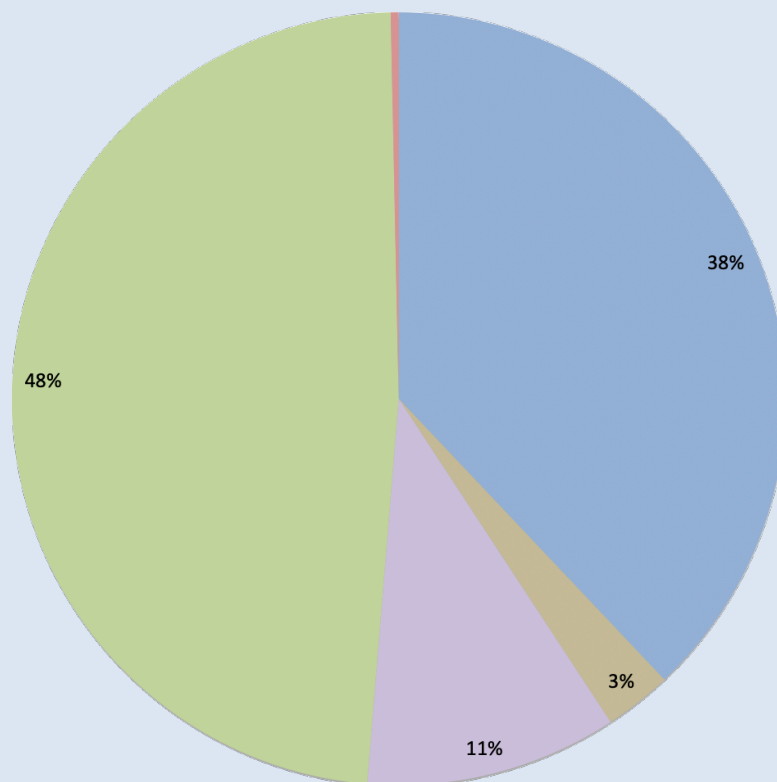




ECOSOUM

FINANCIAL REPORT



2020

INTRODUCTION

This financial report summarizes all Ecosoum's resources and expenses for year 2020, between January 1st and December 31st.

The informative conversion rate applied in this report between tugriks (MNT) and euros (€) is 3400 MNT for 1 €.

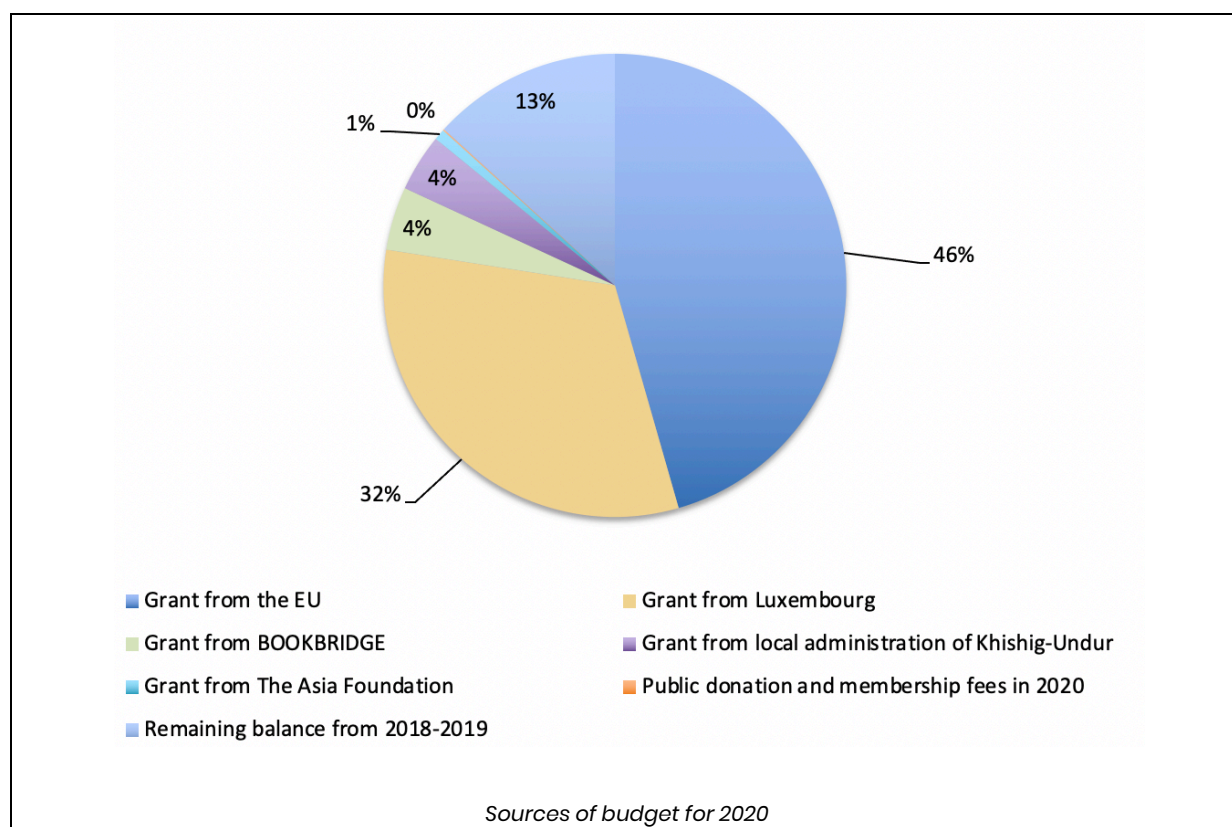
INCOME SOURCES

Over the year 2020, Ecosoum's total income was 213,391,140 MNT; or 62,762 €. It represents an increase of almost 500% compared to previous reporting period (October 2018 to December 2019).

Almost 100% of this income came from institutional grants, while public donation and membership fees accounted for only 230,000 MNT; or 68 €. Main donors in 2020 were:

- the European Union (SWITCH+ Asia II programme): 112,040,312 MNT; or 32,953 €.
- the Ministry of the Environment of Luxembourg: 78,482,875 MNT; or 23,083 €.
- BOOKBRIDGE NGO: 10,876,320 MNT; or 3,199 €.
- the local administration of Khishig-Undur soum: 9,860,000 MNT; or 2,900 €.
- The Asia Foundation: 1,901,633 MNT; or 559 €.

Including remaining balance from the previous period (32,544,838 MNT; or 9,572 €), total budget for year 2020 was thus 245,935,978 MNT; or 72,334 €.



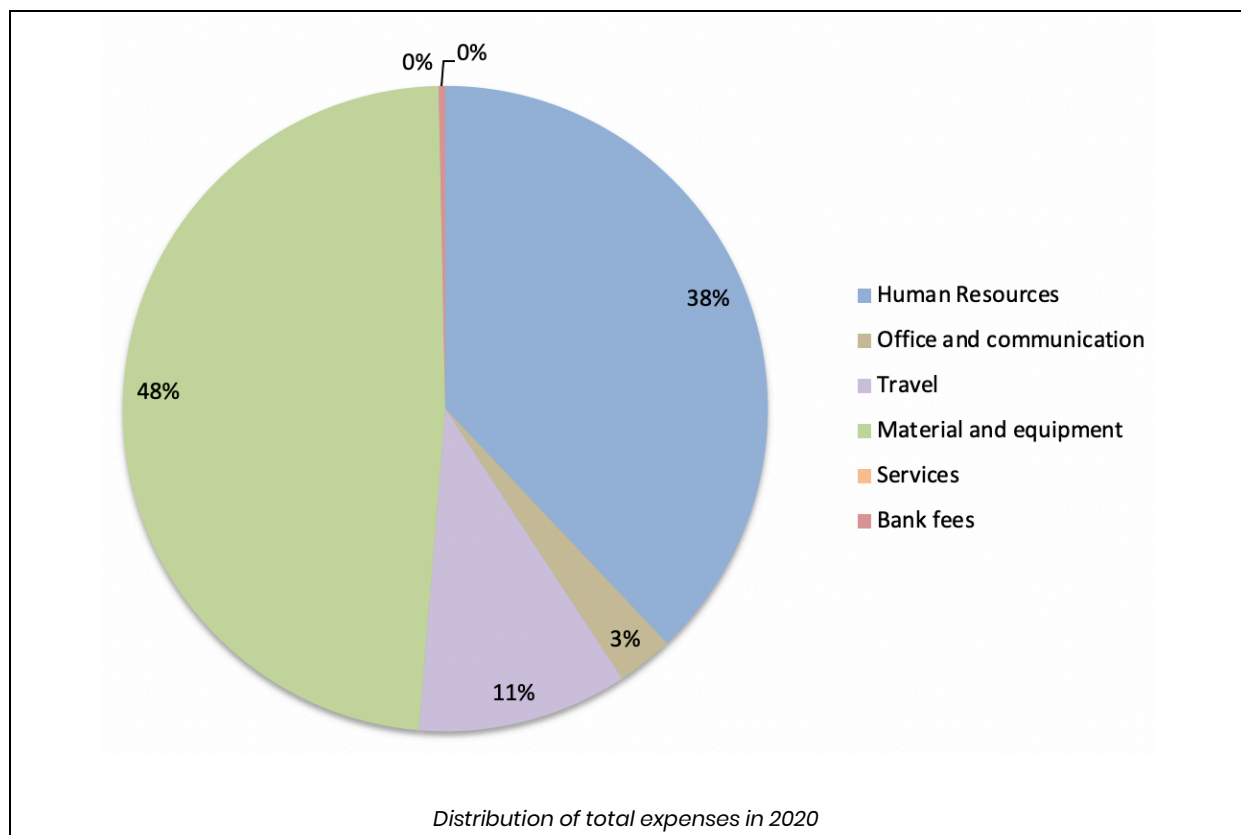
TOTAL EXPENSES AND ACCOUNT BALANCE

Total expenses over the year 2020 reached 92,038,100 MNT; or 27,070 €.

As of December 31, 2020, the account balance was therefore positive of 153,897,878 MNT; or 45,264 €. This large surplus is explained by the fact that significant portions the grants were received at the end of 2020 for future expenses in 2021.

Only one project (waste management) was active in 2020. This project represented 63% of total expenses (57,879,417 MNT; or 17,023 €) while the overall functioning costs corresponded to the remaining 37% (34,158,682 MNT; or 10,047 €). As described below, these significant overall functioning costs are explained by conjunctural reasons rather than structurally high functioning costs.

Overall, 48% of total expenses corresponded to material and equipment, while human resources accounted for 38%. Travel costs added up to 11% and office and communication costs to 3%.

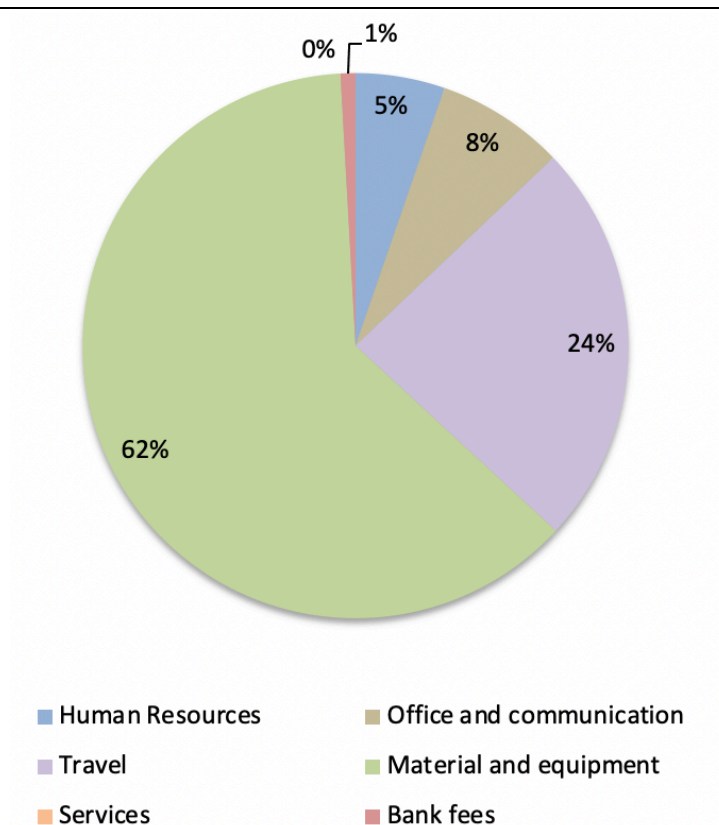


OVERALL FUNCTIONING EXPENSES

Material and equipment were by far the main part of overall functioning expenses in 2020 as they added up to 62% (21,258,377 MNT; or 6,252 €). These expenses mainly corresponded to the acquisition of proper IT material and officer furniture as well as accommodation equipment (gers, mattresses, etc.) necessary to host partners and volunteers.

Travel costs represented the second main category of overall functioning expenses with 24% (8,194,444 MNT; or 2,410 €). These costs are essentially linked to repatriation and quarantine expenses (due to Covid-19 restrictions) for our staff that was stranded abroad in the framework of their professional duty for Ecosoum.

Office and communication costs accounted for 8% and corresponded to office rent and phone/internet bills. Human resources expenses (5%) corresponded to our part-time accountant's wage.



Distribution of overall functioning expenses in 2020

WASTE MANAGEMENT PROJECT EXPENSES

Human resources accounted for 57% of project expenses in 2020 (33,121,700 MNT or 9,742 €) and corresponded to the wages of 3 staff: the project coordinator, the project technical supervisor and the construction engineer. This high proportion of human resources in the total of project expenses is explained by the fact this project requires a lot of workforce both for awareness-raising activities and for practical activities (such as manufacturing equipment and building infrastructures).

Materials and equipment represented almost all the rest (40%) of the project expenses (23,255,537 MNT; or 6,840 €). These expenses mainly included plastic recycling machines as well as tools and raw materials for the manufacture of waste sorting bins.

Travel costs directly linked to the project accounted for only 3% of the total. (1,497,500 MNT; or 440 €). It corresponded essentially to fuel for transportation between Khishig-Undur soum and Bulgan or Ulaanbaatar cities for work meetings.

