

*Oceana México,
Protegiendo los Océanos del Mundo, A.C.*

*The Independent Auditor's Report and
Financial Statements as of December 31, 2024, and 2023*

OCEANA MÉXICO, PROTEGIENDO LOS OCÉANOS DEL MUNDO, A.C.
Financial Statements as of December 31, 2024

CONTENT

	<i>Page (s)</i>
<i>THE INDEPENDENT AUDITORS' REPORT</i>	<i>1-3</i>
<u>AUDITED FINANCIAL STATEMENTS:</u>	
<i>Statements of Financial Position</i>	<i>4</i>
<i>Statements of Activities</i>	<i>5</i>
<i>Statements of Cash Flows</i>	<i>6</i>
<i>Notes to the Financial Statements</i>	<i>7-18</i>

INDEPENDENT AUDITORS' REPORT

**To the General Assembly of Associates of
Oceana México, Protegiendo los Océanos del Mundo, A.C.**

Opinion.

1. We have audited the accompanying financial statements of **Oceana México, Protegiendo los Océanos del Mundo, A.C.**, (the Entity) which comprise the statements of financial positions as of December 31, 2024 and 2023, and the statements of activities and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

2. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity, its operations and its cash flows for the years then ended, in conformity with Mexican Financial Reporting Standards applicable in México (MX FRS) issued by the Consejo Mexicano de Normas de Información Financiera y de Sostenibilidad, A.C. (CINIF).

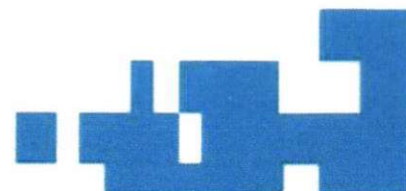
Basis for Opinion.

We performed our audit in accordance with International Standards on Auditing (ISA). Our responsibility in accordance with those standards is described hereinafter in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report. We are independent from the Entity in accordance with the Code of Professional Ethics of the Instituto Mexicano de Contadores Públicos, A.C. (IMCP Code of Ethics), together with the ethics requirements that are applicable to our audits of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Professional Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter, correction to results of prior years.

4. As presented in the statement of activities, in 2024 the provision recorded in 2021 amounting to \$842,599 was reversed in order to recognize the amount payable as estimated by the attorneys handling, the case, in relation to labor lawsuits against the Entity known at that date.

The amount paid in 2024 in the amount of \$1,978,955, as a result of the agreement reached with the plaintiff is recognized in the results of the same year. Our opinion is not modified by this matter.



Management's responsibilities and of those responsible for the governance of the Entity with respect to the financial statements.

5. Management of the Entity is responsible for the preparation and fair presentation of the financial statements, in accordance with the MX FRS, and for such internal control as deemed necessary to enable the preparation of financial statements free from material misstatement, due to fraud or error.

6. In the preparation of the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as appropriate, the matters relative to the going concern and using the accounting postulate unless Management has the intent to liquidate or to cease operations, or there is no other realistic alternative.

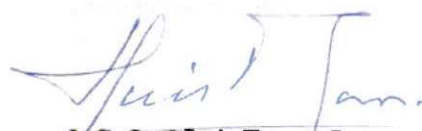
7. Those charged with the governance are responsible for the supervision of the Entity financial reporting process.

Auditor's responsibilities for the audit of the financial statements.

8. Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high degree of assurance, but it does not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or added, they could reasonably be expected to influence the economic decisions of users made based on these financial statements.

The appendix on page 3 provides a detailed description of our audit responsibilities.

RSM México Bogarín, S.C.

A handwritten signature in blue ink, appearing to read "José Luis Torres Jara".

L.C. José Luis Torres Jara.

Mexico City, Mexico, April 24, 2025.



ANNEX TO THE REPORT OF THE INDEPENDENT AUDITORS.

Additional description of our responsibilities for the audit of the financial statements.

As part of an audit in accordance with the ISAs, we apply our professional judgement and maintain an attitude of professional skepticism through the audit.

We also:

- Identify and evaluate the material diversion risks in the consolidated financial statements due to fraud or error, design and apply audit procedures to respond to those risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material deviation due to fraud is higher than in the case of a material misstatement due to error, since fraud can implicate collusion, falsification, deliberate omissions, intentionally erroneous manifestations, deliberate omissions, or circumvention of internal control.
- Obtain knowledge of internal control relevant for the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the adequacy of the accounting policies used and the reasonableness of accounting estimates and the corresponding information disclosed by Management.
- Conclude on the appropriateness of the use by Company Management of the going concern basis and, based on the audit evidence obtained, we conclude on whether or not there is a material departure related to facts or conditions that can raise significant doubts about the Company's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention to the corresponding information disclosed in the consolidated financial statements in our report, or if those disclosures are not appropriate, we are required to express a modified opinion. Our findings are based on the audit evidence obtained so far from our audit report. However, future events or conditions can be grounds for the Entity to not have the ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements position, including disclosed information, and whether the financial statements position represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate the scope and timing of the planned audit and the significant findings of the audit to those in charge of the governance of the Entity, among other matters, as well as any significant deficiency in internal control that we identified in the course of our audits.

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OCEANA MÉXICO, PROTEGIENDO LOS OCÉANOS DEL MUNDO, A.C.

STATEMENTS OF FINANCIAL POSITION


AS OF DECEMBER 31, 2024, AND 2023

(Notes 1 to 4)

(Amounts stated in Mexican pesos)

	<u>2024</u>	<u>2023</u>
UNRESTRICTED ASSETS		
Short-term assets:		
Cash in banks (Note 5)	\$ 1,923,250	\$ 1,688,131
Other accounts receivable	2,345	—
Payments in advance (Note 6)	1,042,377	438,842
Add the short-term assets	2,967,972	2,126,973
FURNITURE AND EQUIPMENTS, Net (Note 7)	435,085	618,855
IMPROVEMENTS TO OFFICE, Net (Note 8)	123,695	315,433
RIGHT OF USE OF LEASE, Net (Note 9 and 13)	959,674	1,679,429
Add the assets	4,486,426	4,740,690
LIABILITIES		
SHORT-TERM LIABILITIES:		
Suppliers	416,529	416,529
Creditors (Note 10)	4,402	842,599
Taxes payable (Note 11)	912,682	759,547
Vacations to staff (Note 10)	276,460	484,888
Add the short-term liabilities	1,606,640	2,503,563
LEASE PAYABLE IN TERM OVER ONE YEAR (Notes 9 and 13)	1,117,523	1,772,825
BENEFITS TO EMPLOYEES (Note 12)	1,624,965	1,102,949
Add the liabilities	4,349,128	5,379,337
EQUITY		
Unrestricted (Note 15)	137,298	(638,647)
Add the liabilities and equity	\$ 4,486,426	\$ 4,740,690

The accompanying notes are part of these financial statements.


Christopher M. Sharkey
Legal Representative

OCEANA MÉXICO, PROTEGIENDO LOS OCÉANOS DEL MUNDO, A.C.

STATEMENTS OF ACTIVITIES


FOR THE YEARS ENDING DECEMBER 31, 2024, AND 2023

(Notes 1 to 4)

(Amounts stated in Mexican pesos)

	<u>2024</u>	<u>2023</u>
REVENUES:		
Donations received (Note 3g)	\$ 33,475,984	\$ 31,403,300
Accrued donations	1,640,657	---
Profit in exchange rates	23,757	53,007
Other revenues	611,431	450,360
Add the revenues	<u>35,751,829</u>	<u>31,906,667</u>
EXPENSES:		
Fundraising expenses (Note 18)	1,377,027	3,203,519
Operating expenses (Note 18)	14,463,387	11,754,707
Payroll expenses	17,881,823	15,675,688
Exchange loss	29,733	7,780
Labor cost (Note 12)	1,133,447	631,537
Interest accrued on sublease (Note 13)	161,105	123,812
Asset depreciation for right of use (Note 9)	719,755	479,837
Income Tax (Note 14)	52,206	29,436
Add the expenses	<u>31,818,483</u>	<u>31,906,316</u>
Change in equity	<u>(66,654)</u>	<u>351</u>
Net change in equity	351	351
Initial recognition Benefits to employees	---	(885,813)
Adjustment to prior years' income	842,599	---
Equity at the beginning of the year	<u>(638,647)</u>	<u>246,815</u>
Equity at the end of the year	\$ <u>137,298</u>	\$ <u>(638,647)</u>

The accompanying notes are part of these financial statements.


Christopher M. Sharkey
Legal Representative

OCEANA MÉXICO, PROTEGIENDO LOS OCÉANOS DEL MUNDO, A.C.

STATEMENTS OF CASH FLOWS

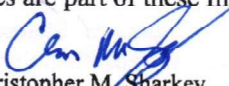
FOR THE YEARS ENDED ON DECEMBER 31, 2024, AND 2023

(Notes 1 to 4)

(Amounts stated in Mexican pesos)

	<u>2023</u>	<u>2022</u>
<u>Operating activities:</u>		
(Decrease) increase in equity	\$ (66,654)	\$ 351
More (less) items that did not require a cash disbursement:		
Actuarial profit (Note 12)	(414,401)	(414,401)
Reduction and prepayment for other benefits	(340,000)	---
Financial cost benefits (Note 12)	104,636	79,938
Labor cost current services (Note 12)	502,517	551,599
Actuarial loss for other future benefits	526,294	---
Provision for accrued vacation pay	(208,429)	28,483
Interest accrued on lease	161,105	123,812
Depreciation and amortization (Note 7)	1,131,160	891,717
Add	1,539,199	1,261,499
(Increase) decrease in:		
Other accounts receivable	(2,344)	---
Payments in advance	(603,535)	(371,472)
Lease use rights	---	(1,679,429)
Increase (decrease) in:		
Suppliers	(3,433)	27,363
Creditors	(742,324)	(2,953)
Taxes payable	57,263	(235,922)
Long-term lease payable	---	1,772,825
Benefits to employees	---	1,102,949
Cash net flows of operating activities	244,825	1,874,860
<u>Investment activities</u>		
Initial recognition of labor liabilities	---	(885,813)
Equipment acquisition	(35,898)	(193,413)
Improvements to office	---	(121,606)
Adjustment to prior years' income	842,599	---
	806,701	(1,200,832)
Cash obtained	674,028	674,028
<u>Financing activities</u>		
Paid office lease	(816,407)	(510,254)
Paid staff vacations	---	(310,529)
Increase (decrease) in cash	235,119	(146,755)
Cash at the beginning of the period	1,688,131	1,834,886
Cash at the end of the period	\$ 1,923,250	\$ 1,688,131

The accompanying notes are part of these financial statements.


 Christopher M. Sharkey
 Legal Representative

OCEANA MÉXICO, PROTEGIENDO LOS OCÉANOS DEL MUNDO, A.C.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024, AND 2023
(Amounts stated in Mexican pesos)

NOTE 1 – DESCRIPTION OF ACTIVITIES

Oceana México, Protegiendo los Océanos del Mundo, A.C. (the Association), an affiliate of Oceana Inc., is located at Poseidón 39, Col. Crédito Constructor, Mexico City, and it is a non-for-profit association that was incorporated in accordance with Mexican Law on September 7, 2016, with a duration of 99 years, being its main activity the preservation of the oceans by performing activities of scientific research, promotion of environmental protection, and development and promotion of public policies, among others.

Oceana, Inc. is the world's largest organization focused exclusively on protecting and restoring the world's oceans. It was founded in 2001 with a mission to "protect the oceans and feed the world".

Oceana, Inc. has offices in North, Central and South America, in Asia and in Europe. Together, all the countries where it operates are responsible for 29% of the marine fish production in the world. Oceana seeks to protect biodiversity and increase the wealth of our oceans through changes in the public policies of the countries that have the world's biggest marine resources.

Oceana, Inc. operates in Mexico through Oceana México, Protegiendo los Océanos del Mundo, A.C., and provides much of their funding.

The Association has issued an authorization by the Ministry of Finance and Public Credit (SHCP) to receive donations deductible from Income Tax in national territory as of April 5, 2019, according to Authorization Letter 700-02-05-2019-03956. This authorization was ratified for the years 2024 and 2023 in the Annex 14 of the Miscellaneous Tax Resolution published in the Official Gazette of the Federation on January 18, 2024, and on January 11, 2023, respectively.

NOTE 2 - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) The Entity prepares the financial statements complying with the Mexican Financial Reporting Standards, applicable to entities with non-profit purposes issued by the Mexican Board of Financial Reporting Standards (CINIF in Spanish).

Those standards require that the management make some estimates and assumptions to value some items of the financial statements; the Entity's Management, applying its professional judgment, considers the estimates and assumptions used were adequate in the circumstances.

The attached financial statements include provisions for liabilities for severance pay in favor of former employees and for accrued vacations not paid to employees in service up to December 31, 2024, and 2023 (see Notes 8 and 10).

b) Going Concern. The financial statements have been prepared by the Entity's Management assuming continuity in its operations.

c) Currency used in the financial statements. The financial statements and notes as of December 31, 2024, and 2023 and for the years then ended include balances and transactions in Mexican pesos of a different purchasing power.

d) The percentage of annual and accumulated inflation of the three previous periods to December 31, 2024, and 2023 has been lower than 26%, which according to the Financial Reporting Standards applicable in Mexico, corresponds to a non-inflationary economic environment in both periods; consequently, the effects of inflation on the financial statements are not recognized.

e) Statement of Activities. The Entity presents this statement, gathering the income, costs and expenses by nature, since this is the practice of the sector in which it operates.

f) Statement of Cash Flows. The Company prepares this financial statement using an indirect method, since this is the practice of the sector in which it operates, because this method offers better financial information for users.

g) The financial statements are presented in Mexican pesos which are their reporting currency, their functional currency and recording currency. The financial statements are presented in Mexican pesos unless otherwise stated.

h) The accompanying financial statements and their notes were authorized for issuance on February 12, 2025, by C.P. Elizabeth García Alcaraz, Director of Administration and Finance. To meet legal aspects, they must be approved by the Associates' General Meeting.

During the 2024 fiscal year, the General Assembly of Associates has not reviewed and approved the 2023 financial statements.

i) Tax Environment.

Due to its legal structure and activity, the Entity is in the following tax environment:

- Federal taxes: It is not a taxpayer of Income Tax to legal entities and has authorization to receive deductible donations of Income Tax.
- The Income Tax provision resulting from the distributable remainder is recorded in the results of the year in which it is yielded, determined in accordance with the provisions of the Law in Force.
- Donations received are not taxed by the Value Added Tax.
- It is obligatory to withhold Income Tax and VAT for payments to individuals.
- To make withholdings and pay fees and taxes of social security to IMSS, INFONAVIT and SAR.
- It is obligated to pay the payroll tax to the Government of Mexico City.
- Because it is an Entity that performs non-profit activities, it is not obligated to pay employees' profit sharing.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER DISCLOSURES

The main accounting policies followed by the Entity's Management in the preparation of these financial statements applied consistently are described below.

a) Cash-

Cash is recorded at nominal value and is mainly represented by bank deposits. Fluctuations originated by the variation in the peso exchange rate are recognized in the income and expenses of the period.

b) Accounts receivable-

Accounts receivables are presented at the transaction price pending collection; they are originated by the refund of expenses recoverable in charge of employees and collaborators of the Entity.

c) Payments in advance-

The advances granted to suppliers for the leasing of properties and other goods and services are

classified as payments in advance, if the risks and benefits inherent to the goods or services are not transferred to the Entity and/or the goods, services or benefits have been received.

d) Improvements of leased offices and equipment-

The values of improvements and equipment's are valued at acquisition cost and are presented net of accumulated depreciation and amortization and withdrawals of the period.

The expenses of maintenance and repairs are charged to the results of the period as incurred.

The depreciation method adopted is the straight-line method as from the month following its acquisition based on the useful lives of the assets, estimated by the Entity's Management, applying the following annual rates:

<u>Depreciation rates</u>	
Furniture and equipment	17%
Computing equipment	20%
Audio and video equipment	17%
Improvements of offices	17%

Improvements to leased offices are amortized over the useful period of the improvement or the terms of the contract, whichever is less.

e) Leases-

The Entity recognizes a right-of-use asset and a lease liability on the start date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the start date, plus the initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term.

The lease liability is measured at the present value of the lease payments that are not paid on the start date.

f) Benefits to employees-

They are granted to the personnel as remuneration for their services provided, as follows:

- Direct benefits to employees – They are recognized in liabilities as they are accrued, pursuant to the services provided, considering the current salaries. They mainly include vacations and holiday bonus, incentives, among others.
- Benefits post-employment – The liability for seniority premiums and compensation for voluntary or involuntary separation that generate assumed obligations is recorded as it accrues. This amount is calculated by independent actuaries based on the projected unit credit method using nominal interest rates.

g) Income from donations-

As from 2023, the Entity adopted a policy of recording as donations the contributions in cash and in kind received from Oceana Inc., in the year in which they are received, issuing the corresponding receipt in accordance with the tax provisions.

h) Taxes on profit-

Non-profit entities authorized to receive deductible donations are exempt from Income Tax payment and may obtain income from activities other than their purposes, provided that they do not exceed 10% of their total income in the fiscal year; this limit does not include support or incentives provided by the Federation, federal entities, or municipalities; the alienation of fixed or intangible assets; the fees of its members; the interests; property rights derived from intellectual property; the use or temporary enjoyment of properties; the returns obtained from shares or other credit titles placed among the general investing public or the recovery fees. For any surplus, the tax must be calculated.

i) Operations in foreign currency-

The monetary assets and liabilities in foreign currency are expressed in local currency as of the exchange rate in force as of the date of the financial statements. The exchange differences derived from the fluctuations in the exchange rate between the date on which the transactions were agreed and that of the liquidation or valuation as of the date of the statement of financial position, are recorded as income or expenses of the period.

NOTE 4 – POSITION IN FOREIGN CURRENCY

As of December 31, 2024, and 2023, the bank exchange rate was \$20.5103 and \$16.8935 nominal pesos per US Dollar, respectively. As of February 26, 2025, the issuance date of these financial statements, the bank exchange rate is \$20.3733 nominal pesos per US Dollar.

The amounts shown below are expressed in dollars (USD), since this is the foreign currency mainly used by the Entity.

As of December 31, 2024, and 2023, these are the assets in foreign currency:

	<u>2024</u>	<u>2023</u>
Checking account balances	\$ <u>1,554</u>	\$ <u>1,581</u>

NOTE 5 – CASH IN BANKS

This item is as follows:

	<u>2024</u>	<u>2023</u>
Banks in local currency	\$ 1,890,846	\$ 1,661,425
Banks in foreign currency	32,404	26,706
	<u>\$ 1,923,250</u>	<u>\$ 1,688,131</u>

NOTE 6 – PAYMENTS IN ADVANCE

This item is as follows:

	<u>2024</u>	<u>2023</u>
Life insurance and medical expenses	\$ 996,935	\$ 393,400
Rents paid in advance	45,442	45,442
	<u>\$ 1,042,377</u>	<u>\$ 438,842</u>

Corresponds to the proportional amount to be accrued of the premium paid according to the term of the corresponding insurance policy.

NOTE 7 – FURNITURE AND EQUIPMENT, NET

They are as follows:

	<u>2024</u>	<u>2023</u>
Investment:		
Furniture and equipment's	\$ 535,079	\$ 535,079
Computing equipment	821,717	785,821
Audio and video equipment	34,568	34,568
	<u>1,391,364</u>	<u>1,355,468</u>
Accrued depreciation:		
Furniture and equipment's	412,051	322,871
Computing equipment	537,988	413,262
Audio and video equipment	6,240	480
	<u>956,279</u>	<u>736,613</u>
	<u>\$ 123,695</u>	<u>\$ 618,855</u>

The charge to results in the period for the concept of depreciation amounted to \$219,666; \$224,534 in 2023.

NOTE 8 – IMPROVEMENTS TO OFFICE, NET

They are as follows:

	<u>2024</u>	<u>2023</u>
Investment	\$ 1,150,432	\$ 1,150,432
Accrued depreciation	<u>1,026,738</u>	<u>834,999</u>
	<u>\$ 123,695</u>	<u>\$ 315,433</u>

The charge to results in the period for the concept of depreciation amounted to \$191,739; \$187,346 in 2023.

NOTE 9 – RIGHT OF USE OF OFFICE SUBLEASE

Hereunder, it is the information on the lease of the office that the Entity has classified as “Right of Use Assets”:

	<u>2024</u>	<u>2023</u>
Investment	\$ 2,159,266	\$ 2,159,266
Accrued depreciation	<u>1,199,592</u>	<u>479,837</u>
	<u>\$ 959,674</u>	<u>\$ 1,679,429</u>

It corresponds to the lease of the property where the Entity has its headquarters in Mexico City, located at 39 Poseidón Street, Crédito Constructor section, Benito Juárez, Mexico City. The characteristics and conditions of the lease contract are reported in Note 13.

The debit to results in the period for the concept of depreciation amounted to \$719,755; \$479,837 in 2023.

NOTE 10 - CREDITORS

Due to labor lawsuits.

The balance for this concept corresponds to compensation in favor of a former employee because of the termination of his employment relationship with the Entity. The amount was determined in accordance with the current provisions of the Federal Labor Law on the date of the calculation made by the management (September 9, 2021). The actual amount payable to the beneficiary of the compensation will be known on the date that the labor trial concludes, in accordance with the resolution issued by the judge at the end of the judicial process.

For unpaid vacations.

As the year ended on December 31, 2022, the Entity adopted as a policy to recognize the liability

for accrued unpaid vacations in favor of its employees in accordance with the provisions of the Federal Labor Law.

NOTE 11 – TAXES PAYABLE

They are as follows:

	<u>2024</u>	<u>2023</u>
Income Tax payable	\$ 52,206	\$ 29,436
Income Tax withheld from wages and salaries	357,245	347,065
Tax income withheld from fees	10,630	10,779
VAT withheld from fees	45,196	17,321
Social security fees	344,475	311,883
Payroll tax	102,930	43,063
	<u>\$ 912,682</u>	<u>\$ 759,547</u>

NOTE 12 – BENEFITS TO EMPLOYEES

The obligations and costs corresponding to the retirement of employees for seniority bonuses and compensation which they are entitled to receive at the end of the employment relationship are recognized based on actuarial studies prepared by independent experts.

As of December 31, 2023, the obligations for seniority premiums and compensation were calculated considering the 13 people who provide their services to the Entity.

The reconciliation between the initial and final balances of the current value of the Defined Benefit Obligations (DBO) for the 2023 fiscal year is as follows:

	<u>2024</u>	<u>2023</u>
Initial liabilities	\$ 1,102,948	\$ 885,813
Defined benefit cost	522,017	217,135
	<u>1,624,965</u>	<u>1,102,948</u>
Defined Benefit Obligations (DBO) as of December 31, 2023,	1,102,948	885,813
Plus (minus)		
Labor cost of current service	502,518	217,135
Financial cost	104,636	79,938
Actuarial losses (profit)	255,463	414,401
Reductions and prepayments	(340,600)	---
	<u>\$ 1,624,964</u>	<u>\$ 1,102,948</u>

The results of the actuarial valuation were determined based on the following methods, according to the actuarial study.

Costing method.

It is a way of distributing the total cost of the obligations in different fiscal years. For accounting purposes, the “Projected Unit Credit” method was used.

Financing method.

The collective method called “Level Premium at Reached Age” was used, which determines a uniform funding cost based on the workers’ salary career.

The Entity recognizes in the period all actuarial earnings through the net cost of the period.

To estimate labor obligations, the following financial assumptions were applied:

	<u>2024</u>	<u>2023</u>
Increase rate to the minimum wage	5.00%	5.00%
Salary career rate	5.80%	5.80%
Discount rate	9.80%	9.80%
Long-term inflation	4.00%	4.00%

NOTE 13 - SUBLEASES

Information on right-of-use assets and subleases payable as of December 31, 2024, is provided below:

The Entity subleased the headquarters office in Mexico City, for a 3-year period as from May 15, 2023, to May 14, 2026, with the option to renew the sublease for an indefinite period after that date. Sublease payments are renegotiated each year to adjust those rents to the market value, equivalent to an increase of 10% of the monthly rent paid or an increase in the National Consumer Price Index, whichever is higher. The Entity has restrictions on entering into sublease agreements.

To determine the lease liability, the annual risk-free interest rate for CETES at 28 days of 11.36%, in force in May 2023, was used.

As of December 31, 2024, the net balance of the sublease liability amounts to \$1,117,523; \$1,772,825 in 2023, net of the depreciation of the right-of-use asset less interest accrued on the same date.

Low-value and short-term leased equipment are recorded in the expenses of the fiscal year, in which it is paid in accordance with the terms of the corresponding contract.

NOTE 14 – TAXES ON PROFIT

As it is a non-profit entity, the Association is not a taxpayer of Income Tax, provided it meets the requirements established in its Law, which considers as distributable remainder the omissions of income, purchases not made or improperly recorded and expenses made that are not deductible.

The Income Tax accrued in the years amounted to \$52,206 and \$29,436, respectively, derived from the non-deductible expenses incurred in those periods in accordance with the penultimate paragraph of article 79 of the Income Tax Law in force during the year, which are considered as distributable remainder and the maximum tax rate established in article 152 of the Income Tax Law, which corresponds to 35%, is applied.

NOTE 15 – EQUITY

As of December 31, 2024, and 2023, the unrestricted equity of the Entity is made up of the contributions made by Oceana Inc. and the remaining income over accumulated expenses derived from the activities of its corporate purpose.

In the Associates' General Assembly held on January 24, 2023, the amendment to Clause Seventh letter d) of the Entity's Bylaws was approved to read as follows:

“d. The equity of the association, including the support and public incentives it receives, will be used exclusively for the purposes of its corporate purpose for which they have been authorized by the Income Tax Law to receive deductible donations, and cannot grant benefits on the remainder distributable to any individual or to its members individuals and legal entities, unless it is, in the latter case, an entity authorized to receive deductible donations in terms of the Income Tax Law, which are registered in the Federal Registration of Civil Society Organizations as active or in the case of remuneration for services actually received.”

The Association must not distribute among its associates, remainders of public support and incentives that it receives.

What is stipulated in this provision is irrevocable.

“Similarly, in accordance with the provisions of article eighty-two, sixth section of the Income

Tax Law, already mentioned, the association undertakes to keep available to the general public the information related to the authorization to receive donations, as well as compliance with their tax obligations and in the terms that the Ministry of Finance and Public Credit establishes through general rules. ”

At the same Associates’ General Assembly, the ordinary contribution from Oceana, Inc. to the Entity’s equity for \$38,000,000 was approved.

The Association does not pursue profit or commercial activities, but it can execute all those acts that are necessary to subsist, develop and achieve its purpose.

NOTE 16 – CONTINGENT

As of December 31, 2024, and 2023, the labor lawsuit filed by a former employee against the Entity is in the process of judicial resolution, where she claims the amount of \$2,268,681. The final amount resulting from that claim will be known until the moment the judge issues the sentence.

NOTE 17 – FINANCIAL INSTRUMENTS

a) Value of financial instruments

The amount of cash, advance payments and accounts payable are close to their fair value because of their due date.

b) Risk concentration

The financial instruments subject to excessive risk concentration are mainly cash and advance payments.

NOTE 18 – FUNDRAISING AND OPERATING EXPENSES

The main concepts that make up the expenses for fundraising and operating expenses as of December 31, 2024 and 2023 are the following:

	<u>2024</u>	<u>2023</u>
<u>By fundraising:</u>		
Advertising	1,377,027	1,812,124
Events	---	1,254,949
Advice and consultancies	---	113,459
Others	---	22,987
Total	\$ 1,377,027	\$ 3,203,519

	<u>2024</u>	<u>2023</u>
<u>Operating:</u>		
Office supplies	\$ 72,552	\$ 151,949
Donations	---	1,800
Cleaning and maintenance	207,092	249,519
Insurance	1,599,967	1,136,098
Events	581,198	1,254,949
Courses	75,787	181,749
Rents	61,318	321,265
Professional fees	5,974,585	6,134,445
Fees and subscriptions	9,715	68,231
Telephone and internet	14,323	21,197
Travel expenses and transportation	2,446,109	2,099,757
Office remodeling	94,459	108,197
Depreciations	411,405	411,880
Non-deductible	149,160	84,103
Expeditions	2,422,758	---
Others	342,959	784,517
Total	\$ <u>14,463,387</u>	\$ <u>11,754,707</u>

NOTE 19 - NEW ACCOUNTING PRONOUNCEMENTS FOR THE YEAR ENDED ON DECEMBER 31, 2023

As of December 31, 2024, CINIF has issued improvements to the MFRSs and improvements to those in force and others that become effective in 2025; considering the nature of the operations Norman is applicable to for-profit entities.

At the issuance date of these financial statements, the entity's management is evaluating the effects of these new standards on its financial information.

These notes are part of the accompanying financial statements.



Christopher M. Sharkey
Legal Representative