Dear friends,

We are pleased to present Karuna-Shechen’s 2023 Financial Report. This report demonstrates our commitment to providing a true and transparent representation of our financial activities across our various entities.

Thanks to your support and our skilled teams, we have been able to help vulnerable populations in India, Nepal and Tibet. Our actions in the field, supported by rigorous financial management, have maximized the impact of every donation received.

To create an accurate and transparent income statement, this financial report combines the accounts of the several organizations that comprise Karuna-Shechen. This document details not only our sources of funding, but also how we have used these resources to achieve our missions.

We would like to express our deepest gratitude to our donors, partners and volunteers for their trust and ongoing support. Your contributions provide a cornerstone for our mission, and without you, our actions would not be possible.

As we approach our 25th anniversary, we continue to pursue our mission with the same passion and commitment. We are convinced that together we can continue to make a significant difference in the lives of the people we serve.

Thank you for your trust and support.

With all our gratitude.

Quentin DURAND
CEO
2 - SCOPE OF COMBINED FINANCIAL STATEMENTS

The lead organization that compiled this report is the French association, Karuna-Shechen France. Karuna-Shechen is made up of a series of independent organizations that share the goal of alleviating the suffering of disadvantaged populations and advocating for a more altruistic world. These organizations work closely together to nurture our altruistic motivations, coordinate our efforts and foster a solidarity of purpose.

The scope of the combined financial statements includes the following 7 entities:
- Karuna-Shechen France, association loi 1901, declared of general interest (France)
- Karuna-Shechen, endowment fund (France)
- Compassion en Action - Karuna, civil society (France)
- Karuna-Shechen USA, 501c3 registered in the State of New York (United States)
- Karuna-Shechen Suisse, non-profit organization (Switzerland)
- Karuna-Shechen Asia Limited, non-profit company (Hong-Kong)
- Stichting Karuna-Shechen Foundation (Netherlands) / Dissolved in 2023

The combined financial statements also include the combined financial statements of partners operating in the field (India, Nepal, Bhutan, etc.). The organizations included in this report remain the same as in previous annual reports.

3 - GLOSSARY

- **Assets**: An item of value that a company owns or has rights over.
- **Income statement**: A financial statement that shows a company’s revenues and expenses over a specific period, usually a quarter or a year.
- **Liabilities**: Something a company owes to others, such as debt or unpaid bills.
- **Dedicated funds**: Funds set aside for a specific purpose or project.
- **Dedicated funds carried forward**: Amounts of dedicated funds that have not yet been used for their intended purpose at the end of an accounting period, and which are deferred until they can be properly accounted for as expenditure.
- **Missions**: Spending on humanitarian and advocacy activities.
- **Headquarters expenses**: Expenses related to administrative costs (listed below) and fundraising costs (listed below).

In 2023, expenditure exceeded resources. This unprecedented situation is due to the catch-up effect of the COVID years, which had seen the pace of expenditure slow down as a result of successive confinements and the administrative inability to operate the full range of our activities.

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>in mUSD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations &amp; Grants</td>
<td>2.91</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>0.18</td>
</tr>
<tr>
<td>Public Subsidies</td>
<td>0.01</td>
</tr>
<tr>
<td>Operating Revenues</td>
<td>3.10</td>
</tr>
<tr>
<td>Missions</td>
<td>3.19</td>
</tr>
<tr>
<td>Headquarter</td>
<td>-0.61</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>3.79</td>
</tr>
<tr>
<td>Operating Result before Depreciations</td>
<td>-0.69</td>
</tr>
<tr>
<td>Operating Depreciations</td>
<td>-0.01</td>
</tr>
<tr>
<td>Operating Result after Depreciations</td>
<td>-0.68</td>
</tr>
<tr>
<td>Financial Result</td>
<td>0.08</td>
</tr>
<tr>
<td>Founder Activities Result</td>
<td>0.10</td>
</tr>
<tr>
<td>Real Estate Result</td>
<td>0.05</td>
</tr>
<tr>
<td>Extraordinary Result (realized)</td>
<td>0.21</td>
</tr>
<tr>
<td>Extraordinary Depreciations</td>
<td>-0.08</td>
</tr>
<tr>
<td>Extraordinary Result after Depreciations or Provisions</td>
<td>0.15</td>
</tr>
<tr>
<td>Total Result before taxes</td>
<td>-0.55</td>
</tr>
<tr>
<td>Taxes</td>
<td>-0.04</td>
</tr>
<tr>
<td>Total Result after taxes</td>
<td>-0.59</td>
</tr>
</tbody>
</table>
A considerable increase in operations can be seen in India, whose budget has risen from US$0.8M in 2018 to US$1.8M in 2023 (+20%/year). This increase is mainly due to the opening up of the Jharkhand region (which accounts for around 40% of expenditure in India). India will account for 57% of our operations in 2023, compared with 33% in 2018.

International field support and advocacy have increased since 2018. This amount will stabilize between 2022 and 2025, now that both circles are sized for compliance, reporting, field supervision and advocacy.

The year 2023 also marked the start of activities in France linked to the Résilience-Alliance-Altruiste program. The program is developing throughout the year, and should greatly increase in 2023 thanks to improved implementation capacity.

Karuna’s main objectives in 2023 concern health (30%), food security (13%) and education (18%).

Since 2018, we have seen an increase in the budget allocated to Food Security from US$0.20M in 2018 to US$0.44M in 2023, which demonstrates how we adapt our programs to the needs and realities in the field.
MAJOR ACTIVITIES AND RESULTS FOR 2023

HEALTH AND HYGIENE
Saving lives and preserving health
- General medicine / Caring for the whole family
- Specialized medicine / Responding to diverse pathologies
- Mobile clinics / Bringing care to remote areas
- Diagnostics / Using technology to find the origin of pathologies
- Women and children / Raising awareness and responding to their specific needs
- Sanitation / Raising awareness of hygiene and building toilets
- Veterinary care / Treating and alleviating animal suffering

IMPACT
- 73,200 patients evaluated and cared for
- 22,000 animals cared for
- 17,635 women and girls trained in menstrual hygiene
- 1,480 toilets built

EDUCATION
Strengthening access to quality schooling for all
- Early Childhood Development / Cultivating values of cooperation and sharing
- School support / Building, renovating and equipping schools
- Adult literacy / Learning to read, count and other essential skills
- Teacher training / Improving teaching methods

IMPACT
- 14,300 children and teenagers supported in their schooling
- 8,450 young children in kindergarten
- 700 literate adults

FOOD SECURITY
Fighting malnutrition while respecting the environment
- Organic vegetable gardens / Enabling high-quality food based on traditional, responsible agriculture
- Drip irrigation / Irrigate crops all year round while respecting resources
- Water management / Facilitate access to water by creating ponds and wells

IMPACT
- 256,500 villagers cultivate vegetable gardens
- 28,510 fruit trees distributed and planted
- 10 wells and 12 ponds provide better access to water

ENVIRONMENT
Promoting practices that respect nature and the living world
- Responsible practices / Raising awareness and taking action for the environment
- Tree planting / Combating global warming and preserving biodiversity

IMPACT
- 3,750 trees planted
- 17,665 people made aware of eco-responsible interventions and activities

HEADQUARTERS EXPENSES

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>in mUSD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>-0.38</td>
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<tr>
<td>Human Richness</td>
<td>-0.02</td>
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<tr>
<td>Admin</td>
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<tr>
<td>Philanthropists</td>
<td>-0.21</td>
</tr>
<tr>
<td>Communication &amp; Fundraising</td>
<td>-0.19</td>
</tr>
<tr>
<td>TOTAL HEADQUARTERS</td>
<td>-0.61</td>
</tr>
</tbody>
</table>

Head office costs have stabilized at around US$0.61M (+0.4% p.a., which is well below the rate of inflation), and should continue to decline thanks to rigorous expense control. The ratio of overhead to total general expenses is expected to be around 15-17%, which is in line with the sector’s low average.

Head office expenditure is set to decrease from 2022 to 2025 (from US$0.66M to US$0.55M).
After an exceptional year of fundraising in 2021 (US$3.66M), we had a sharp decline in 2022 (US$2.78M, i.e. -24%). This was due to rising inflation in Europe and a shift in priorities for donors in France (postponement of generosity to international emergencies, war in Ukraine, etc.), as well as the difficulty of capturing new donors.

In 2023, we were able to consolidate our results and navigate this trend, collecting US$2.90M in donations from the public (+4% in one year). Smaller donations continue to decrease in number, but maintain their average monetary value.

The association is implementing a plan dedicated to acquiring new donors and building loyalty among active donors, as well as developing regular donations as a source of long-term funding.

Royalties and income linked to Matthieu Ricard’s activities represent 3% of our resources and are also declining, due to the reduction in his activities.
At Karuna-Shechen, we are convinced that altruistic love and compassion not only are the best means to ensure the wellbeing of others but also to live a meaningful life.

MATTHIEU RICARD