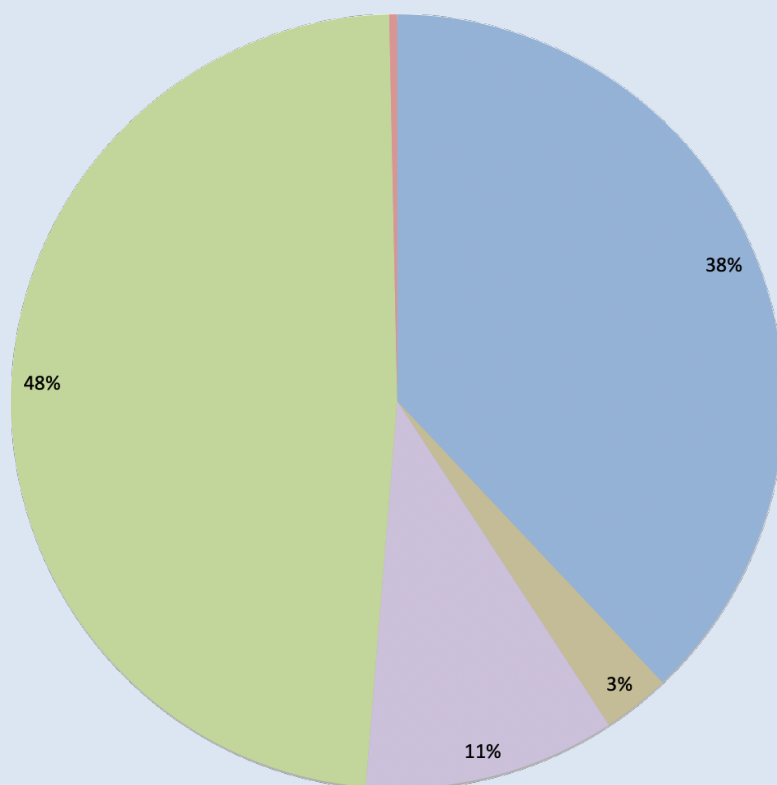




ECOSOUM

FINANCIAL REPORT



2021

INTRODUCTION

This financial report summarizes all Ecosoum's resources and expenses for year 2021, between January 1st and December 31st.

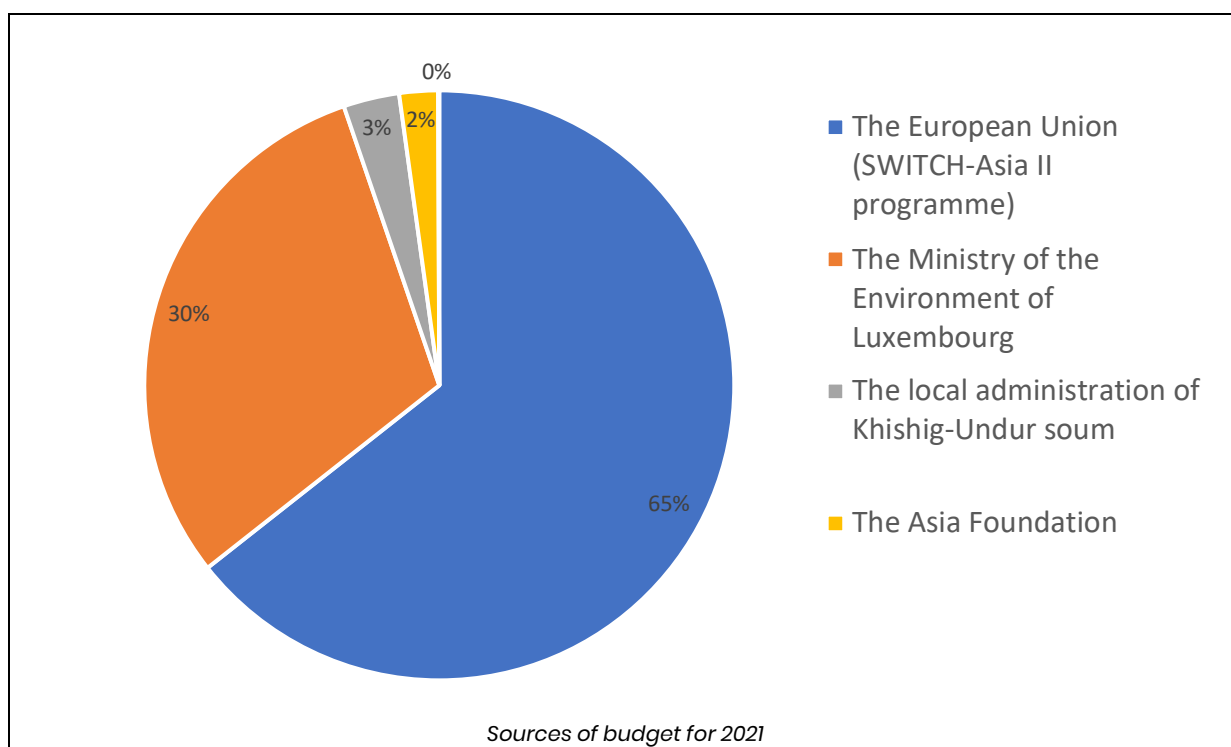
INCOME SOURCES

In 2021, Ecosoum's total income was 489'596'920 MNT; or 150'645.20 €. This amount essentially comprises our newly launched Eco-construction project and as well as our Waste management project started in 2020.

Almost 100% of this income came from institutional grants, while public donation and membership fees accounted for only 300'000 MNT; or 92.30 €. Main donors in 2021 were:

- the European Union (SWITCH-Asia II programme): 315'223'220 MNT; or 96'991.76€.
- the Ministry of the Environment of Luxembourg: 148'687'500 MNT; or 45'750 €.
- the local administration of Khishig-Undur soum: 15'000'000 MNT; or 4'615.38 €.
- The Asia Foundation: 10'386'200 MNT; or 3'195.75 €.

Including remaining balance from the previous period (155'171'900 MNT; or 47'745.20 €), total budget for year 2021 was thus 644'768'820 MNT; or 198'390'40€.

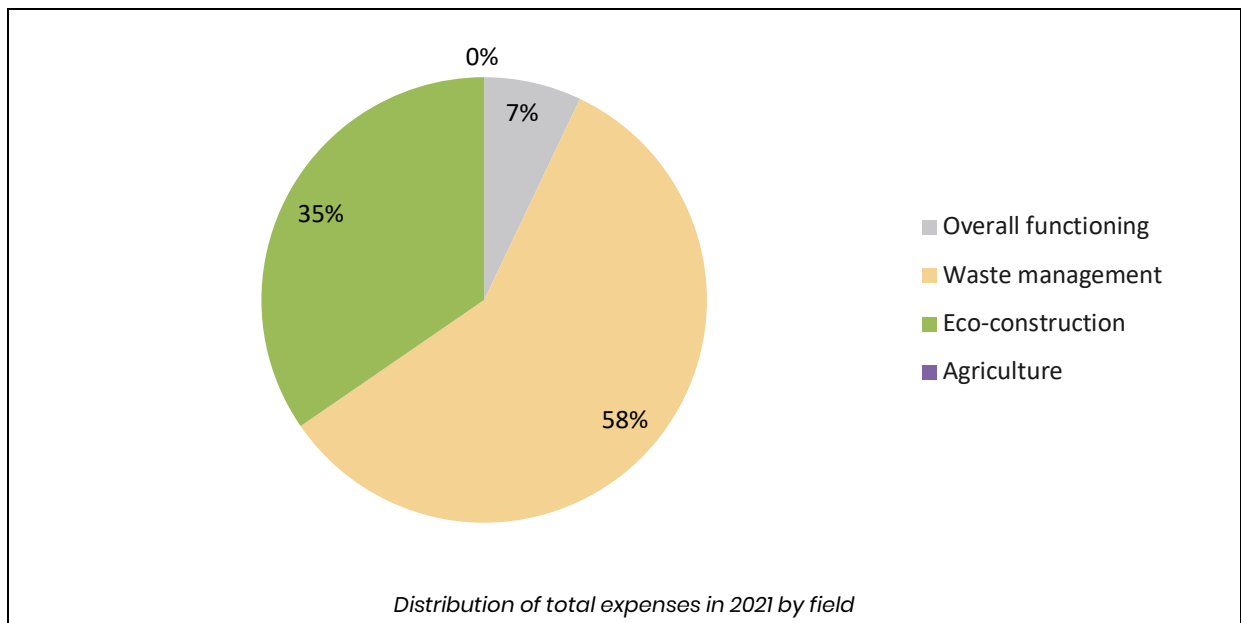


TOTAL EXPENSES AND ACCOUNT BALANCE

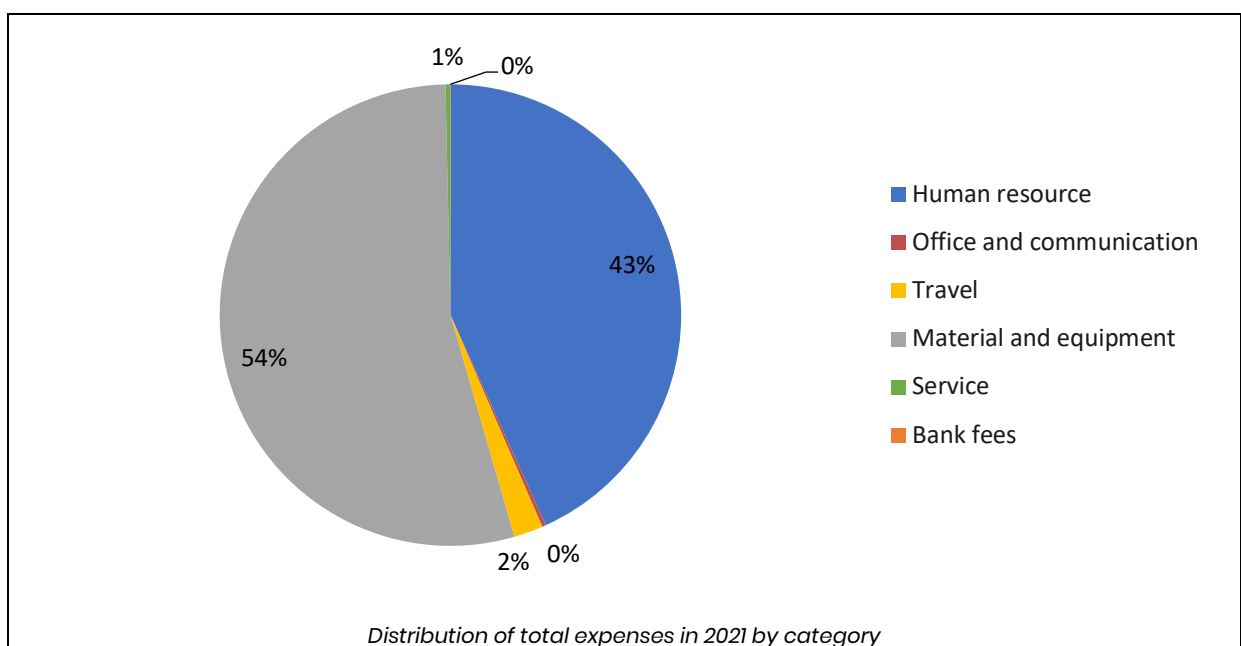
Total expenses in 2021 reached 569'567'021 MNT; or 175'251.39 €.

As of December 31, 2021, the account balance was therefore positive of 75'201,799 MNT; or 23'139.01 €. Two projects (waste management and eco construction) were active in 2021.

The waste management project covered 58% of total expenses (332'244'365 MNT or 102'229.03 €) in 2021. Eco construction project represented 35% of total expenses (196'986'322MNT or 60'611.18 €). For the overall functioning expenses, we spent 7% of the total expenses this year (40'336'434 MNT or 12'411.21 €).



Overall, 54% of total expenses corresponded to material and equipment, while human resources accounted for 43%. Travel costs accounted for 2% and services for only 1%.

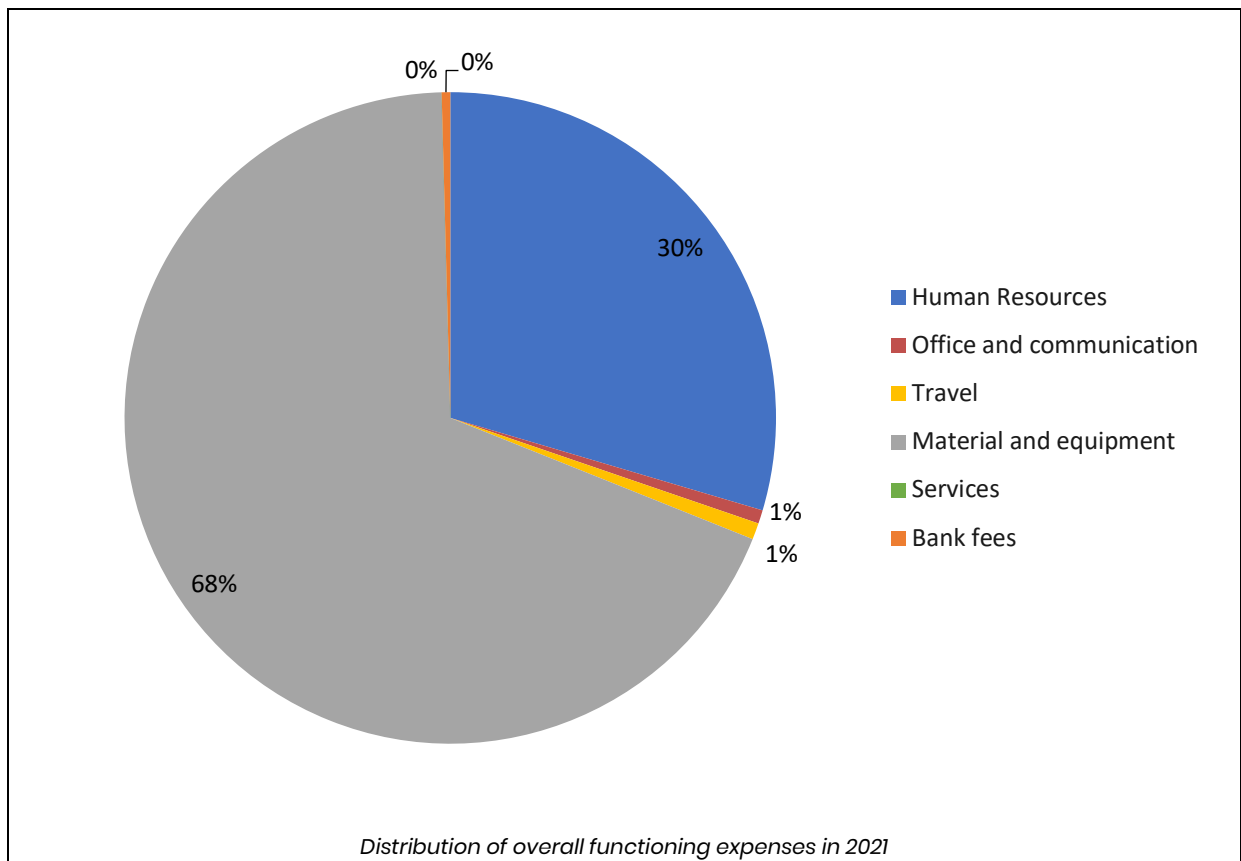


OVERALL FUNCTIONING EXPENSES

Material and equipment costs were the main part of overall functioning expenses in 2021 with the amount of 27'632'062 MNT or 8'502.1€.

Human resource costs represented the second main category of overall functioning expenses with 30% (11'932'246MNT; or 3'671.46 €).

Office and communication and also travel costs decreased to 1%.

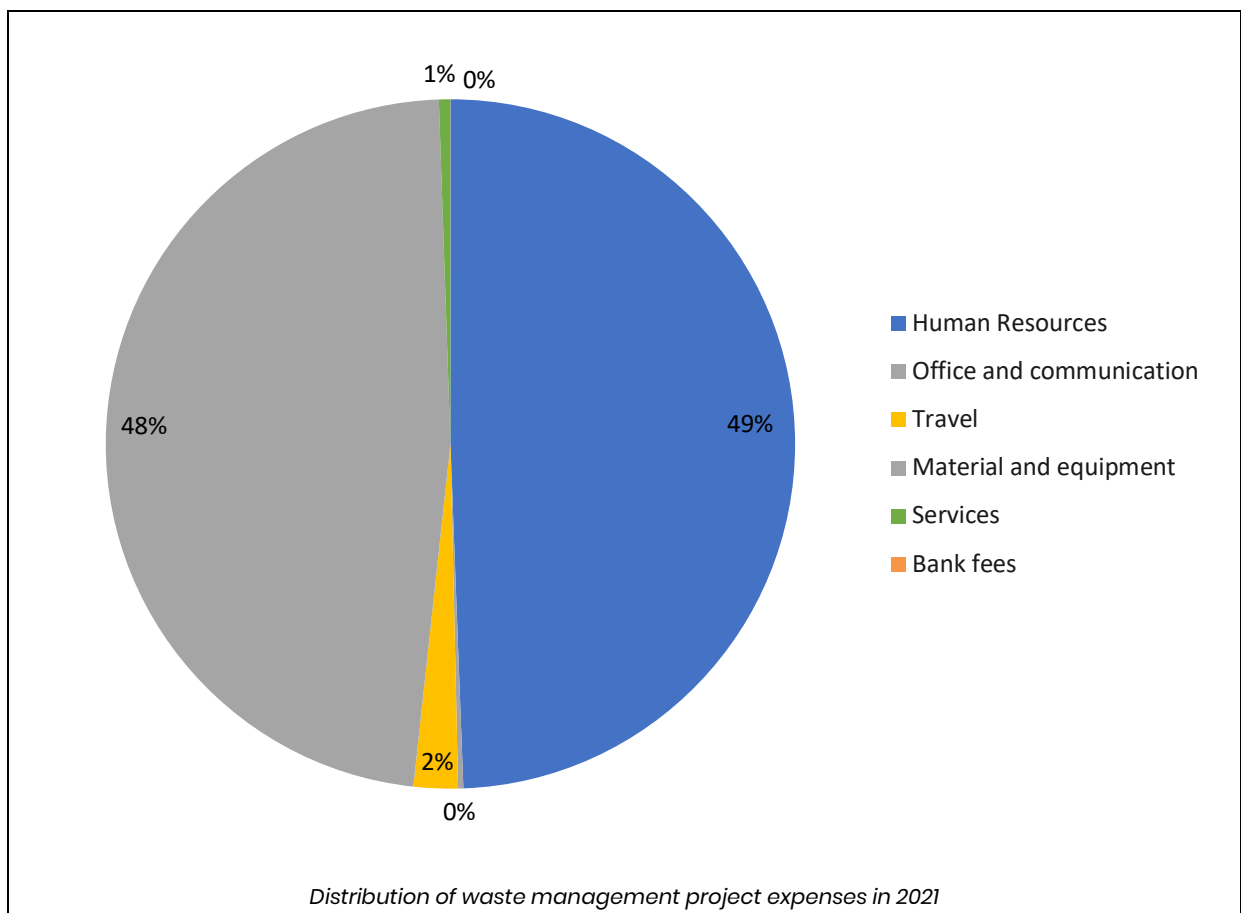


WASTE MANAGEMENT PROJECT EXPENSES

Human resources accounted for 49 % of project expenses in 2021 (164'133'286 MNT or 50'502.55 €). This relatively large share is explained by the fact that our HR expenses include not only the 4 full-time and part-time project staff (project coordinator, project technical supervisor, technical officer and finance officer) but also all the subcontractors who worked for Ecosoum in 2021 to manufacture waste sorting bins and build the new waste management facility.

Materials and equipment represented almost all the rest (48%) of the project expenses (158'630'120 MNT; or 48'809.26 €). These expenses mainly included waste management facility's construction materials and tools and raw materials to manufacture waste sorting bins.

Travel cost accounted for 2% of the total (6'885'018 MNT; or 2'118.47 €) and mainly in consisted in transportation costs for the material and equipment mentioned above.



ECO CONSTRUCTION PROJECT EXPENSES

Material and equipment cost accounted for 62% of project expenses in 2021. (122'020'699 MNT or 37'544.83 €). It mainly included tools, equipment and machines for CEB (compressed earth brick) producers as well as raw material for the first prototype building of the project.

Human resources accounted for 36 % of project expenses in 2021 (70'010'824 MNT or 21'541.79 €). Like for Waste management, human resources expenses in our Eco-construction budget include not only the wages of the 3 full-time and part-time project staff (project coordinator, technical officer and finance officer) but also all the subcontractors who worked in 2021 on the construction of the first prototype building.

The travel costs, adding up to 4'426'321 MNT or 1'361.94 €, mainly consisted in transportation of material from UB.

