republic

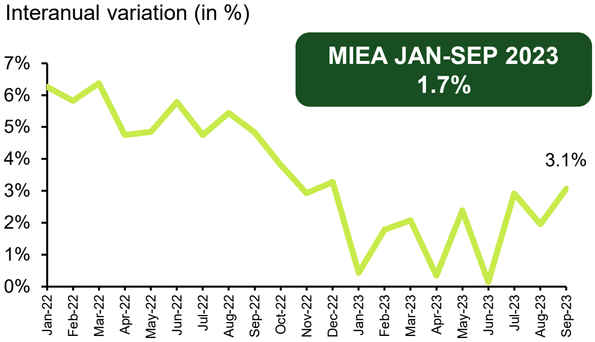
In October 2023, the International Monetary Fund (IMF) updated its World Economic Outlook (WEO) report, highlighting that global growth would decrease from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024. However, in Latin America and the Caribbean, growth of 2.3% is expected for both 2023 and 2024, representing a slowdown from the 4.1% seen in 2022.

Globally, overall inflation is expected to decrease from its peak of 8.7% in 2022 to an annual average of 6.9% in 2023 and 5.8% in 2024, mainly due to falling international commodity prices.

For the Dominican Republic, the August 2023 Macroeconomic Outlook from the Ministry of Economy, Planning and Development indicates that international uncertainties lead to expectations of slowed economic activities; real GDP growth of 3.0% is expected for 2023, 100 basis points below estimates from June 2023, with a projection of 4.75% for 2024.

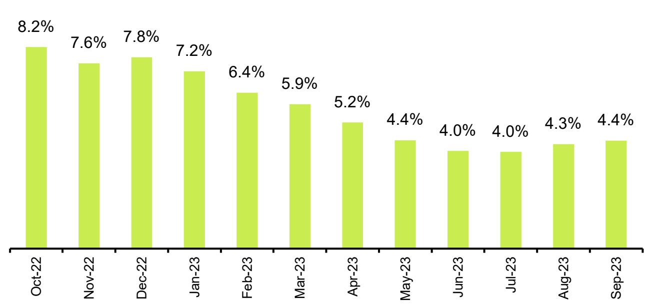
Simultaneously, the Central Bank of the Dominican Republic has stated that "macroeconomic forecasting models indicate that both overall and core inflation would remain within the target range of 4.0% ± 1.0% for the remainder of 2023 and 2024". This suggests that the inflationary process has eased, and price stability can be expected in the short term.

Monthly Indicator of Economic Activity
Interanual variation (in %)



***Source:** Central Bank of the Dominican Republic*

General Inflation
Interanual variation of CPI (IN %)



***Source:** Central Bank of the Dominican Republic*

[1]Information consulted in: https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023
[2]Information consulted in: https://mepyd.gob.do/publicaciones/marco-macroeconomico-2023-2027-agosto-2023
[3]Information consulted in: https://www.bancentral.gov.do/a/d/5793-bcrd-informa-que-la-variacion-del-ipc-en-septiembre-fue-de-043-

Economic Environment

Economic performance of the agricultural sector

The agricultural sector is an activity composed of two subsectors: the agricultural sector, which includes all activities related to farming, and the livestock or animal husbandry sector, which encompasses all activities related to livestock, forestry, and fishing.

According to the Report on the Dominican Economy up to September 2023 by the Central Bank of the Dominican Republic (BCRD), from January to September 2023, the added value of agricultural activity saw an interannual growth of 3.8%, where agriculture grew by 5.4% and livestock, forestry, and fishing by 1.0%.

Agricultural

The observed growth of 5.4% was due to favorable performance in production volumes in most of the components.

Indicators	Jan-Sep 2022	Jan-Sep 2023
Added Value	**2.6**	**5.2**
Rice in the husk	2.0	-2.4
Sugar Cane	4.9	-23.3
Unrolled tobacco	5.2	7.7
Coffee in cherry trees	20.7	14.5
Cocoa beans	7.5	5.1
Corn beans	10.7	40.3
Beans	-2.2	11.1
Pigeon peas	-1.7	7.0
Banana	10.8	20.9
Plantain	5.4	16.4

For the first 3 quarters of the year, the BCRD indicates that: "With respect to cocoa production, it showed an expansion of 5.1%, in line with the positive evolution reflected in the external demand for this product (3.8%). In addition, it is important to note the support provided by the Presidency, through the Special Fund for Agricultural Development (FEDA), with the aim of relaunching the production of this product, as part of the Plan for the Renewal and Transformation of Dominican cocoa production. This initiative contributed to the dynamism of the sector through the supply of raw materials, such as plants of higher genetic quality and pesticides to combat pests, the rehabilitation of plantations and the delivery of machinery and infrastructure to promote the cultivation of high-yield cocoa, resistant to climatic changes and diseases. In turn, it is worth highlighting the financing facilities through the Agricultural Bank to cocoa producers, whose disbursed value reached the sum of RD$1,831.8 million, meaning a year-on-year growth of 8.4 %."

[4] Information consulted in : https://www.bancentral.gov.do/Publicaciones/Consulta

Cocoa as an agricultural product

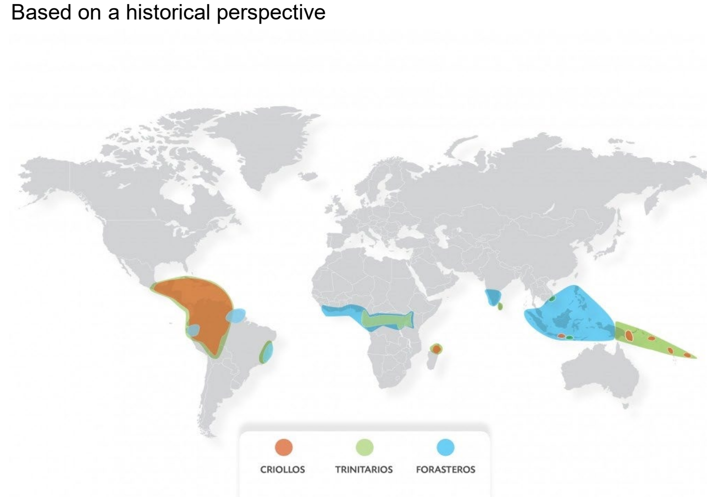
Cocoa is the main input for the manufacture of chocolate. The delicacy that must be incurred for its harvesting, fermentation and drying make its production factors very labor intensive. The following is a summary of the bean transformation process[5]:

1. Harvesting and cleaning: careful removal of the cocoa pods from the trees with a knife is required to avoid unwanted damage to the flower cushions. From here, compliance with international standards and regulatory requirements is assessed in order to carry out the cleaning process of the cocoa beans.
2. Fermentation: at this stage, chemical changes occur that allow the development of flavor within the cocoa beans sometime between 36- and 72-hours post-cleaning.
3. Drying: in this step, the moisture content of the beans is reduced to ~7.5% to ensure proper and safe storage of cocoa for several months in the tropics. The duration of this step is at least one week, depending on the climate.
4. Roasting: in this step the temperature of the beans is raised to obtain different flavors depending on the type and blend of cocoa to be processed. There is no right roasting level or right way to obtain the desired roast.
5. Winnowing: is the process of separating the husk and bean flesh (Nib).From this last step, the necessary inputs are obtained to produce the different cocoa derivatives such as nibs, cocoa cake, cocoa butter, cocoa liquor and chocolate.

Variedades del cacao

The International Cocoa Organization indicates that historically there have been 3 classifications that help identify the different types of cocoa, these are Forastero, Criollo and Trinitario. Recently, however, new studies have reclassified the varieties according to their morpho-geographical and genomic similarities and differences.[6] **At the local level, the predominant classification is Trinitario in two distinct subclassifications: Sanchez and Hispaniola**, the latter being the highest quality due to the fermentation process prior to drying, allowing a pure whole cocoa bean to be obtained.[8]

Geographical distribution of the main varieties
Based on a historical perspective



Source: *Organización Internacional del Cacao (ICCO)*

[5]Information consulted in : https://www.icco.org/processing-cocoa/
[6]Information consulted in https://www.icco.org/growing-cocoa/
[7]Information consulted in https://www.cacaoteca.com/dominican-cacao.html
[8]Information consulted in https://prodominicana.gob.do/Documentos/BC_PERFIL%20PRODUCTO%20-%20CACAO_V2.pdf

Certifications in production

Certification schemes are a series of standards developed by independent institutions generally focused on improving environmental sustainability, social sustainability and safety and quality for each actor in the production chain of different raw materials.

Although certification is not mandatory for sales, pressure from various social groups and NGOs on large companies in the most demanding markets (Europe and North America) has caused them to limit themselves to buying raw materials with a certain degree of quality and social responsibility only guaranteed by certifications. Therefore, small producers have understood that in order to differentiate their products from the competition it is necessary to abstain from the requirements of these programs.

Among the most recognized certification schemes today are:

Fairtrade International
It is in charge of guaranteeing prices that manage to compensate the cost of production to small farmers and to assure the final buyers that the product they are going to consume was produced with economic, environmental and social integrity. All this is done through minimum prices, premiums, prohibition of child labor, support to producers, among other conditions.[9]

The Organic Logo (European Union)
It is a seal that certifies that the composition of a product is 95% organic ingredients and the remaining 5% complies with strict conditions. The seal allows the final buyer to understand that rigorous restrictions have been complied with when producing, processing, transporting and storing the product to be purchased.[10]

Rainforest Alliance
According to the organization, the seal enables farmers to produce better crops, adapt to climate change, increase productivity and reduce costs. At the same time, it helps companies to publicize their commitment to ethics and sustainability. The cost of the seal varies depending on the role in the supply chain, whether producer, company or certification body.[11]

CONACADO Agroindustrial is currently certified Organic by the European Union, Fairtrade International and Rainforest Alliance. They are also certified under ISO 22000 FSSC and Hand & Hand.

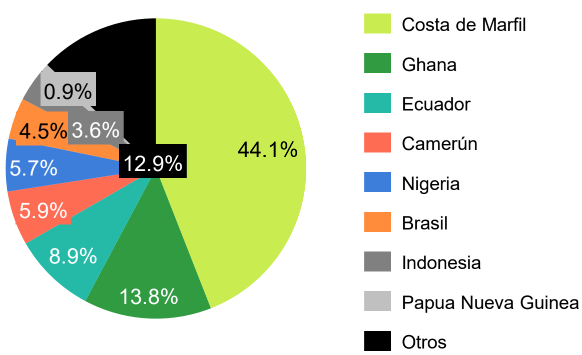
[9] Information consulted in : https://info.fairtrade.net/es/what/how-fairtrade-differs-from-other-labels#standards-overview
[10] Information consulted in : https://agriculture.ec.europa.eu/farming/organic-farming/organic-logo_en
[11] Information consulted in : https://www.rainforest-alliance.org/es/certificacion/?_ga=2.131378311.942787975.1700228668-1455135655.1699377479&_gl=1*1cl3w8a*_gcl_au*MTcwMTc0MjcwNi4xNjk5Mzc3NDgy*_ga*MTQ1NTEzNTY1NS4xNjk5Mzc3NDc5*_ga_NFQ21FT91S*MTcwMDIyODY2Ny41LjEuMTcwMDIyODkwMy4wLjAuMA..

World cocoa market

Production

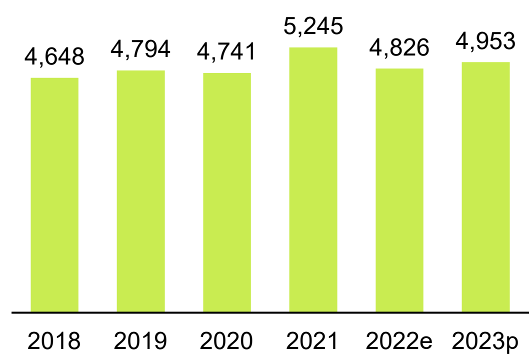
Globally, cocoa production shows a compound annual growth rate of 1.3% from the 2017/2018 cocoa season to what is expected to be produced during the 2022/2023 season; Côte d'Ivoire ranks as the largest producer, generating on average 44% of total production between the period analyzed. At the end of the 2022/2023 season, 4,938 thousand metric tons are expected to be produced worldwide.

Distribution of projected production
In % of total projected production for the 2022/2023 season



***Source:** Prepared by BT with information from ICCO.*

Total cocoa production
In thousands of metric tons

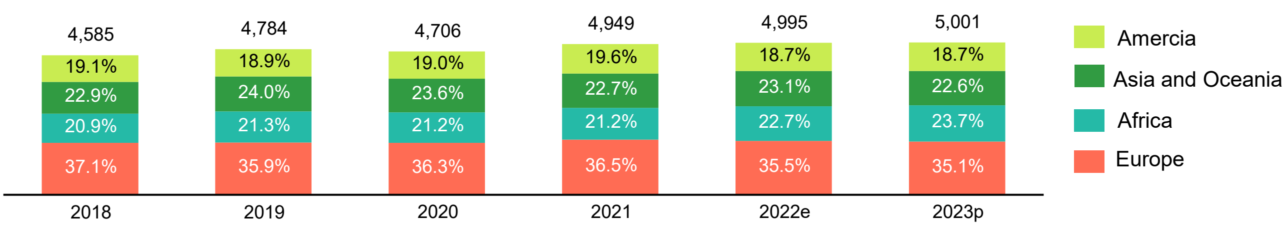


***Source :** Prepared by BT with information from ICCO.*

Consumption

To account for the consumption of cocoa beans, we will take into account the amount of beans ground for the production of any derivative, be it nibs, cocoa liquor, cocoa butter and/or chocolate bars. Between the 2017/2018 and 2022/2023 cocoa seasons, cocoa consumption grew in a compounded manner, annually by 1.7%, with Europe being the region with the highest average share (36.1%) during the period analyzed.

Total cocoa grindings
In thousands of metric tons



***Source:** Prepared by BT with information from ICCO.*

Years refer to the date on which the cocoa season closes. Cocoa seasons start on October 1 and end on September 30.
Year 2022e refers to estimated data.
The year 2023p refers to projected data.

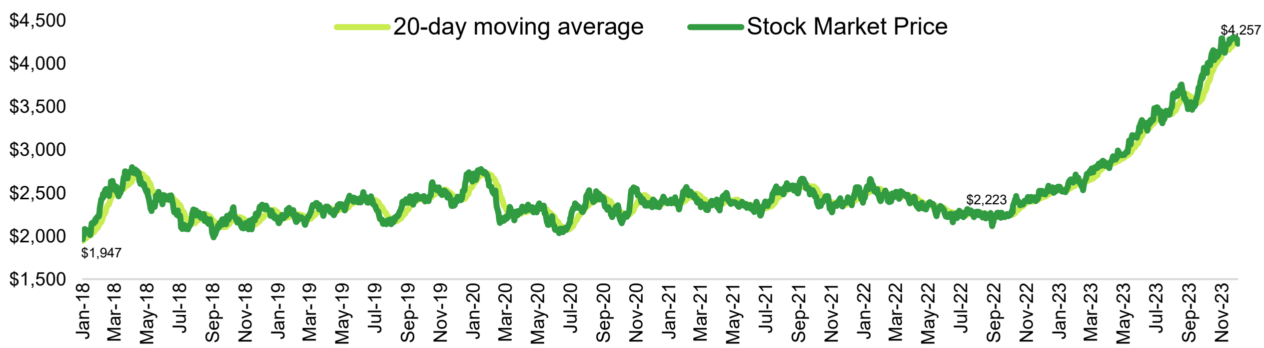
Market Study

World cocoa market

Prices

The price traded in the market for cocoa beans is determined by futures contracts. As can be seen in the graph, the 20-day moving average shows relative price stability between 2018 and the end of 2022 when the metric ton oscillated between US$2,000 - US$2,500, however during 2023 prices have increased significantly to US$4,257 per ton.

Daily price per metric ton of cocoa from ICCO (US$/mt)



***Source:** Prepared by BT with information from ICCO.*

According to the International Cocoa Organization (ICCO) in its November 2023 monthly report[12], this substantial increase in prices is largely due to supply shortfalls in Côte d'Ivoire and Ghana, which supply more than half of the world cocoa bean market and drive market trends. According to ICCO, this deficit is caused by unfavorable weather conditions and their various effects:

1. Large amount of rainfall does not allow the supply of cocoa beans.
2. The large amount of rain has affected young plants and has allowed diseases such as "Vaina Negra" to be easily transmitted.
3. Fermentation and drying activities have been difficult due to the lack of sun.
4. The deplorable condition of the roads has been worsened by the excessive rain, making it difficult to transport the product from the farms to the ports.

[12]Information consulted in: https://www.icco.org/statistics/#review

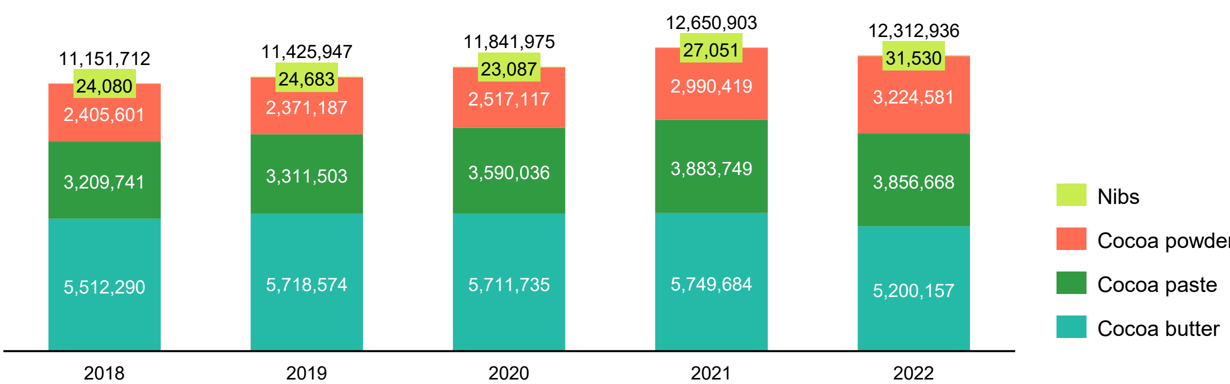
World cocoa market

Cocoa by-products (semi-processed products)

The commercial value of cocoa is not only tied to the sale of the bean, but also to the derivatives that can be obtained through certain grinding, pressing and cooling processes. The use of these derivatives as ingredients for final products in different industries substantially increases the importance of integrating machinery and equipment to offer quality inputs to different markets.

According to statistics from the International Trade Center (ITC), between 2018 and 2022, world imports of cocoa derivatives (nibs, cocoa paste, butter, powder) had a compound annual growth of 2.5%. At the end of 2022, the exported value of derivatives was US$12,312 million where cocoa butter had the largest share (42%) followed by cocoa paste (31%).

Value of world imports of cocoa derivatives
In US$ thousands



Source: *Elaborated by BT with information from ITC*

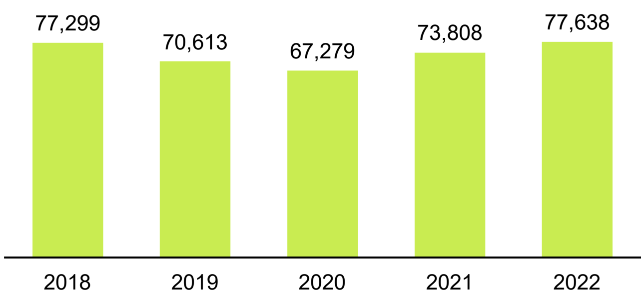
Furthermore, the demand for derivatives is concentrated in Europe. This can be seen by reviewing that of the top 10 importing countries of these derivatives, 7 are in this region and are responsible for 44% of the value traded. This analysis could be deepened if we had access to the country of origin of these imports and thus be able to determine the location of the main competitors in this market.

Imports take into account the following harmonized tariff codes
Nibs - Tariff code 1802
Cocoa paste - Tariff code 1803
Cocoa butter - Tariff Code 1804
Cocoa Powder - Tariff Code 1805

Dominican cocoa in the world

According to information from the Ministry of Agriculture[13], the average volume exported of cocoa and its preparations, between 2018 and 2022 is 73,327 metric tons (mt) per year at an average price of US$2,872/mt (higher by 22% than that observed in the international market during the same period). It is worth noting that as of 2019, the International Cocoa Organization[14] estimated that 40% of all Dominican cocoa exports can be classified as "fine".

Exported volume of cocoa and cocoa preparations
In metric tons (mt)



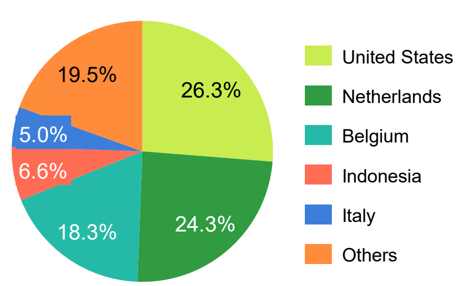
Fuente: *Prepared by BT with information from the Dirección General de Aduanas (DGA).*

The International Cocoa Organization understands that 90% of the world's fine cocoa production originates in Latin America, with Ecuador, the Dominican Republic and Peru being the largest exporters in volume terms.[15]

In addition, according to the Central Bank of the Dominican Republic[16], cocoa bean exports by both domestic companies and special free zones amount to US$198.4 million annually between 2018 and 2022, representing on average 25% of agricultural exports and 1.7% of total exports. On the other hand, cocoa preparations such as chocolate, shells, liquors, paste and cocoa butter reach US$11.4 million annually in the same period.

Also, statistics from the General Directorate of Customs[17] indicate that the main customers of Dominican cocoa are the United States, the Netherlands, Belgium, Indonesia and Italy. Of all cocoa exports shipped between 2018 and 2022, these 5 countries accumulate 80.5% of all trade carried out.

Destination of cocoa and cocoa preparations exports
As % of all cocoa exports



Source: *Prepared by BT with information from the Dirección General de Aduanas (DGA).)*

[13]Information consulted in: https://agricultura.gob.do/category/estadisticas-agropecuarias/exportaciones-agropecuarias-2-exportaciones-agropecuarias-totales-y-por-producto/
[14]Information consulted in: https://www.icco.org/wp-content/uploads/FFP-REP-7-Report-of-the-Meeting-English.pdf
[15]Information consulted in: https://www.icco.org/fine-or-flavor-cocoa/
[16]Information consulted in: https://www.bancentral.gov.do/a/d/2532
[17]Information consulted in: https://www.aduanas.gob.do/estadisticas/dinamicas/

Market Study

SWOT Matrix

CONACADO Agroindustrial Project

Strengths (S)

- Dominican organic cocoa is in high demand in the international market.
- Third party certifications guarantee minimum selling prices.

Opportunities (O)

- Consumers have become more aware of the benefits of consuming organic products.
- The use of cocoa in non-traditional sectors allows for positive projections of long-term demand.

Weaknesses (W)

- High dependence on certifications to sell the product.
- Secondary effects of the climatic situation can significantly reduce production.

Threats (T)

- Diseases may affect plantations
- Variations in current credit conditions.

TECHNICAL STUDY

Technical Study

Current production lines

Historically, CONACADO Agroindustrial has been dedicated to the purchase and sale of cocoa beans from its partners to international companies seeking high quality organic cocoa. However, in hopes of increasing the value and benefits that producers can receive, the Company opened a small-scale cocoa derivatives production plant in 2021.

Cocoa beans

Between the 2017 and 2023 cocoa seasons, the Company has purchased around 166,019 tons of cocoa, which corresponds (according to information provided by CONACADO Agroindustrial) to 36% of the Dominican sector's total production.

Cocoa derivatives

The cocoa derivatives division is currently in the process of starting up; however, it is necessary to acquire additional machinery to finish equipping the production plant with state-of-the-art technology that will allow the Company to adapt to possible changes in the market.

Characteristics of the project

CONACADO Agroindustrial has a main production plant in San Francisco de Macoris and 6 storage and drying locations scattered throughout the main cocoa harvesting points in the Dominican Republic.

The Project plans to be developed in the unused space of the main production plant.

The investment to be made includes:

- Acquisition of machinery and equipment that would improve and diversify the production processes of the semi-finished and cocoa bean processing plant.
- Construction of a logistics centralization area (Processing Center).
- Installation of a chocolate production plant.
- Construction of the necessary infrastructure to centralize the fermentation and drying of cocoa.
- Construction of two new warehouses to house cocoa and the chocolate produced.
- Expansion of the transportation fleet.

The timeline for the development of these activities is shown below:

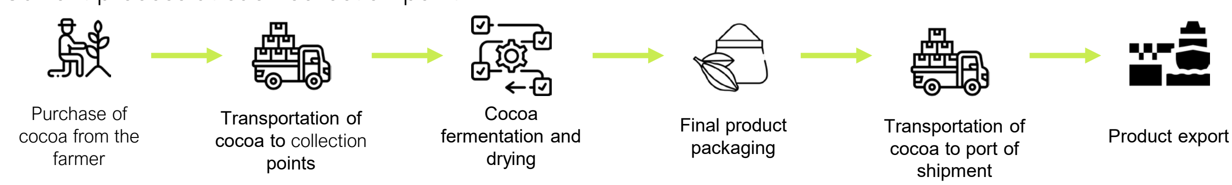
ACTIVIDADES	PERÍODOS EN SEMESTRES					
	1	2	3	4	5	6
Signing of contracts and receipt of funds						
Signing of contract and progress of infrastructure construction						
Start-up and construction of infrastructure						
Bidding and purchase order of equipment for the Derivatives and Chocolate Plant						
Arrival and installation of equipment Derivatives Plant						
Arrival and installation of Chocolateria equipment						
Delivery of chocolate						
Purchases of transportation equipment						

Estructura del negocio

Supply chain

For the acquisition of the raw material necessary for the operation of the business, CONACADO Agroindustrial is supplied by approximately 7,200 local producers, which have a production capacity of 15,000 tons per year, in different cocoa producing areas of the country, such as: San Francisco de Macorís (main plant), Yamasá, Bonao, Nagua, El Seibo, Cotui and Castillo. From these points the cocoa is fermented, dried and packaged and then sent to the port of Caucedo from where the product is exported.

Current process at each collection point



The construction of the new logistics centralization area seeks to have the different collection points serve only as shipping points for the pods to the main plant in San Francisco de Macoris in order to reduce operating costs and create synergy between the production processes that will be carried out at the plant.

Marketing chain

Thanks to the high quality of the raw material acquired by CONACADO, based on the various certifications held by the associated producers, the company sells cocoa directly to customers. Historically, the company has supplied cocoa to the world's largest manufacturers, including:

TRADIN ORGANIC

ICAM CIOCCOLATO

BARRY CALLEBAUT

RAPUNZEL NATURKOST

HALBA CHOCOLATERIE

CARGILL

Description of equipment and machinery to be acquired

Product diversification

As part of the process of improving and streamlining the production of semi-finished products, CONACADO contacted the Dutch company Duyvis Wiener for the acquisition of machinery that can serve this type of function.

.With an investment equivalent to US$7,657,389, CONACADO will install:

- 2 continuous grain dryers
- 1 husk separator
- 1 nib roaster
- 1 nib cooler
- 2 mills for liquor production
- 1 butter cooler

Este presupuesto además incluye distintas partes que fueron solicitadas como parte del proceso de adaptación con el equipo actualmente existente en la planta y el personal experto que servirá de supervisor y guía para la correcta instalación y puesta en marcha.

The plant has a production capacity equivalent to 30,000 metric tons per year.

Beneficiation Center

In order to centralize grain reception and improve the traceability of the grain fermentation and drying process, the development of the Processing Center will be located in the unused space of the derivatives processing plant in San Francisco de Macoris. For the development of this infrastructure, the company WILPAC will be contracted with a budget equivalent to US$6,799,446 to build an industrial building and install the necessary machinery to process the cocoa. The machinery to be acquired includes:

- Dryers
- Pulpers
- Conveyor belts
- Bagging machines
- Husk burners
- Pulp and residue extractor
- Preheaters

Technical Study

Description of equipment and machinery to be acquired

Chocolate Factory

In order to further commercialize the cocoa produced by CONACADO's partners, the company seeks to develop a generic chocolate factory. The machinery to be used, with a production capacity of 5,000 metric tons per year, is provided by SACMI and includes equipment for chocolate production, molding, and packaging at a total cost of US$5,612,674. An infrastructure suitable for housing the equipment described above, a warehouse for the finished product, and an exhibition area for the chocolate process will also be built; the Dominican company Constructora Santos y Antonio S.R.L. is responsible for the construction of this facility.

Cocoa bean stores and fermentation

In order to expand the storage capacity of raw material and finished product, an infrastructure consisting of four industrial buildings will be built with a budget equivalent to US$3,042,594. The use of each structure is described below.

- Structure for the cocoa reception process with an area for the operation of vans and circulation.
- Structure for the cocoa bean roasting and storage process.
- Structure for the storage of cocoa as finished product.
- Structure for cocoa fermentation.

Other Equipment

To further optimize production processes, there are also plans to install several packing machines and a cocoa roasting machine. These two pieces of equipment together represent a total investment of US$1,644,273. Also, to ensure the continued operation of the machinery, a power plant will be acquired at a cost of US$700,000.

Summary – Values in RD$	2024	2025	2026	Total
Buildings	$3,909,837	$1,521,297	$3,454,231	$8,885,364
Conveyor equipment	$272,727	$272,727		$545,455
Machinery and equipment	$9,883,875	$3,828,694	$5,612,674	$19,325,243
Electrical equipment	$700,000			$700,000
Total	**$14,766,439**	**$5,622,719**	**$9,066,905**	**$29,456,062**

Plant Operation

The main raw material for the operation of the business is cocoa beans. In accordance with the sales projections that CONACADO Agroindustrial intends to achieve and the production capacity of the associates, total purchases are shown below, broken down by source of acquisition (partner or market) and by the line of business in which they will be used:

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total purchases	17,824	25,441	38,994	44,178	44,178	44,178	44,178	44,178	44,178	44,178	44,178
Purchases from members	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Market purchases	2,824	10,441	23,994	29,178	29,178	29,178	29,178	29,178	29,178	29,178	29,178

Business line	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total	17,824	25,441	38,994	44,178	44,178	44,178	44,178	44,178	44,178	44,178	44,178
Cocoa beans	15,000	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Chcocolate derivatives	2,824	16,941	29,835	33,833	33,372	32,384	32,384	32,384	32,384	32,384	32,384
Chocolate	0	0	659	1,845	2,306	3,294	3,294	3,294	3,294	3,294	3,294

Cocoa beans line

The business line receives cocoa beans, prepares them for fermentation and drying, packages them, and transports them to the ports of shipment. CONACADO plans to reduce sales of cocoa beans in order to process and add greater value to the cocoa it purchases from its partners. The line will sell 15,000 metric tons during 2024, but with the entry of the derivatives plant (2025) and chocolate plant (2026), only 8,500 tons will be sold.

Cocoa derivatives plant

The cocoa derivatives plant will process organic cocoa to produce nibs, liquor, butter and powder.These products will be promoted and sold to the same customers to whom cocoa beans are sold with the attraction of saving production costs and time in order to produce quality chocolate. At the same time, derivatives (liquor, butter, and powder) will also be produced to serve as inputs for the operation of the chocolate plant. The plant will operate 300 days a year for 24 hours; the remaining 65 days will be used for maintenance and a shutdown during the off-season. The difference between the beans used and the total production is due to a 15% decrease. A breakdown of the plant's operation and production volume by product is shown on the following page:

Technical Study

Plant operation

Values expressed in metric tons

Derivative plant operation	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Grains for cocoa derivatives	2,824	16,941	29,835	33,833	33,372	32,384	32,384	32,384	32,384	32,384	32,384
Grains for chocolate plant inputs	0	0	659	1,845	2,306	3,294	3,294	3,294	3,294	3,294	3,294
Derivative plant production	2,400	14,400	25,360	28,758	28,366	27,526	27,526	27,526	27,526	27,526	27,526
Derivatives for chocolate plant	0	0	560	1,568	1,960	2,800	2,800	2,800	2,800	2,800	2,800
Total production	2,400	14,400	25,920	30,326	30,326	30,326	30,326	30,326	30,326	30,326	30,326
Production capacity	39,732	39,732	39,732	39,732	39,732	39,732	39,732	39,732	39,732	39,732	39,732
Plant operating capacity	6%	36%	65%	76%	76%	76%	76%	76%	76%	76%	76%

Values expressed in metric tons

Derivative volume production	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total	**2,400**	**14,400**	**25,920**	**30,326**	**30,326**	**30,326**	**30,326**	**30,326**	**30,326**	**30,326**	**30,326**
Nibs	360	2,160	3,804	4,314	4,255	4,129	4,129	4,129	4,129	4,129	4,129
Liquor	720	4,320	7,795	9,150	9,163	9,191	9,191	9,191	9,191	9,191	9,191
Butter	594	3,564	6,463	7,640	7,674	7,746	7,746	7,746	7,746	7,746	7,746
Powder	726	4,356	7,858	9,222	9,234	9,260	9,260	9,260	9,260	9,260	9,260

Plant operation

Chocolate plant

The chocolate business line plans to produce couverture and chocolate bars with different cocoa consistencies. To do so, it is necessary to combine liquor, butter and cocoa powder with a set of additives such as milk, sugar and salt. The proportion of cocoa derivatives and additives varies according to the cocoa consistency to be obtained in the final product. The composition of each presentation and the projected volume is shown in detail below:

- Coverage: 50% cocoa derivatives and 50% additives.
- Tablet 50% cocoa: 50% cocoa derivatives and 50% additives
- Tablet 70% cocoa: 70% cocoa derivatives and 30% additives
- Tablet 80% cocoa: 80% cocoa derivatives and 20% additives

These proportions and the expected sales of each final product were used to determine the volumes of inputs needed to achieve the sales estimates.

The following tables show the volumes of inputs, the expected total production and production by presentation and the capacity utilization of the chocolate plant:

Values expressed in metric tons

Chocolate plant operation	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Derivatives used in the process	0	0	560	1,568	1,960	2,800	2,800	2,800	2,800	2,800	2,800
Additives used in the process	0	0	440	1,232	1,540	2,200	2,200	2,200	2,200	2,200	2,200
Plant production	0	0	1,000	2,800	3,500	5,000	5,000	5,000	5,000	5,000	5,000
Production capacity	6,502	6,502	6,502	6,502	6,502	6,502	6,502	6,502	6,502	6,502	6,502
Capacity of the plant operation	0%	0%	15%	43%	54%	77%	77%	77%	77%	77%	77%

Chocolate production volume	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total	**0**	**0**	**1,000**	**2,800**	**3,500**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**
Coverage	0	0	400	1,120	1,400	2,000	2,000	2,000	2,000	2,000	2,000
Tablet 50% Cocoa	0	0	360	1,008	1,260	1,800	1,800	1,800	1,800	1,800	1,800
Tablet 70% Cocoa	0	0	120	336	420	600	600	600	600	600	600
Tablet 80% Cocoa	0	0	120	336	420	600	600	600	600	600	600

Plant operation

Organizational structure

The workforce to be hired will be divided into general employees, who will provide service and maintenance to the complex where the plants are located, and employees assigned to the plant who will be directly involved in the production of each business line. This structure increases the number of production personnel from 48 to 291 (195 new jobs will be created).

It is expected that workers will remain on the payroll 12 months of the year, regardless of the cessation of operations due to maintenance or the low harvest season.

The professional profile, number of employees, and salary (considering AFP costs, occupational risk insurance, family health insurance, INFOTEP, and including a monthly provision for the payment of the Easter bonus and an incentive of 25% of the salary paid every 3 months) that will be earned by the employees to be hired are shown below:

Position	# of employees	Salary	Monthly expense
General employees	**87**		**$7,692,208**
Electrician	4	$59,784	$239,136
Electrician assistant	3	$35,870	$107,611
Mechanic	4	$59,784	$239,136
Electrical engineer	1	$132,853	$132,853
Indsutrial engineer	2	$132,853	$265,707
Food engineer	8	$132,853	$1,062,827
Bioanalysts	4	$66,427	$265,707
Management	5	$106,283	$531,413
Accountants	3	$797,120	$2,391,360
Warehouse manager	6	$66,427	$398,560
Boilermaiker	4	$92,997	$371,989
Security manager	2	$92,997	$185,995
Service personnel	20	$33,213	$664,267
Security personnel	12	$29,228	$350,733
Pastry chef	4	$79,712	$318,848
Transportation	5	$33,213	$166,067
Employees assigned to plant	**156**		**$6,305,219**
Plant derivatives	**83**		**$3,254,907**
Manager	1	$332,133	$332,133
Planner	2	$132,853	$265,707
Operator	80	$33,213	$2,657,067
Chocolate plant	**25**		**$1,487,957**
Manager	1	$265,707	$265,707
Chef	3	$106,283	$318,848
Planner	1	$106,283	$106,283
Operarator	20	$39,856	$797,120
Cocoa bean plant	**48**		**$1,562,355**
Operator	48	$32,549	$1,562,355
TOTALS	**291**		**$13,997,427**

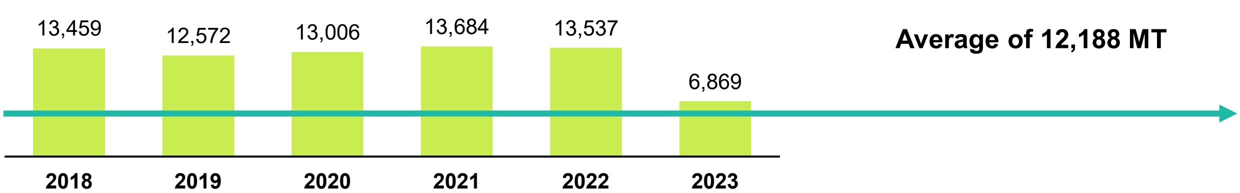
Technical Study

Socioeconomic impact

The development of the Project that CONACADO Agroindustrial plans to undertake will bring direct and indirect benefits to Dominican society. The main source of benefits is identified through the 195 new formal jobs created, in which approximately US$42.4 million or (RD$2,555 million) in salaries paid over a 10-year period will be distributed.

Another way in which the project contributes directly is with the increase in the purchase of cocoa beans required to increase installed capacity. Taking into account that most (77%) of the company's members are small producers with farms of less than 5 hectares, 15% of all members are women and the presence of members in all cocoa-growing areas of the country, we can intuit that the distribution of benefits will be directed towards places and people who need support to continue offering the high-quality cocoa produced in our country. To obtain the direct impact, we compare the purchases that would be received for 10 years assuming the historical average (12,188 tons between 2018 and 2023) with the estimated purchases to be made with the expansion of the installed capacity. This results in a surplus in purchases equivalent to US$860 million if the project is implemented.

CONACADOS's cocoa bean purchases
In metric tons (mt)



Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Tons to be purchased absence of project	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188
Projected purchase price(US$)	$4,679	$4,195	$2,734	$2,739	$2,744	$2,748	$2,753	$2,758	$2,764	$2,769	$2,774
Raw material pruchases (US$)	$57,020,884	$51,125,744	$33,321,983	$33,379,043	$33,437,244	$33,496,609	$33,557,161	$33,618,925	$33,681,923	$33,746,182	$33,811,726
Tons to be purchased with the project	17,824	25,441	38,994	44,178	44,178	44,178	44,178	44,178	44,178	44,178	44,178
Projected purchase price(US$)	$4,679	$4,195	$2,734	$2,739	$2,744	$2,748	$2,753	$2,758	$2,764	$2,769	$2,774
Raw material purchases(US$)	$83,389,165	$106,723,191	$106,613,427	$120,993,783	$121,204,753	$121,419,942	$121,639,435	$121,863,317	$122,091,678	$122,324,606	$122,562,192

Sum of the pruchases with the presence of the project

US$1,270
millions

-

Sum of the purchases with the absence of the project

US$410
millions

=

Surplus in purhcases due to the presence of the project

US$860
millions

RD$51,852
millions

Technical Study

Socioeconomic impact

Direct impact of Project development on Dominican society over a 10-year period.

Salaries		Raw materials purchases		TOTALS
RD$2,555 millions	+	RD$51,852 millions	=	RD$54,408 millions

Another economic contribution of the project to the country is through the generation of foreign exchange. Considering that CONACADO Agroindustrial's commercial transactions are with international entities, the increase in production capacity could lead to improvements in the country's current account.

Among the indirect contributions to the Dominican society is also the increase in the collection of income tax on the salaries of the new jobs. At the same time, deforestation and the impact on the environment could also be reduced, since the constant support provided by the company through the purchase of more raw material would encourage producers to remain in the cocoa business..

In addition, in order to comply with social certifications, the company must invest in the communities from which it obtains raw material; redistribution of benefits is a crucial part of the agenda that governs CONACADO's business. Historically, CONACADO Agroindustrial has invested US$2 million annually in this activity; however, with the entry of the project, this could be expected to increase to US$13 million annually. Among the activities carried out with these funds are:

- Technical Assistance (Payment of certifications, Education for productivity improvement)
- Farm renovation (cocoa plants, fertilizer)
- Farm maintenance
- Supply of plants, fertilizers, farm work.
- Scholarship for children
- Support for community needs (repair of roads, church, access to drinking water, electricity)
- Funeral plan for producers
- Catastrophic aid illnesses
- Construction of houses for employees and producers
- Provide food to collaborators
- Preventive health program (provide first aid kit to each producer)
- Preventive health talk to employees and producers

Conclusions

CONACADO Agroindustrial seeks to make an investment of RD$1,732,552,744 with the main purpose of making cocoa produced in the Dominican Republic more competitive by considering a plan that will make the company's operation more efficient, expand the capacity of its cocoa processing plant and install a new chocolate production line. This work program would allow the company to increase its historical purchasing capacity from 12,188 MT to 44,178 MT of cocoa beans, exponentially benefiting not only the company's producers but also other Dominican producers, creating 195 new jobs in the Duarte province and an important source of foreign exchange generation for the country.

The project plans to be carried out over a period of 3 years, where the most important tasks and commitment are the importation and commissioning of the machinery to be used at the same time as the construction of the infrastructure where they will be housed.

The operation of the plants contemplates the production of cocoa liquor, cocoa butter, cocoa powder and nibs, as well as chocolate bars with compositions of 50%, 70% and 80% cocoa and other additives such as milk and sugars. Expected sales are expected to allow the plants to operate at 76% of their capacity for the derivatives plant and 77% of their capacity for the chocolate plant, depending on the specifications of each plant. The entry of these plants at full capacity would displace the purchase and sale of cocoa beans as the company's main source of income.

FINANCIAL STUDY

Financial Study

Macroeconomic assumptions

Macroeconomic variables – Macro August Projections	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Average inflation DR	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
December inflation DR	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Real GDP Growth	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
USA average inflation	2.60%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Inflation december USA	2.20%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Average exchange rate	$60.25	$62.66	$65.17	$67.77	$70.89	$74.16	$77.58	$81.16	$84.90	$88.82	$92.91
% Exchange rate growth	4.19%	4.00%	4.01%	3.99%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%	4.05%

Source: *Macroeconomic Projections Ministry of Economy and Development*
**Shaded columns represent BT calculations*

Financial Study

Revenue assumptions

Parameter	Description
Revenue	Revenues were broken down by line of business. • Cocoa beans • Cocoa derivatives • Chocolate

Pricing – Cocoa Beans

To determine the selling price of cocoa beans, the trading price of cocoa futures published on the Intercontinental Exchange (ICE) was used, where the reference for the contracts is US$ per metric ton. For the years 2024 and 2025, the average price of the contracts referenced in those years as of January 23, 2024 was used; as of 2026, the price remains fixed at US$2,500 according to CONACADO's price expectations.

In addition, a premium is added for social certification equivalent to US$225. The premium grows at the average inflation rate expected in the United States.

Price	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Social certification premium	$225	$230	$234	$239	$244	$248	$253	$258	$264	$269	$274
Stock market price	$4,454	$3,965	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Sales price	**$4,679**	**$4,195**	**$2,734**	**$2,739**	**$2,744**	**$2,748**	**$2,753**	**$2,758**	**$2,764**	**$2,769**	**$2,774**

Pricing - Cocoa derivatives

The selling prices of each product were determined by CONACADO Agroindustrial, using StoneX Market Intelligence ratios as a reference and are expressed as US$ per metric ton. The evolution over time is anchored to the previously calculated selling price of cocoa beans.

Product	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Nibs	$6,644	$5,957	$3,882	$3,889	$3,896	$3,903	$3,910	$3,917	$3,924	$3,932	$3,939
Liquor	$7,018	$6,292	$4,101	$4,108	$4,115	$4,123	$4,130	$4,138	$4,145	$4,153	$4,161
Butter	$9,123	$8,180	$5,331	$5,341	$5,350	$5,359	$5,369	$5,379	$5,389	$5,399	$5,410
Powder	$3,977	$3,566	$2,324	$2,328	$2,332	$2,336	$2,340	$2,345	$2,349	$2,354	$2,358

Pricing - Chocolate

CONACADO Agroindustrial determined an average price, US$7,500 per metric ton, applied to each product. This price increases based on the expected average inflation rate in the United States.

Cost assumptions

Parámetro	Descripción
Cost of sales	Total cost of sales is composed of raw material costs, labor costs and production overhead. • **Raw material:** raw material costs for the cocoa beans and cocoa derivatives business lines correspond to the cost of acquiring the cocoa beans used in the different production processes. In the case of the chocolate plant, this includes both the cost of acquiring the cocoa beans and the cost of the inputs produced in the derivatives plant necessary for the production of chocolate. • **Labor:** related to the salary costs of general employees and employees assigned to each plant. Salaries include the costs of AFP, SRL, SFS, INFOTEP, Easter royalty and incentives (equivalent to 25% of salary, paid every 3 months). • **Indirect production expenses:** expenses related to packaging, transportation, depreciation of production machinery and maintenance.

- Labor costs not directly assigned to a line of business correspond to general employees. These costs grow at twice the expected inflation rate for the Dominican Republic
- The cost of a daily food allowance for each day of operation is included at a cost of RD$350 for each employee. This per diem grows at the expected inflation rate of the Dominican Republic economy.
- An additional energy cost is calculated for emergency use of the power plant. A production capacity of 1 MW, a consumption of 65.79 mt3 of natural gas per hour, a price of RD$43 per mt3 (increased by expected inflation in the United States) and a utilization of 250 hours per year are assumed.
- The maintenance expense is calculated as 6.6% of the gross book value of the Machinery and Equipment asset.

Raw material purchase price

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Member purchase prices	$3,486	$3,125	$2,037	$2,040	$2,044	$2,048	$2,051	$2,055	$2,059	$2,063	$2,067
Purchase prices	$4,679	$4,195	$2,734	$2,739	$2,744	$2,748	$2,753	$2,758	$2,764	$2,769	$2,774

Financial Study

Cost assumptions (cont.)

Cost Breakdown by Business Line - Cocoa Beans

The following is a description of how each cost component was determined:

- **Raw material cost:** the cost of raw material faced by the company when purchasing from its partners, this represents 74.5% of the market selling price.
- **Labor:** takes into account the employees assigned to the operation of the line of business during a 12-month period. Costs grow at twice the expected inflation rate for the Dominican Republic.
- **Indirect production expenses.**
  - **Transportation:** calculated as 1.70% of raw material cost. Based on transportation cost as a percentage of cost of sales during the year 2023.
  - **Packaging:** calculated as 2.25% of the cost of raw materials. Based on the cost of packaging as a percentage of cost of sales during 2023.
  - **Energy:** calculated as 0.87% of raw material cost. Based on the cost of energy and water dedicated to production during 2019 to 2022.

Cost breakdown by line of business - Cocoa derivatives

The following is a description of how each cost component was determined.

- **Raw material cost:** the raw material cost faced by the company is a combination of the purchase price from its partners (74.5% of the market selling price) and the market selling price.
- **Labor:** takes into account the employees assigned to the operation of the line of business during a 12-month period. Costs grow at twice the expected inflation rate for the Dominican Republic.
- **Indirect production expenses.**
  - **Transportation:** calculated as 1.25% of raw material cost. Based on transportation cost as a percentage of cost of sales during the year 2023.
  - **Packaging:** calculated as 0.96% of the raw material cost. Based on the cost of packaging as a percentage of the cost of sales during 2023.
  - **Energy:** calculated taking into account the power required to operate the equipment (432 Kw) multiplied by the number of hours of operation of the plant annually. It assumes an operation 24 hours a day 7 days a week during 6 months of the year, equivalent to 4,368 hours. The cost of energy takes as a base price the average selling price of energy at 17.71 cents and grows according to the expected average inflation in the United States for each year.

Financial Study

Cost assumptions (cont.)

Cost Breakdown by Business Line - Chocolate

The following is a description of how each cost component was determined.

- Raw material cost: considers (1) the cocoa beans needed to produce the cocoa derivatives used as ingredients in the chocolate confection, (2) the cost of the derivatives used in the chocolate confection process (both using a gross margin of 74.5% of the selling price of each product) and (3) the cost of additives that was projected by CONACADO Agroindustrial.

- Labor: takes into account the employees assigned to the operation of the business line during a 12-month period. Costs grow at twice the expected inflation rate for the Dominican Republic.

- Indirect production expenses.
  - Transportation: calculated as 1.25% of raw material cost. Based on transportation cost as a percentage of cost of sales during the year 2023.
  - Packaging: calculated as 0.96% of the raw material cost. Based on the cost of packaging as a percentage of the cost of sales during 2023.
  - Energy: given the absence of energy consumption data, a study* describing the average energy consumption of the equipment involved in chocolate manufacturing was used as a reference. The cost of energy takes as a base price the average selling price of energy at 17.71 cents and grows according to the expected average inflation in the United States for each year.

*Descripción de los procesos industriales energéticamente críticos en la producción de cacao en Santander. Sandoval-Rodriguez et Al (2022).

Expense assumptions

Parameter	Description
General and administrative expenses	• Administrative salary expenses: in accordance with the company's policy, they grow by 10% annually. • Export expenses: Expenses related to the volume exported. RD$2,340 per ton (RD$117 per quintal) of cocoa shipped. The rest of the administrative expenses grow in line with the average inflation expected for each year in the Dominican Republic.
Other expenses	Other expenses include disbursements made to COOPNACADO for cocoa purchases under Fair Trade social certification. These were calculated as the cost of the premium US$225 multiplied by 70% of the tons of cocoa purchased. The cost of the premium increases in line with expected annual inflation in the United States.

Other assumptions

Parameter	Description
Accounts receivable	Takes 90 days of accounts receivable as a reference.
Inventory	Based on 60 days of inventory.
Accounts Payable	Benchmarks 30 days of accounts payable.
Minimum Cash	3 months of general and administrative expenses, equivalent to RD$66,535,224.
Investments	No variations are contemplated in this account. The ending balance as of September 2023 is maintained.
Prepaid expenses	No variations are contemplated in this account. The ending balance as of September 2023 is maintained.
Depreciation	The depreciation method used is the straight-line method based on the useful life of the various assets and a salvage cost equal to 0. For buildings and production machinery, a useful life of 20 years was taken into account. For transportation equipment and office furniture, a useful life of 4 years was taken into account. Finally, for electrical equipment and other assets a useful life of 7 years was taken.
Withholdings and accruals	No variations are contemplated in this account. The ending balance as of September 2023 is maintained.
Current financing	For current financing with Banco BHD and Oikocredit (Euros), the final balance of the accounts as of September 2023 was taken and an amortization table was projected based on the conditions of these loans; fixed annual interest rate of 9.00% for Banco BHD and fixed annual interest rate of 6.50% for Oikocredit (Euros). For Oikocredit (Dollars), the final balance of the accounts as of September 2023 was taken. In this case, the financing conditions indicate a fixed rate of 7.00% + LIBOR 6 Months. The LIBOR was replaced by the EURIBOR 6 Months. Then, an amortization table was projected under these conditions.
Current loans payable	Current loans payable with COOPNACADO, Banco Agrícola and Banco Santa Cruz are expected to be converted into long-term financing and repaid over 10-year periods.

Financing

The financing considers principal amortizations that have been calculated under the French method, considered a constant installment amortization system, characterized by a higher interest payment at the beginning of the loan, which decreases progressively. It was assumed that the loan will have an annual interest rate of 9.05% in U.S. dollars, with a 7-year term and annual payments. A grace period of 12 months was also considered for the payment of principal.

Loan Summary - CONACADO Agroindustrial	
Loan amount US$	**$35,265,191**
Annual interest rate	9.05%
Term years	7 years

Amortization table - Annual summary in US$

Year	Quota	Interest	Credit to principal	Balance
2024	$35,265,191	$0	$3,192,276	$35,265,191
2025	$35,265,191	$5,037,884	$2,964,256	$30,227,306
2026	$30,227,306	$5,037,884	$2,508,217	$25,189,422
2027	$25,189,422	$5,037,884	$2,052,177	$20,151,538
2028	$20,151,538	$5,037,884	$1,596,138	$15,113,653
2029	$15,113,653	$5,037,884	$1,140,098	$10,075,769
2030	$10,075,769	$10,075,769	$456,039	$0

At the same time, a line of credit in RD$ is taken into account, which is used if the cash demanded by the different activities of the company is greater than the minimum operating cash balance (calculated as 3 months of expendable expenses). The outstanding balance of the line of credit pays an interest rate of 8.00% and principal is amortized as long as the final cash for the period is greater than the minimum operating cash.

Investment and source of use of funds

The Project contemplates the use of 100% financing to carry out the construction of the infrastructure, the acquisition of equipment and to finance work equity. In accordance with the previously established investment schedule, the financing funds will be used as follows:

Source	Part. (En %)	Total (En US$)	2024	2025	2026
Equity	0.0%	-	-	-	-
Financing	100.0%	$35,265,191	$20,575,567	$5,622,719	$9,066,905
Total	**100%**	**$35,265,191**	**$20,575,567**	**$5,622,719**	**$9,066,905**

The following is a breakdown of the use of cash sources according to their classification

Classification	Part. (En %)	Total (En US$)	2024	2025	2026
Buildings	25%	$8,885,364	$3,909,837	$1,521,297	$3,454,231
Transportation equipment	2%	$545,455	$272,727	$272,727	
Machinery and equipment	55%	$19,325,243	$9,883,875	$3,828,694	$5,612,674
Electrical equipment	2%	$700,000	$700,000		
Working capital	16%	$5,809,129	$5,809,129		
Total	100%	$35,265,191	$20,575,567	$5,622,719	$9,066,905

Financial Study

Projected financial statements – in RD$

Income Statement	2024	2025	2026	2027	2028	2029
Gross Income						
Cocoa beans	$4,228,284,750	$2,234,245,689	$1,514,535,485	$1,577,655,802	$1,644,358,993	$1,713,936,760
Cocoa derivatives	$948,996,229	$5,309,514,026	$6,338,551,949	$7,487,525,776	$7,697,721,815	$7,785,841,559
Chocolate	-	-	$488,775,000	$1,451,633,400	$1,925,727,896	$2,919,609,970
Net returns	($61,772,707)	($90,008,338)	($99,530,897)	($125,481,334)	($134,441,813)	($148,181,880)
Net revenues	$5,115,508,273	$7,453,751,377	$8,242,331,537	$10,391,333,643	$11,133,366,892	$12,271,206,409
Cost of sales	($4,521,613,005)	($6,417,656,727)	($7,326,143,426)	($9,152,028,631)	($9,725,277,361)	($10,582,495,676)
Gross margin	$593,895,268	$1,036,094,650	$916,188,110	$1,239,305,013	$1,408,089,530	$1,688,710,733
General and administrative expenses	($145,254,271)	($168,593,906)	($206,152,500)	($224,480,140)	($231,053,170)	($238,027,432)
EBITDA	$448,640,997	$867,500,744	$710,035,610	$1,014,824,872	$1,177,036,361	$1,450,683,301
Depreciation	($45,530,534)	($45,530,534)	($45,530,534)	($45,530,534)	($38,742,702)	($38,742,702)
Financial expenses	($332,293,364)	($347,461,903)	($388,445,275)	($436,148,731)	($444,472,316)	($421,842,090)
Other expenses	($169,134,154)	($256,099,253)	($416,416,299)	($500,409,754)	($531,072,389)	($563,613,879)
Exchange gain (loss)	$8,669,975	($39,558,186)	($3,885,894)	$15,589,671	$48,420,372	$67,659,275
Net income	($89,647,080)	$178,850,868	($144,242,392)	$48,325,525	$211,169,325	$494,143,904

Income Statement	2030	2031	2032	2033	2034
Gross Income					
Cocoa beans	$1,786,516,169	$1,862,230,089	$1,941,217,464	$2,023,623,603	$2,109,600,481
Cocoa derivatives	$8,115,545,543	$8,459,488,564	$8,818,301,797	$9,192,645,330	$9,583,209,536
Chocolate	$3,098,509,232	$3,288,370,556	$3,489,865,643	$3,703,707,353	$3,930,652,225
Net returns	($155,116,259)	($162,388,723)	($170,016,477)	($178,017,635)	($186,411,275)
Net revenues	$12,845,454,685	$13,447,700,485	$14,079,368,428	$14,741,958,651	$15,437,050,967
Cost of sales	($11,030,032,964)	($11,500,498,450)	($11,997,128,600)	($12,516,728,108)	($13,046,162,518)
Gross margin	$1,815,421,721	$1,947,202,035	$2,082,239,827	$2,225,230,544	$2,390,888,449
General and administrative expenses	($245,430,042)	($253,290,082)	($261,638,757)	($270,509,551)	($279,938,401)
EBITDA	$1,569,991,679	$1,693,911,953	$1,820,601,070	$1,954,720,993	$2,110,950,048
Depreciation	($38,742,702)	($5,486,434)	($5,486,434)	($5,486,434)	($5,486,434)
Financial expenses	($377,872,567)	($313,193,667)	($240,070,714)	($155,688,035)	($62,929,622)
Other expenses	($598,149,351)	($634,800,985)	($673,698,451)	($714,979,360)	($758,789,760)
Exchange gain (loss)	$92,527,388	$128,170,069	$134,179,189	$140,098,049	$147,093,108
Net income	$647,754,448	$868,600,935	$1,035,524,660	$1,218,665,213	$1,430,837,340

Financial Study

Projected financial statements – in RD$

Balance sheet	2024	2025	2026	2027	2028	2029
Current assets						
Cash and equivalents	$99,764,818	$66,535,224	$66,535,224	$66,535,224	$66,535,224	$66,535,224
Accounts receivable	$1,257,911,870	$1,837,911,298	$2,032,355,721	$2,562,246,652	$2,737,713,170	$3,025,776,923
Inventories	$741,248,034	$1,054,957,270	$1,204,297,550	$1,504,443,063	$1,594,307,764	$1,739,588,330
Investments	$39,505,291	$39,505,291	$39,505,291	$39,505,291	$39,505,291	$39,505,291
Prepaid expenses	$7,784,207	$7,784,207	$7,784,207	$7,784,207	$7,784,207	$7,784,207
Total current assets	**$2,146,214,219**	**$3,006,693,290**	**$3,350,477,992**	**$4,180,514,435**	**$4,445,845,655**	**$4,879,189,974**
Non-current assets						
Land	$127,894,716	$127,894,716	$127,894,716	$127,894,716	$127,894,716	$127,894,716
Buildings	$1,006,740,011	$1,190,056,272	$1,398,173,673	$1,398,173,673	$1,398,173,673	$1,398,173,673
Furniture and office equipment	$35,837,325	$35,837,325	$35,837,325	$35,837,325	$35,837,325	$35,837,325
Transportation equipment	$106,980,036	$106,980,036	$123,411,854	$123,411,854	$123,411,854	$123,411,854
Electrical and other equipment	$287,542,385	$287,542,385	$287,542,385	$287,542,385	$287,542,385	$287,542,385
Machinery and equipment	$1,407,736,666	$2,134,851,484	$2,134,851,484	$2,473,015,112	$2,473,015,112	$2,473,015,112
Construction in progress	$588,094,107	$16,431,818	$338,163,628	-	-	-
Gross P&E	$3,560,825,247	$3,899,594,037	$4,445,875,065	$4,445,875,065	$4,445,875,065	$4,445,875,065
Land	-	-	-	-	-	-
Buildings	($141,073,993)	($146,560,427)	($152,046,861)	($157,533,295)	($163,019,730)	($168,506,164)
Furniture and office equipment	($15,567,322)	($22,355,153)	($29,142,985)	($35,930,817)	($35,930,817)	($35,930,817)
Transportation equipment	($76,491,766)	($86,654,523)	($100,925,234)	($115,195,945)	($119,303,900)	($123,411,854)
Electrical and other equipment	($52,156,028)	($91,738,546)	($131,321,063)	($170,903,581)	($210,486,099)	($250,068,617)
Machinery and equipment	($450,568,038)	($500,945,334)	($587,678,371)	($674,411,408)	($778,052,627)	($881,693,845)
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	($735,857,147)	($848,253,983)	($1,001,114,515)	($1,153,975,047)	($1,306,793,172)	($1,459,611,297)
PP&E Net	$2,824,968,100	$3,051,340,054	$3,444,760,550	$3,291,900,019	$3,139,081,893	$2,986,263,768
Other assets	$513,251	$513,251	$513,251	$513,251	$513,251	$513,251
Total non-curent assets	**$2,825,481,351**	**$3,051,853,304**	**$3,445,273,801**	**$3,292,413,269**	**$3,139,595,144**	**$2,986,777,019**
Total assets	$4,971,695,570	$6,058,546,594	$6,795,751,793	$7,472,927,704	$7,585,440,799	$7,865,966,993
Current liabilities						
Accounts payable	$370,624,017	$527,478,635	$602,148,775	$752,221,531	$797,153,882	$869,794,165
Loans payable						
Withholdings and accruals	$68,958,279	$68,958,279	$68,958,279	$68,958,279	$68,958,279	$68,958,279
Revolving credit	-	$1,205,118,119	$2,465,155,364	$3,335,482,978	$3,607,489,752	$3,763,340,406
Total current liabilities	**$439,582,296**	**$1,801,555,033**	**$3,136,262,417**	**$4,156,662,789**	**$4,473,601,913**	**$4,702,092,850**
Non-current liabilities						
Long-term loan	$3,358,202,399	$2,904,229,817	$2,450,970,023	$2,059,420,039	$1,643,824,684	$1,201,716,037
Total non-current liabilities	**$3,358,202,399**	**$2,904,229,817**	**$2,450,970,023**	**$2,059,420,039**	**$1,643,824,684**	**$1,201,716,037**
Total liabilities	$3,797,784,694	$4,705,784,850	$5,587,232,441	$6,216,082,828	$6,117,426,597	$5,903,808,887
Shareholder's equity						
Paid-in capital	$500,000,001	$500,000,001	$500,000,001	$500,000,001	$500,000,001	$500,000,001
Legal reserve	$43,231,923	$43,231,923	$43,231,923	$43,231,923	$43,231,923	$43,231,923
Retained earnings	$630,678,952	$809,529,820	$665,287,428	$713,612,953	$924,782,278	$1,418,926,182
Total equity	**$1,173,910,876**	**$1,352,761,744**	**$1,208,519,352**	**$1,256,844,877**	**$1,468,014,202**	**$1,962,158,106**
Total liabilities and shareholder's equity	$4,971,695,570	$6,058,546,594	$6,795,751,793	$7,472,927,704	$7,585,440,799	$7,865,966,993

Financial Study

Projected financial statements – in RD$

Balance sheet	2030	2031	2032	2033	2034
Current assets					
Cash and equivalents	$66,535,224	$66,535,224	$66,535,224	$66,535,224	$66,535,224
Accounts receivable	$3,167,372,388	$3,315,871,353	$3,462,139,777	$3,635,003,503	$3,806,396,129
Inventory	$1,813,156,104	$1,890,492,896	$1,966,742,393	$2,057,544,346	$2,144,574,660
Investments	$39,505,291	$39,505,291	$39,505,291	$39,505,291	$39,505,291
Prepaid expenses	$7,784,207	$7,784,207	$7,784,207	$7,784,207	$7,784,207
Total current assets	**$5,094,353,213**	**$5,320,188,969**	**$5,542,706,892**	**$5,806,372,570**	**$6,064,795,510**
Non-current assets					
Land	$127,894,716	$127,894,716	$127,894,716	$127,894,716	$127,894,716
Buildings	$1,398,173,673	$1,398,173,673	$1,398,173,673	$1,398,173,673	$1,398,173,673
Furniture and office equipment	$35,837,325	$35,837,325	$35,837,325	$35,837,325	$35,837,325
Transportation equipment	$123,411,854	$123,411,854	$123,411,854	$123,411,854	$123,411,854
Electrical and other equipment	$287,542,385	$287,542,385	$287,542,385	$287,542,385	$287,542,385
Machinery and equipment	$2,473,015,112	$2,473,015,112	$2,473,015,112	$2,473,015,112	$2,473,015,112
Construction in progress	-	-	-	-	-
Gross P&E	$4,445,875,065	$4,445,875,065	$4,445,875,065	$4,445,875,065	$4,445,875,065
Land	-	-	-	-	-
Buildings	($173,992,598)	($179,479,033)	($184,965,467)	($190,451,901)	($195,938,335)
Furniture and office equipment	($35,930,817)	($35,930,817)	($35,930,817)	($35,930,817)	($35,930,817)
Transportation equipment	($123,411,854)	($123,411,854)	($123,411,854)	($123,411,854)	($123,411,854)
Electrical and other equipments	($289,651,135)	($327,124,903)	($327,124,903)	($327,124,903)	($327,124,903)
Machinery and equipments	($985,335,064)	($1,088,976,282)	($1,192,617,501)	($1,296,258,719)	($1,399,899,938)
Construction in progress	-	-	-	-	-
Accumulated depreciation	($1,608,321,468)	($1,754,922,888)	($1,864,050,541)	($1,973,178,194)	($2,082,305,847)
PP&E, Net	$2,837,553,598	$2,690,952,177	$2,581,824,524	$2,472,696,871	$2,363,569,219
Other assets	$513,251	$513,251	$513,251	$513,251	$513,251
Total non-current assets	**$2,838,066,848**	**$2,691,465,428**	**$2,582,337,775**	**$2,473,210,122**	**$2,364,082,469**
Total assets	**$7,932,420,061**	**$8,011,654,397**	**$8,125,044,667**	**$8,279,582,692**	**$8,428,877,980**
Current liabilities					
Accounts payable	$906,578,052	$945,246,448	$983,371,197	$1,028,772,173	$1,072,287,330
Loans payable					
Withholdings and accruals	$68,958,279	$68,958,279	$68,958,279	$68,958,279	$68,958,279
Revolving credit	$4,000,096,008	$3,287,686,069	$2,443,051,986	$1,449,148,878	$124,091,669
Total current liabilities	**$4,975,632,339**	**$4,301,890,796**	**$3,495,381,461**	**$2,546,879,331**	**$1,265,337,278**
Non-current liabilities					
Long-term loan	$346,875,168	$231,250,112	$115,625,056	-	-
Total non-current liabilities	**$346,875,168**	**$231,250,112**	**$115,625,056**	-	-
Total liabilities	**$5,322,507,508**	**$4,533,140,908**	**$3,611,006,518**	**$2,546,879,331**	**$1,265,337,278**
Shareholder's equity					
Paid-in capital	$500,000,001	$500,000,001	$500,000,001	$500,000,001	$500,000,001
Legal reserve	$43,231,923	$43,231,923	$43,231,923	$43,231,923	$43,231,923
Retained earnings	$2,066,680,629	$2,935,281,565	$3,970,806,225	$5,189,471,438	$6,620,308,777
Total equity	**$2,609,912,553**	**$3,478,513,489**	**$4,514,038,149**	**$5,732,703,362**	**$7,163,540,701**
Total liabilities and shareholder's equity	**$7,932,420,061**	**$8,011,654,397**	**$8,125,044,667**	**$8,279,582,692**	**$8,428,877,980**

Financial Study

Projected financial statements – in RD$

Cash flow	2024	2025	2026	2027	2028	2029
Net income	($89,647,080)	$178,850,868	($144,242,392)	$48,325,525	$211,169,325	$494,143,904
Adjustments						
Depreciation	$112,396,836	$112,396,836	$152,860,532	$152,860,532	$152,818,125	$152,818,125
Operating activities						
Accounts receivable	($1,051,039,865)	($579,999,428)	($194,444,423)	($529,890,930)	($175,466,518)	($288,063,753)
Inventory	($329,514,928)	($313,709,237)	($149,340,279)	($300,145,513)	($89,864,702)	($145,280,566)
Accounts payable	$359,290,965	$156,854,618	$74,670,140	$150,072,757	$44,932,351	$72,640,283
Cash flow operating activities	**($998,514,072)**	**($445,606,341)**	**($260,496,423)**	**($478,777,630)**	**$143,588,581**	**$286,257,993**
Investing activities						
Property, plant and equipment	($889,677,926)	($338,768,790)	($546,281,029)	-	-	-
Cash flow from financing activities	**($889,677,926)**	**($338,768,790)**	**($546,281,029)**	-	-	-
Financing activities						
Capital contribution	-	-	-	-	-	-
Current loans payable	($1,156,250,561)	-	-	-	-	-
Revolving payment	-	$1,205,118,119	$1,260,037,245	$870,327,615	$272,006,774	$155,850,654
Long-term loan	$3,095,214,550	($453,972,582)	($453,259,793)	($391,549,985)	($415,595,355)	($442,108,647)
Cash flow from financing activities	**$1,938,963,989**	**$751,145,537**	**$806,777,451**	**$478,777,630**	**($143,588,581)**	**($286,257,993)**
Cash flow	$50,771,991	($33,229,594)	-	-	-	-
Cash at beggining of period	$48,992,827	$99,764,818	$66,535,224	$66,535,224	$66,535,224	$66,535,224
Cash at end of period	$99,764,818	$66,535,224	$66,535,224	$66,535,224	$66,535,224	$66,535,224

Cash flow	2030	2031	2032	2033	2034
Net income	$647,754,448	$868,600,935	$1,035,524,660	$1,218,665,213	$1,430,837,340
Adjustments					
Depreciation	$148,710,171	$146,601,421	$109,127,653	$109,127,653	$109,127,653
Operating activities					
Accounts receivable	($141,595,465)	($148,498,964)	($146,268,425)	($172,863,726)	($171,392,626)
Inventory	($73,567,773)	($77,336,792)	($76,249,498)	($90,801,953)	($87,030,314)
Accounts payable	$36,783,887	$38,668,396	$38,124,749	$45,400,976	$43,515,157
Cash flow from operating activities	**$618,085,266**	**$828,034,995**	**$960,259,140**	**$1,109,528,163**	**$1,325,057,210**
Investing activities					
Property, plant and equipment	-	-	-	-	-
Cash flow form operating activities	-	-	-	-	-
Financial activities					
Capital contribution	-	-	-	-	-
Current loans payable	-	-	-	-	-
Revolving credit	$236,755,603	($712,409,939)	($844,634,084)	($993,903,107)	($1,325,057,210)
Long term loan	($854,840,869)	($115,625,056)	($115,625,056)	($115,625,056)	($0)
Cash flow from financing activities	**($618,085,266)**	**($828,034,995)**	**($960,259,140)**	**($1,109,528,163)**	**($1,325,057,210)**
Cash flow	-	-	-	-	-
Cash at the beginning of period	$66,535,224	$66,535,224	$66,535,224	$66,535,224	$66,535,224
Cash at the end of period	$66,535,224	$66,535,224	$66,535,224	$66,535,224	$66,535,224

Weighted average cost of capital (WACC)

To evaluate the feasibility of the project, it was decided to use the Discounted Cash Flow ("DCF") method, as it was considered the most appropriate based on the type of operation. We considered the Net Present Value (NPV) of the cash flows that will be generated during operations, and the cessation of operations at year 10.

To calculate the NPV, the discount rate is obtained through the CAPM Model, in order to contemplate parameters of comparable companies and environmental risk factors, which in this case is 11.8%, based on the EMBI Index. For the project's debt/equity ratio, we took into consideration the ratio most commonly used in projects in the transportation sector in emerging markets.

Weighted average cost of capital (WACC)			
Parameter	Value	Source	Emitter/Period
Unlevered Industry Beta	0.55	Farming/Agriculture - All Emerging Markets	Damodaran, January 2024
Project Debt-Equity Structure	54.3%	Project	
Project Tax Rate	0.0%		
Leveraged Beta	**0.8**	Calculated	
Risk-free rate	4.2%	10 year treasury bond	Treasure USA, January 19, 2023
Levered Beta	0.8	Calculated	
Market premium	4.6%	Implied ERP (FCFE)	Damodaran, January 2024
Cost of equity capital	**8.0%**	Calculated	
Adjusted model			
Country risk	2.5%	EMBI spread time series	Central Bank, January 19, 2024
USD inflation	0.0%	Macro	
DOP inflation	4.0%	Macro	
Adjusted equity cost	**15.1%**	Calculated	
Cost of equity (after tax)			
Cost of debt	9.1%	Financing	
Tax rate	0.0%		
Cost of debt	**9.1%**		
Adjusted cost of capital			
Cost of debt (aftyer tax)	9.1%	Calculated	
Debt weighting	54.3%	Calculated	
Equity weighting	45.7%	Calculated	
WACC	11.8%	Calculated	

Financial Study

Net present value (NPV) – values en RD$

Applying project evaluation methodologies, we calculated the opportunity cost of the investment by discounting the project's free cash flows (FCFF), according to the previously established weighted average cost of capital (WACC) and cost of capital (Ke). This evaluation yielded a net present value of the project's future cash flows of RD$$8,907,360,865, which suggests that the project is viable with the required investment.

Discounted cash flow	2024	2025	2026	2027	2028	2029
EBIT	$336,244,160	$755,103,907	$557,175,078	$861,964,341	$1,024,218,235	$1,297,865,175
NOPAT	$336,244,160	$755,103,907	$557,175,078	$861,964,341	$1,024,218,235	$1,297,865,175
Depreciation and amortization	$112,396,836	$112,396,836	$152,860,532	$152,860,532	$152,818,125	$152,818,125
Δ Working capital	($1,021,263,828)	($736,854,046)	($269,114,563)	($679,963,687)	($220,398,869)	($360,704,036)
CapEx	($889,677,926)	($338,768,790)	($546,281,029)	$0	$0	$0
Financial expenses	($332,293,364)	($347,461,903)	($388,445,275)	($436,148,731)	($444,472,316)	($421,842,090)
FCFF	($1,794,594,121)	($555,583,996)	($493,805,256)	($101,287,545)	$512,165,175	$668,137,175
Terminal value	$0	$0	$0	$0	$0	$0
FCFF + Terminal value	**($1,794,594,121)**	**($555,583,996)**	**($493,805,256)**	**($101,287,545)**	**$512,165,175**	**$668,137,175**

Discounted cash flow	2030	2031	2032	2033	2034
EBIT	$1,421,281,509	$1,547,310,532	$1,711,473,417	$1,845,593,340	$2,001,822,395
NOPAT	$1,421,281,509	$1,547,310,532	$1,711,473,417	$1,845,593,340	$2,001,822,395
Depreciation and amortization	$148,710,171	$146,601,421	$109,127,653	$109,127,653	$109,127,653
Δ Working capital	($178,379,352)	($187,167,361)	($184,393,173)	($218,264,702)	($214,907,783)
CapEx	$0	$0	$0	$0	$0
Financial expenses	($377,872,567)	($313,193,667)	($240,070,714)	($155,688,035)	($62,929,622)
FCFF	$1,013,739,760	$1,193,550,926	$1,396,137,183	$1,580,768,256	$1,833,112,643
Terminal value	$0	$0	$0		$28,157,785,366
FCFF + Terminal value	**$1,013,739,760**	**$1,193,550,926**	**$1,396,137,183**	**$1,580,768,256**	**$29,990,898,009**

VPN FCFF	$8,907,360,865
Leveraged IRR	33.81%

Scenario analysis

The following are the different financial indicators based on different scenarios of cocoa stock exchange prices expressed in US$/mt.

Scenario 1 takes into account CONACADO Agroindustrial's long-term price expectations of US$2,500 between 2026 and 2034.

Scenario 2 takes into account price increases based on the standard deviation (US$421) of market prices for the series presented on page 18. The projection price used is US$3,000 between 2026 and 2034.

Scenario 3 takes into account a decline in price based on the standard deviation (US$421) of market prices for the series presented on page 18. The projection price used is US$2,000 between 2026 and 2034.

Description		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Base scenario	1	$4,454	$3,965	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Price increase scenario	2	$4,454	$3,965	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000
Downward price scenario	3	$4,454	$3,965	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000

Financial Study

Debt Indicators – Scenario 1

Debt indicator	2024	2025	2026	2027	2028	2029
Debt service coverage ratio						
EBITDA	$448,640,997	$867,500,744	$710,035,610	$1,014,824,872	$1,177,036,361	$1,450,683,301
Bank loan service	$557,180,495	$896,729,742	$908,133,604	$898,611,808	$920,751,102	$912,495,649
Debt service coverage	0.8	1.0	0.8	1.1	1.3	1.6
Liquidity						
Current assets	$2,146,214,219	$3,006,693,290	$3,350,477,992	$4,180,514,435	$4,445,845,655	$4,879,189,974
Current liabilities	$439,582,296	$1,801,555,033	$3,136,262,417	$4,156,662,789	$4,473,601,913	$4,702,092,850
Liquidity	4.9	1.7	1.1	1.0	1.0	1.0

Debt indicator	2030	2031	2032	2033	2034
Debt service coverage ratio					
EBITDA	$1,569,991,679	$1,693,911,953	$1,820,601,070	$1,954,720,993	$2,110,950,048
Bank loan service	$1,268,046,947	$1,146,649,258	$1,205,750,449	$1,270,636,794	$1,387,986,831
Debt service covergae	1.2	1.5	1.5	1.5	1.5
Liquidity					
Current assets	$5,094,353,213	$5,320,188,969	$5,542,706,892	$5,806,372,570	$6,064,795,510
Current liabilities	$4,975,632,339	$4,301,890,796	$3,495,381,461	$2,546,879,331	$1,265,337,278
Liquidity	1.0	1.2	1.6	2.3	4.8

Repayment period – Scenario 1

The repayment period of the project is 7.6 years.

Repayment period	2024	2025	2026	2027	2028	2029
Nominal cash flow (FCFF)	($1,794,594,121)	($555,583,996)	($493,805,256)	($101,287,545)	$512,165,175	$668,137,175
Accumulated Flow (AF)	($1,794,594,121)	($2,350,178,117)	($2,843,983,373)	($2,945,270,918)	($2,433,105,743)	($1,764,968,568)
Last period with negative FA						
Abs. Value last Negative AF						
FCFF value next period						
Repayment period						

Repayment period	2030	2031	2032	2033	2034
(FCFF) Nominal cash flow	$1,013,739,760	$1,193,550,926	$1,396,137,183	$1,580,768,256	$29,990,898,009
Accumulated Flow (AF)	($751,228,808)	$442,322,118	$1,838,459,300	$3,419,227,556	$33,410,125,565
Last period with negative FA					7.00
Absolute Value last Negative AF					$751,228,808
FCFF value next period					$1,193,550,926
Repayment period					7.6

Financial Study

Profitability indicators – Scenario 1

Return indicators	2024	2025	2026	2027	2028	2029
Return on investment						
Total investment	$1,774,727,744					
Returns	$5,899,982,745					
Annualized ROI	9%					
Return over Assets						
Net Income	($89,647,080)	$178,850,868	($144,242,392)	$48,325,525	$211,169,325	$494,143,904
Total Assets	$4,971,695,570	$6,058,546,594	$6,795,751,793	$7,472,927,704	$7,585,440,799	$7,865,966,993
ROA	-2%	3%	-2%	1%	3%	6%
Return over Equity						
Net Income	($89,647,080)	$178,850,868	($144,242,392)	$48,325,525	$211,169,325	$494,143,904
Total Equity	$1,173,910,876	$1,352,761,744	$1,208,519,352	$1,256,844,877	$1,468,014,202	$1,962,158,106
ROE	-8%	13%	-12%	4%	14%	25%

Return Indicators	2030	2031	2032	2033	2034
Return over Assets					
Net Income	$647,754,448	$868,600,935	$1,035,524,660	$1,218,665,213	$1,430,837,340
Total Assets	$7,932,420,061	$8,011,654,397	$8,125,044,667	$8,279,582,692	$8,428,877,980
ROA	8%	11%	13%	15%	17%
Return over Equity					
Net Income	$647,754,448	$868,600,935	$1,035,524,660	$1,218,665,213	$1,430,837,340
Total Equity	$2,609,912,553	$3,478,513,489	$4,514,038,149	$5,732,703,362	$7,163,540,701
ROE	25%	25%	23%	21%	20%

Financial Study

Debt Indicators – Scenario 2

Debt indicators	2024	2025	2026	2027	2028	2029
Debt service coverage ratio						
EBITDA	$448,640,997	$867,500,744	$909,838,564	$1,150,649,683	$1,279,392,862	$1,470,307,540
Bank loan service	$557,180,495	$896,729,742	$918,562,682	$917,279,054	$933,665,918	$921,416,322
Debt service coverage	0.8	1.0	1.0	1.3	1.4	1.6
Liquidity						
Current assets	$2,146,214,219	$3,006,693,290	$3,900,787,432	$4,830,197,656	$5,118,508,972	$5,577,720,037
Current liabilities	$439,582,296	$1,801,555,033	$3,497,197,983	$4,485,855,388	$4,720,016,880	$4,946,931,702
Liquidity	4.9	1.7	1.1	1.1	1.1	1.1

Debt indicators	2030	2031	2032	2033	2034
Debt service coverage ratio					
EBITDA	$1,590,410,028	$1,715,156,545	$1,842,705,340	$1,977,719,729	$2,134,879,445
Bank loan service	$1,276,271,822	$1,162,052,523	$1,223,499,796	$1,285,536,679	$1,405,336,699
Debt service coverage	1.2	1.5	1.5	1.5	1.5
Liquidity					
Current assets	$5,821,149,812	$6,076,395,931	$6,327,364,581	$6,625,018,752	$6,916,568,816
Current liabilities	$5,219,506,010	$4,543,854,165	$3,732,154,128	$2,781,625,911	$1,494,603,237
Liquidity	1.1	1.3	1.7	2.4	4.6

Repayment period – Scenario 2

The repayment period of the project is 7.8 years.

Repayment period	2024	2025	2026	2027	2028	2029
Nominal cash flow(FCFF)	($1,794,594,121)	($555,583,996)	($754,532,230)	($60,473,918)	$584,887,067	$662,213,499
Accumulated Flow (FA)	($1,794,594,121)	($2,350,178,117)	($3,104,710,347)	($3,165,184,265)	($2,580,297,197)	($1,918,083,698)
Last period with negative FA						
Abs Value last Negative FA						
FCFF value next period						
Repayment period						

Repayment period	2030	2031	2032	2033	2034
Nominal cash flow(FCFF)	$1,003,280,842	$1,183,574,844	$1,388,533,539	$1,570,405,919	$29,861,519,462
Accumulated Flow (FA)	($914,802,856)	$268,771,988	$1,657,305,527	$3,227,711,445	$33,089,230,908
Last period with negative FA					7.00
Abs Value last Negative FA					$914,802,856
FCFF value next period					$1,183,574,844
Repayment period					7.8

Financial Study

Profitability indicators – Scenario 2

Return Indicators	2024	2025	2026	2027	2028	2029
Return on investment						
Total investment	$1,774,727,744					
Return	$6,522,490,092					
Annualized ROI	10%					
Return over Assets						
Net Income	($89,647,080)	$178,850,868	$45,131,483	$179,442,271	$316,927,054	$521,586,764
Total Assets	$4,971,695,570	$6,058,546,594	$7,346,061,233	$8,122,610,925	$8,258,104,116	$8,564,497,056
ROA	-2%	3%	1%	2%	4%	6%
Return over Equity						
Net Income	($89,647,080)	$178,850,868	$45,131,483	$179,442,271	$316,927,054	$521,586,764
Total Equity	$1,173,910,876	$1,352,761,744	$1,397,893,227	$1,577,335,498	$1,894,262,553	$2,415,849,317
ROE	-8%	13%	3%	11%	17%	22%

Return Indicators	2030	2031	2032	2033	2034
Return over Assets					
Net Income	$676,986,165	$899,921,600	$1,069,166,090	$1,254,679,791	$1,469,445,086
Total Assets	$8,659,216,660	$8,767,861,359	$8,909,702,356	$9,098,228,874	$9,280,651,285
ROA	8%	10%	12%	14%	16%
Return over Equity					
Net Income	$676,986,165	$899,921,600	$1,069,166,090	$1,254,679,791	$1,469,445,086
Total Equity	$3,092,835,482	$3,992,757,081	$5,061,923,172	$6,316,602,963	$7,786,048,048
ROE	22%	23%	21%	20%	19%

Financial Study

Debt Indicators – Scenario 3

Debt Indicators	2024	2025	2026	2027	2028	2029
Debt service coverage ratio						
EBITDA	$448,640,997	$867,500,744	$510,232,656	$879,000,062	$1,074,679,859	$1,431,059,062
Bank loan service	$557,180,495	$896,729,742	$897,704,525	$879,944,563	$907,836,287	$903,574,975
Debt service coverage	0.8	1.0	0.6	1.0	1.2	1.6
Liquidity						
Current assets	$2,146,214,219	$3,006,693,290	$2,800,168,552	$3,530,831,215	$3,773,182,338	$4,180,659,911
Current liabilities	$439,582,296	$1,801,555,033	$2,775,326,852	$3,827,470,190	$4,227,186,947	$4,457,253,998
Liquidity	4.9	1.7	1.0	0.9	0.9	0.9

Debt Indicators	2030	2031	2032	2033	2034
Debt service coverage ratio					
EBITDA	$1,549,573,331	$1,672,667,361	$1,798,496,800	$1,931,722,257	$2,087,020,651
Bank loan service	$1,259,822,071	$1,131,245,992	$1,188,001,103	$1,255,736,908	$1,370,636,964
Debt service coverage	1.2	1.5	1.5	1.5	1.5
Liquidity					
Current assets	$4,367,556,614	$4,563,982,008	$4,758,049,203	$4,987,726,389	$5,213,022,205
Curent liabilities	$4,731,758,668	$4,059,927,427	$3,258,608,795	$2,312,132,750	$1,036,071,320
lLiquidity	0.9	1.1	1.5	2.2	5.0

Repayment period – Scenario 3

The repayment period of the project is 7.5 years.

Repayment period	2024	2025	2026	2027	2028	2029
Nominal cash flow (FCFF)	($1,794,594,121)	($555,583,996)	($233,078,283)	($142,101,173)	$439,443,284	$674,060,850
Accumulated Flow (AF)	($1,794,594,121)	($2,350,178,117)	($2,583,256,399)	($2,725,357,572)	($2,285,914,288)	($1,611,853,438)
Last period with negative AF						
Abs Value last Negative AF						
FCFF Value Next Period						
Repyament period						

Repayment period	2030	2031	2032	2033	2034
Nominal cash flow (FCFF)	$1,024,198,678	$1,203,527,007	$1,403,740,826	$1,591,130,593	$30,120,276,556
Accumulated Flow (AF)	($587,654,760)	$615,872,247	$2,019,613,074	$3,610,743,667	$33,731,020,223
Last period with negative AF					7.00
Abs Value last Negative AF					$587,654,760
FCFF Value Next Period					$1,203,527,007
Repayment period					7.5

Financial Study

Profitability Indicators – Scenario 3

Return indicators	2024	2025	2026	2027	2028	2029
Return on investment						
Total investment	$1,774,727,744					
Returns	$5,277,475,398					
Annualized ROI	7%					
Return over Assets						
Net Income	($89,647,080)	$178,850,868	($333,616,267)	($82,791,222)	$105,411,596	$466,701,044
Total Assets	$4,971,695,570	$6,058,546,594	$6,245,442,353	$6,823,244,484	$6,912,777,482	$7,167,436,930
ROA	-2%	3%	-5%	-1%	2%	7%
Return over Equity						
Net Income	($89,647,080)	$178,850,868	($333,616,267)	($82,791,222)	$105,411,596	$466,701,044
Total Equity	$1,173,910,876	$1,352,761,744	$1,019,145,477	$936,354,255	$1,041,765,851	$1,508,466,895
ROE	-8%	13%	-33%	-9%	10%	31%

Return Indicators	2030	2031	2032	2033	2034
Return over Assets					
Net Income	$618,522,730	$837,280,271	$1,001,883,230	$1,182,650,634	$1,392,229,594
Total Assets	$7,205,623,462	$7,255,447,435	$7,340,386,977	$7,460,936,511	$7,577,104,674
ROA	9%	12%	14%	16%	18%
Return over Equity					
Net Income	$618,522,730	$837,280,271	$1,001,883,230	$1,182,650,634	$1,392,229,594
Total Equity	$2,126,989,625	$2,964,269,896	$3,966,153,126	$5,148,803,761	$6,541,033,354
ROE	29%	28%	25%	23%	21%

Conclusions

CONACADO Agroindustrial's historical conditions reflect a healthy operation until the beginning of 2022 including all of 2023, where situations beyond the company's control (support to local producers due to the company's social vocation) caused the company to increase its inventory enormously, causing a significant financial deterioration.

This situation meant that the availability of the company's own financial resources to undertake new projects was greatly reduced. Even so, the company's management believes that the next step in its business model is to add value to its marketing and move from cocoa intermediation to the manufacture of cocoa products.

It is important to remember that, following management's recommendation, current loans with COOPNACADO and Banco Agrícola were converted to long-term loans and that the company's working capital is financed through a line of credit.

This study reflects the Economic Feasibility indicators of the project, which were satisfactory and support the possibility that the project will be successful, considering the current market conditions and, above all, the assumptions considered for the preparation of the study.

Based on the future flows of the project, it resulted in a NPV FCFF of RD$8,907 million, and an IRR of 33.81%, which being positive and higher than the WACC (minimum expected return of the project's investors) indicate that the project is profitable given the required investment.

During the life of the project, sufficient revenues will be generated to meet the required financial conditions.

Likewise, the payback period for the operation of the project is 7.6 years. This indicates that the investment is recovered before the project is completed.

The investment project for the expansion plan and start-up of a plant for the processing of cocoa derivatives is attractive from a market, technical and financial point of view, since the realization of the project would generate benefits, after the investment of resources by its promoters and the appropriate management.

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