

Financial Statements and Independent Auditor's Report

Mongolian Stock Exchange JSC

31 December 2024

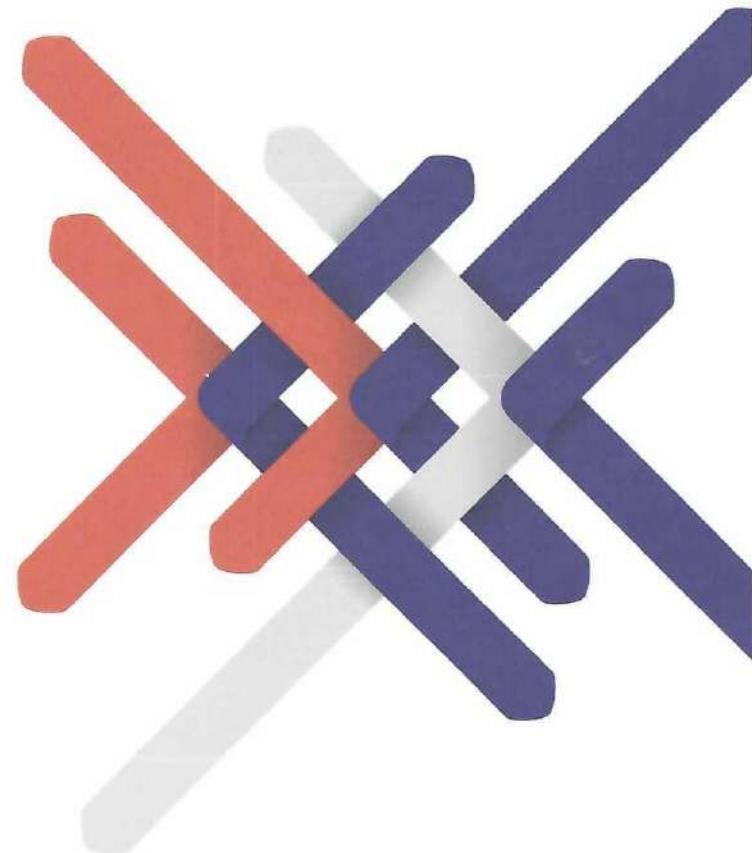


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Corporate information

Name of organization:	Mongolian Stock Exchange JSC	
Founding decision:	The Mongolian Stock Exchange JSC was established on January 18, 1991.	
Certificate and License:	Registered with the State Registration Office of Mongolia and obtained state registration certificate No. 9012001021 with registry No. 2071096. Also received special permission certificate number 330/01 to conduct non-banking financial activities by Resolution No. 330 of the Financial Regulatory Commission dated October 26, 2006.	
Board of Directors Composition	Name	Position
- Chairman	D. Togtokhbayar	Head of Finance and Investment Department of MSUE
- Members	S. Bayantsogt	Chief Financial Officer of "Altain Zam" JSC
	J. Byambasuren	Head of the Finance and Economy Department of the Cabinet Secretariat of Government of Mongolia
	T. Ganbaatar	Head of the Legal Department of the Ministry of Mining and Heavy Industry
	J. Tsogtbayar	Head of the Financial Supervision and Risk Management Department of the Ministry of Finance
- Independent members	M. Banzragch	Head of the Education Quality Department of the Advanced Business School of the MUST
	R. Munkhtur	Deputy Director of "Ikor Partners" LLC
	N. Otgonchimeg	Auditor of "Suld-Audit" LLC
	N. Ulaankhuu	Chief Investment and Finance Officer of "Landbridge" LLC
Management team:	B. Dulguun	Acting Chief Executive Officer
	Kh. Erdeneburen	Chief Administration and Finance Officer
	I. Javkhlan	Chief Operating Officer
	A. Munkhbayasgalan	Chief Regulatory Officer
	T. Khash-Erdene	Chief Business Development Officer
	S. Ariunsanaa	Acting Director of Mining Products Trading & Registration Department
Address:	Sukhbaatar square-3, Ulaanbaatar 15160, Mongolia	
Operations:	Self-regulatory organization and securities trading	
	Mining products exchange	
Number of employees:	70	
Auditor:	Grant Thornton Audit LLC - Professional firm specializing in assurance, tax, and advisory services	



GRANT THORNTON AUDIT LLC

MONGOLIAN STOCK EXCHANGE

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Date April 16, 2025
Ref. 01/272

MANAGEMENT REPRESENTATION LETTER

Management is responsible for fair presentation of the Company's financial statements for the year ended 31 December 2024, and of its financial position, financial performance, cash flows and changes in equity for the period in accordance with International Financial Reporting Standards.

Management has fulfilled the following responsibilities in preparing the financial statements:

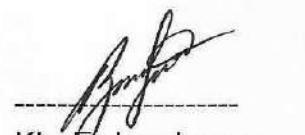
- Complied all accounting standards through selection of and consistent adherence to appropriate accounting policy, as well as reasonable and accurate calculation and assessment.
- Taken necessary actions to safeguard the company's assets, to prevent any fraud and misconduct, and to identify such activities.
- The financial statements are prepared on a going concern basis.
- Obliged to constantly review things that are legitimately or derivative accountabilities as a result of past events or that may result in future losses, and it has clarified the legitimate and derivative responsibilities and contingencies.

We, D. Togtokhbayar, Chairman of the Board of Directors of "Mongolian Stock Exchange" JSC, B. Dulguun, Acting Chief Executive Officer, and Kh. Erdeneburen, Chief Administration and Finance Officer, hereby declare that the company's financial statements presented on page 3 to 39 of this report give a true and fair view of the company's financial position as of December 31, 2024, and the results of operations and cash flows for the year ended on that date in accordance with International Financial Reporting Standards.



D. Togtokhbayar
Chairman of the
Board of Directors

Date: 2025.04.16.


Kh. Erdeneburen
Chief Administration
and Finance Officer

Date: 2025.04.16.

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Independent Auditor's Report

"Grant Thornton Audit" LLC
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and advisory services

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To shareholders of the Mongolian Stock Exchange JSC:

Opinion

We have audited the financial statements of the Mongolian Stock Exchange JSC (hereinafter referred to as "Company"), which comprise the statement of financial position as of 31 December 2024, including:

- Statement of financial position,
- Statement of profit or loss and other comprehensive income,
- Statement of changes in equity,
- Statement of cash flows,
- Summary of significant accounting policies, and
- Material accounting policy information and notes to the financial statements.

In our opinion, the accompanying financial statements of Mongolian Stock Exchange JSC give a true and fair view of the financial position as of 31 December 2024 and of its financial performance and its cash flows for the year then ended, in all material respects, in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Code of Ethics for Professional Accountants of Mongolia, and we have fulfilled our other ethical responsibilities in accordance with those ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of audit approaches

Materiality	<ul style="list-style-type: none">• The overall materiality used for the financial statement audit is 2,392,368 thousand MNT, calculated as 7% of total profit before tax.• Although the company does not have loans or complex calculations, the materiality amount was calculated at 7%, reduced from the upper limit of 10%, based on recommendations from the previous auditor who issued a qualified opinion.
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Other matters

Ikhmongol Khulug Audit LLC, based on provisions 6.3.1, 8.1 of the Law on State Audit and 8.9.8 of the Law on Budget, has audited the financial position, income statement, changes in equity, cash flow statement and disclosures of Mongolian Stock Exchange JSC as of December 31, 2023, in accordance with the International Standards of the Supreme Audit Institution and the regulations and instructions approved by the Auditor General of Mongolia, and issued a qualified opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report as of December 31, 2024, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the guidelines and regulations issued by the Financial Regulatory Commission. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole 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 level of assurance but is not a 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 in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the auditor has considered the ability to detect illegal actions, such as fraud

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate evidence about the company's financial information related to business operations in order to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have complied with relevant ethical requirements regarding independence and we communicate with those charged with governance on matters that are relevant to our independence, including all communications and related safeguards, as deemed necessary.

Intended Use of the Audit Report

This report is intended solely for the use of the shareholders of the Company, in accordance with Article 94 of the Law on Companies, and should not be relied upon by any other party. We do not assume any responsibility to any third party for the content of this report.

The engagement partner responsible for the issuance of this Independent Auditor's Report is B. Delgermaa.




B. DELGERMAA
ENGAGEMENT PARTNER

Date: 2025.04.16

Statement of financial position

In thousand MNT	Note	Balance as of 31 December 2024	Balance as of 31 December 2023
Assets			
Current assets			
Cash and cash equivalent	7	816,117,554	902,582,815
Account and other receivables	8	3,119,541	2,019,384
Inventories		47,312	36,054
Prepayments		30,693	204,643
Total current assets		819,315,100	904,842,896
Non-current assets			
Property and equipment, net	9	7,328,148	5,453,062
Intangible assets, net	10	17,044,541	16,998,953
Total non-current assets		24,372,689	22,452,015
Total assets		843,687,789	927,294,911
Liability and equity			
Liabilities			
Current liabilities			
Account and other payables	11	333,534	607,737
Uneamed revenue	12	109,442	17,956
Cash deposits for mining products trade	13	767,771,157	880,962,845
Total current liabilities		768,214,133	881,588,538

Statement of financial position

(continued)

In thousand MNT	Note	Balance as of 31 December 2024	Balance as of 31 December 2023
Long-term liabilities			
Risk provision	14	1,322,394	635,863
Deferred tax liability	15	928,380	990,699
Total long-term liabilities		928,380	990,699
Total liabilities		769,142,513	882,579,237
 Equity			
Revaluation reserve	16.2	20,005,436	20,021,146
Other components of equity	16.3	446,322	446,322
Retained earnings (loss)	16.4	17,724,770	(11,434,011)
Total equity		74,545,276	44,715,674
Total liabilities and equity		843,687,789	927,294,911

The notes on pages 13 to 40 form an integral part of this statement of financial position.

The statement of financial position was approved on 16th of April, 2025 by:

D. Togtokhbayar
Chairman of the Board of
Directors

Date: 2025-04-16

B. Dulguun
Acting Chief Executive Officer

Date: 2025-04-16

Kh. Erdeneburen
Chief Administration and
Finance Officer

Date: 2025-04-16



Statement of profit or loss and other comprehensive income

In thousand MNT	Note	2024	2023
Service revenue	17	13,521,664	12,147,031
Cost of services	18	(5,166,647)	(3,943,632)
Gross Profit		8,355,017	8,203,399
Interest income	19	33,116,453	4,562,440
Other Income	20	23,650	13,171
Sales and marketing expenses	21	(671,208)	(399,712)
General & administrative expenses	22	(2,624,905)	(1,835,317)
Other expense	20	(123,399)	(19,748)
Foreign exchange gain (loss)	23	(99,547)	(186,717)
Gain (loss) on disposal of fixed assets	24	(197)	-
Profit before tax		37,975,864	10,337,516
Income tax expense	25	(3,799,182)	(1,029,800)
Profit after tax		34,176,682	9,307,716
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss	15.2	2,135	-
Total other comprehensive income (loss)		2,135	-
Total income		34,178,817	9,307,716
Earnings per share (in MNT)	26	97.5	26.6

The notes on pages 13 to 40 form an integral part of this statement of profit or loss and other comprehensive income.

Statement of changes in equity

In thousand MNT	Note	Share capital	Revaluation reserve	Other components of equity	Retained earnings	Risk provision	Total
Balance as of 01 January 2023		23,130,594	20,021,146	446,322	(20,105,864)		23,492,198
Net profit for the reporting year	16.4	-	-	-	9,307,716	-	9,307,716
Changes in equity	16.1	11,915,760	-	-	-	-	11,915,760
Risk provision addition	14	-	-	-	(635,863)	635,863	-
Balance as of 31 December 2023		35,046,354	20,021,146	446,322	(11,434,011)	635,863	44,715,674
Net profit for the reporting year	16.4	-	-	-	34,176,682	-	34,176,682
Dividends	16.5	-	-	-	(4,349,253)	-	(4,349,253)
Realized amount of revaluation surplus	16.2	-	(17,845)	-	17,845	-	-
Revaluation surplus	16.2	-	2,135	-	-	-	2,135
Risk provision addition	14	-	-	-	(686,531)	686,531	-
Adjustments due to accounting error	-	-	-	-	38	-	38
Balance as of 31 December 2024		35,046,354	20,005,436	446,322	17,724,770	1,322,394	74,546,276

The notes on pages 13 to 40 form an integral part of this statement of changes in equity.

Statement of cash flows

In thousand MNT	Note	2024	2023
Cash flows from operating activities			
Cash inflow		2,326,735,166	1,441,824,632
Sales of goods and provision of services	17	14,891,426	11,595,182
Insurance compensation	20	14,356	6,128
Interest income	19	31,119,193	4,413,827
Cash deposits received	13	2,280,703,732	1,425,607,689
Other cash income		6,459	201,806
Cash outflow		2,410,500,738	544,905,224
Paid for investment acquisitions	22	-	238,000
Employee's salary payment	18, 21, 22	2,914,157	1,778,266
Social insurance contributions	18, 21, 22	826,172	512,422
Inventory acquisition	18, 21, 22	63,965	41,110
Utility expense	18, 21, 22	85,682	111,523
Fuel, petrol, transportation fees, spare parts	18, 21, 22	992	1,758
Paid to tax authorities	25	5,486,590	2,058,143
Insurance payments	20	5,107	5,000
Payments for regulatory fees and commissions	18	806,791	566,128
Cash deposits paid back	13	2,394,090,698	537,399,753
Dividends paid	15.5	4,273,650	
Other cash expenditures		1,946,934	2,193,121
Net cash flow from operating activities		(83,765,572)	896,919,408
Cash flow from investing activities			
Total cash inflow		4,500	-
Proceeds from sale of fixed assets	24	4,500	-
Total cash outflow		3,165,765	575,344
Paid for acquisition of fixed assets	9	2,343,658	347,651
Paid for acquisition of intangible assets	10	822,107	227,693
Net cash flow from investing activities		(3,161,265)	(575,344)

Statement of cash flows

(continued)

In thousand MNT	Note	2024	2023
Cash flow from financing activities			
Total cash inflow		-	11,915,760
Proceeds from issuance of shares and other equity securities	16.1	-	11,915,760
Total cash outflow			
Repayment of loans and debt securities		-	-
Net cash flow from financing activities		-	11,915,760
Foreign exchange gains	23	461,576	(7,408,719)
Total net cash flow		(86,465,261)	900,851,105
Opening balance of cash and cash equivalents			
Opening balance of cash and cash equivalents	7	902,582,815	1,731,710
Closing balance of cash and cash equivalents	7	816,117,554	902,582,815

The notes on pages 13 to 40 form an integral part of this statement of cash flows.

Notes to the Financial Statements

1. Nature of business and background information

The Mongolian Stock Exchange JSC was established on January 18, 1991, by Resolution No. 22 of the Government of Mongolia, with the objectives of initiating the privatization of state-owned assets and further developing the securities market in Mongolia.

The Ministry of Finance owns 66 percent of the company, while the remaining 34 percent is publicly owned.

The company operates as a self-regulatory organization for clearing and settlement, with the objective of ensuring stable and transparent trading of securities on the securities market and facilitating operations of the mining product exchange.

Since its establishment, the company has been engaged in operating a securities exchange. In the previous year, it commenced trading coal and iron ore mining products through the exchange, and in 2024, it expanded its business to include the trading of fluorspar and copper products.

2. General information, statement of compliance with IFRS and going concern assumption

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the International Accounting Standards Board (IASB).

These financial statements have been prepared based on the assumption that the company will continue as a going concern and has the ability to meet its obligations as they fall due.

The financial statements for the year ended December 31, 2024, including the notes thereto, were authorized for issue by management on 16th of April, 2025. See **Note 34**.

Going Concern

In accordance with IAS 1, management is required to assess whether there are any issues that may cast doubt on the entity's ability to continue as a going concern for at least 12 months beyond the reporting period. This assessment considers a wide range of factors including current and expected profitability, loan repayment schedules, potential sources of financing, and the ability to continue operations.

To confirm the appropriate application of the going concern basis, the company considered the following factors.

- The company reported a profit of MNT 34,176,682 thousand for the reporting year (2023: MNT 9,307,716), and its current assets exceeded its current liabilities by MNT 51,100,967 thousand (2023: MNT 23,254,358).
- The company generated positive cash flows from operations of MNT 813,600 thousand during the reporting period (2023: MNT 847,916).
- It implements liquidity risk management as disclosed in Note 28.4.

Based on the factors above, management believes that the company has sufficient resources to continue its operations for the foreseeable future.

3. New or revised Standards or Interpretations

3.1. New Standards adopted as at 1 January 2024

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

The following Standards and amendments are effective for the first time in 2024 (for an entity with a 31 December 2024 year-end) and could be applicable to the company:

- Classification of Liabilities as Current or Non-current (Amendment to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendment to IAS 1)

These amendments are not expected to have a significant impact on the financial statements in the initial period of application, therefore no disclosures have been made.

3.2. Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the

Management does not anticipate a significant impact on the financial statements due to these standards and amendments, which are presented below:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore the disclosures have not been made.

IASB has issued amendments to some standards and their interpretations which are not yet effective as of date of approval of financial statements and the Group has not followed those standards and amendments in advance.

Management intends to incorporate all such changes into the group's accounting policies on or after the effective date. Amendments that were not required to be complied for the current period are not presented as notes and such amendments have no material impact on financial statements.

4. Material accounting policies

4.1. Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of properties, investments, and other financial instruments.

4.2. Foreign currency translation

Functional and presentation currency

The financial statements are presented in Mongolian Tugrik (MNT).

Foreign currency transactions and balance

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange announced by the Central Bank of Mongolia prevailing on the dates of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Mongolia prevailing on the reporting date, which is MNT 3,420.25 for 1 US dollar as of 31 December 2024 (31 December 2023: MNT 3,410.69 for 1 US dollar).

Non-monetary items are not retranslated and are measured at historic cost, except for non-monetary items carried at fair value that are denominated in foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement and retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, the portion of any foreign exchange gain or loss is recognized directly in equity.

4.3. *Cash and cash equivalents*

For the purpose of the statement of cash flows, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company classifies an investment as a cash equivalent if they are readily convertible to known amounts of cash and which is subject to an insignificant risk of changes in value.

In accordance with the "Regulation on the Settlement of Mining Product Exchange Trading" approved by the Board of Directors, the buyer's collateral shall be received in a specially designated account at a commercial bank and recorded as cash and as a Mining Product Exchange trading collateral payable. The collateral of the successful bidder shall be blocked until the complete fulfilment of the obligations under the trading agreement, and after receiving documentation confirming the full completion of the contractual obligations, the Exchange shall transfer and record the collateral to the seller.

4.4. *Financial instruments*

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Classification and initial measurements of financial assets

Except for those account receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI)

In the periods presented, the Company does not have any financial assets categorized as FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of account receivables which is presented within other expenses.

Notes to the Financial Statements

For the year ended **31 December 2024** (expressed in thousand MNT unless otherwise specified)

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held withing a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets are measured at amortized cost less impairment after initial recognition. Interest is calculated using the effective interest rate method. Initial impairment and subsequent adjustments are recognized in profit or loss.

Financial assets at fair value through profit or loss (FVTPL)

Changes in the fair value of financial assets that do not meet the criteria for classification as either "measured at amortized cost" or "measured at fair value through other comprehensive income (FVOCI)" are recognized in profit or loss.

In certain cases, financial assets may be designated as measured at fair value through profit or loss. For example, at initial recognition, a company may choose this classification if it does not intend to measure the asset at amortized cost or FVOCI.

Such a designation is permitted only when it eliminates or significantly reduces accounting mismatches.

This choice does not have to be applied to all similar transactions. Instead, banks may opt for this classification when it provides more useful financial information.

Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)

Changes in the fair value of financial assets are recognized in other comprehensive income (OCI) if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to "collect contractual cash flows and sell financial assets."
- The asset's cash flows consist solely of payments of principal and interest (SPPI).

When the asset is derecognized, any gains or losses previously recognized in OCI are reclassified to profit or loss.

4.5. Inventories

Inventories are recorded at the lower of cost and net realizable value. The cost of inventories is determined using the first-in, first-out (FIFO) method and includes all costs incurred in bringing the inventories to their present location and condition, such as purchase costs and other directly attributable expenses.

4.6. Prepayment/prepaid expense

Prepaid expenses are expenditures that have not yet recognized as an expense for the current period but have been paid in advance and are recorded as prepaid expenses in the asset section of the statement of financial position. Prepaid expenses are then recognized and gradually charged to the corresponding expenses in the subsequent periods. Payments made in advance for the acquisition of goods and other items are classified as prepayments.

Payments made in advance for the acquisition of goods and other items are classified as prepayments.

4.7. Property and equipment

The company initially records assets at cost of purchase or production, including costs incurred to bring the asset to its intended location and any costs necessary to make the asset operational for its intended use.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

Assets used for business operations such as *buildings, structures, vehicles, furniture, fixtures, and equipment* are reported in the financial statements at their revalued amount, which is the amount at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses.

Depreciation is charged to profit or loss or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives are as follows:

Property and Equipment Classification	Useful Life for Financial Purposes	Useful Life for Tax Purposes
Buildings and Structures	- 60 years	- 25 years
Vehicles	- 2-10 years	- 10 years
Furniture and Fixtures	- 2-10 years	- 10 years
Equipment	- 5-10 years	- 10 years

4.8. Intangible assets

Intangible assets include assets such as land use rights, software, licenses, and databases.

The cost of intangible assets is recognized at their purchase cost. If internally generated, the cost is determined by accumulating the following expenditures, which is then presented to and approved by the management board.

- Salaries and other personnel-related costs of the staff directly involved in the development activities
- Costs of materials and services consumed in generating the intangible asset
- Other costs directly attributable to preparing the asset for its intended use.

Subsequent measurement

All finite-lived intangible assets, including capitalised internally developed software and special license are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

Software - 1-10 years

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

4.9. Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Treasury shares reduce equity by the number of shares repurchased when the company buys back its own shares from the market that were previously issued.

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:

- The revaluation reserve comprises gains and losses arising from the revaluation of property and equipment. See Note 16.2.
- Retained earnings include all accumulated profits from current and prior periods. See Note 16.4.

Dividends are recognized as a liability in the period in which they are declared. See Note 16.5.

The Company establishes an exchange risk provision for its mining products, maintaining a balance of at least 3% of its equity in a specifically designated account at a commercial bank. See Note 14.

4.10. Revenue recognition

The company generates revenue from securities trading in the securities market and from mining product exchange activities. These include:

1. Securities trading fee revenue
2. Mining product trading fee revenue
3. Service revenue from listed companies
4. Service revenue from member companies
5. Other service revenue

The Board of Directors approves the rates for securities and mining product trading fees, which are recorded at the point of delivery or at specific moments in time.

When recognizing service revenue from listed and member companies, as well as other service revenue, the company follows these five steps in accordance with IFRS 15 "Revenue from Contracts with Customers":

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

The company conducts various types of transactions related to its services. Therefore, the total contract price is allocated correspondingly to each type of performance obligation. The contract price does not include payments made to third parties.

Revenue is recognized at a point in time or over a period of time when the contractual obligation to provide the agreed services has been fulfilled.

When revenue is received for unfulfilled obligations, it is recognized as a contract liability and shown as other liabilities in the statement of financial position. Similarly, when contractual obligations are fulfilled before payment is received, this is recorded as a contract asset or receivable in the statement of financial position.

4.11. Cost and Expenses

Service costs are recognized and presented in the financial statements in correlation with sales revenue. The company establishes cost centre categorized by the number of employees in each department and unit. Costs include salaries, depreciation, and operational expenses of the Operations Department, Regulatory Department, and Mining Products Trading & Registration Department. Sales and marketing expenses, general administrative expenses, and other expenses are presented as total amounts.

4.12. Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is trivial.

4.13. Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if they arise from the initial recognition of goodwill or the initial recognition of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting profit.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable income will be available to allow the asset to be recovered in whole or in part.

4.14. Significant management judgements in applying accounting policies and dealing with estimation uncertainty

When preparing the Company's financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

Significant management estimates and assumptions

The following are the judgements made by management in applying the accounting policies of the Company that have the most significant effect on these financial statements:

Capitalisation of internally developed software

The identification of the research and development phases related to software creation, and the determination of whether development costs meet the criteria for capitalization, requires management's judgment. Subsequent to capitalization, management monitors whether conditions indicating impairment have arisen and whether the capitalization criteria continue to be met.

Recognition of deferred tax assets

The recognition of deferred tax assets is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carryforwards can be utilized. This assessment requires significant judgment, as it involves evaluating the impact of any legal or economic limits or uncertainties in the various tax jurisdictions.

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided below.

Useful lives of depreciable assets

Management reviews the estimated useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may impact the use of computer and peripherals.

Fair value measurement

Management uses various valuation techniques to determine the fair value of financial instruments and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management's assumptions are based on observable data as far as possible, but this is not always available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5. Restatement of financial statements

The Company applies changes in accounting policies and correction of prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by restating the comparative amounts for the prior periods presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. The financial statements including the comparative information for prior periods are presented as if the correction had been made in the period in which such a necessity arose. Therefore, the amount of correction that relates to each period presented is included in the financial statements of that period.

6. Financial assets and financial liabilities

6.1. Categories of financial assets and financial liabilities

Note 4.4 provides a description of each category of financial assets and financial liabilities and the related accounting policies. As of 31 December 2024, financial assets and financial liabilities in each category are as follows:

As of 31 December 2024,

In thousand MNT	Amortised cost	FVTPL	Financial assets at FVOCI	Total
Financial assets				
Account and other receivables *	3,085,468	-	-	3,085,468
Cash and cash equivalents	816,117,554	-	-	816,117,554
Total financial assets	819,203,022	-	-	819,203,022
Financial liabilities				
Account and other payables *	97,549	-	-	97,549
Total financial liabilities	97,549	-	-	97,549

* Account and other receivables and payables solely represent financial assets and financial liabilities.

As of 31 December 2023

In thousand MNT	Amortised cost	FVTPL	Financial assets at FVOCI	Total
Financial assets				
Account and other receivables *	2,017,926	-	-	2,017,926
Cash and cash equivalents	902,582,815	-	-	902,582,815
Total financial assets	904,600,741	-	-	904,600,741
Financial liabilities				
Account and other payables *	266,433	-	-	266,433
Total financial liabilities	266,433	-	-	266,433

Information about the Company's risk management objectives and policies, as well as details regarding financial instrument risks, is disclosed in **Note 28**.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

7. Cash and cash equivalents

Cash and cash equivalents consist of the following:

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Cash on hand	1,422	15
Cash at bank – Current account balance		
- MNT	80,769	364,900
- USD*	695,912,333	811,253,331
- CNY*	75,236,809	84,628,706
Term deposits (3-12 months) *	44,886,221	6,335,863
Cash and cash equivalents	816,117,554	902,582,815

* In foreign currency

Cash and cash equivalents in foreign currency	Balance as of 31 December 2024	Balance as of 31 December 2023
USD	203,468,265	237,856,073
CNY	160,566,850	176,306,130

* Term Deposits

As of 31 December 2024					
In thousand MNT	Currency	Start Date	Maturity Date	Interest rate (annual)	Amount
Bank 1	USD	2024.10.07	2025.01.06	4.3%	5,603,209
Bank 2	MNT	2024.11.01	2025.02.02	12.9%	7,501,700
Bank 2	MNT	2024.11.07	2025.02.07	12.9%	2,000,000
Bank 1	MNT	2024.07.05	2025.07.04	16.1%	4,500,000
Bank 1	MNT	2024.09.12	2025.09.12	16.1%	8,500,000
Bank 1	MNT	2024.10.07	2025.10.06	16.1%	2,215,050
Bank 1	MNT	2024.12.10	2025.12.09	16.1%	2,500,000
Bank 3	MNT	2024.07.01	2025.07.01	14.9%	635,862
Bank 4	MNT	2024.05.10	2025.05.10	16.1%	11,430,400
Term deposits placed with commercial banks (3-12 months) *					44,886,221

As of 31 December 2023					
In thousand MNT	Currency	Start Date	Maturity Date	Interest rate (annual)	Amount
Bank 1	MNT	2023.10.23	2024.01.23	13.3%	5,700,000
Bank 2	MNT	2023.06.27	2024.06.27	13.0%	635,863
Term deposits placed with commercial banks (3-12 months) *					6,335,863

The Company holds USD and MNT term deposits with maturities ranging from 3 to 12 months. These deposits are subject to a reduction in the annual interest rate if withdrawals are made before maturity or if the deposit agreement is terminated early. In such cases, the annual interest rate for USD deposits will decrease to 0.5%, and the annual interest rate for MNT deposits will decrease to 2.0-2.4%.

The balance of USD and CNY current accounts with commercial banks amounting to 767,771,157 MNT represents the total balance of collateral placed by participants in online trading of mining products. This includes both the closed winning bids of successful trading participants and the balance of active collateral of participants currently engaged in trading.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

8. Account and other receivables

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Trading fee receivables	424,981	1,359,778
Annual service fee receivables from listed companies	486,008	510,271
Other service receivables	235,073	230,753
Allowance for doubtful accounts	(209,129)	(232,347)
Net accounts receivable	936,933	1,868,455
Bank interest receivables	2,148,535	148,590
Other receivables	-	881
Total financial assets	3,085,468	2,017,926
Tax receivables	34,022	1,436
Social insurance premium receivables	51	22
Total non-financial assets	34,073	1,458
Total accounts and other receivables	3,119,541	2,019,384

The average collection period for service fee receivables is 25 days (2023: [56] days).

No interest is charged on accounts receivable. When it becomes certain that a receivable cannot be collected, the company establishes a full provision using the direct method. This is done based on the Board of Directors' decision regarding the provision for doubtful accounts. Accounts receivables are determined based on historical experience and calculated on the uncollected amounts from the sale of goods and services.

When recording the expense for doubtful accounts, the direct method is used when it becomes certain that a receivable cannot be collected. This method directly transfers the amount from the asset account to the expense account by the uncollectible amount. The number of doubtful accounts is not recorded until it is determined and decided.

Accounts receivables are classified as current, overdue, or uncollectible. Please refer to Note 28.3 for the aging classification of accounts receivable and the method used for establishing the allowance for doubtful accounts.

Please refer to Note 28.2 for the currencies in which receivables and other receivables are denominated.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

9. Property and equipment

	In thousand MNT	Building and Structure	Construction in progress	Vehicles	Furniture and fixtures	Computer and its accessories	Machinery and equipment	Total
Cost								
Balance at 01 January 2023	4,924,999	-	36,850	121,104	258,434	403,243	5,744,630	
Additions	-	-	-	51,157	128,668	142,631	322,456	
Disposals	-	-	(29,500)	-	-	-	(29,500)	
Balance at 31 December 2023	4,924,999		7,350	172,261	387,102	545,874	6,037,586	
 Additions								
	-	1,671,772	16,000	13,005	112,336	310,156	2,268,271	
Disposals	-	-	(7,350)	(1,168)	(2,307)	(7,500)	(18,326)	
Revaluation increase	-	-	-	271	1,000	1,100	2,371	
Reclassification of property and equipment	-	-	-	-	(128,668)	128,668	-	
Balance at 31 December 2024	4,924,999	1,671,772	161,000	184,369	369,463	978,300	8,289,903	
 Accumulated depreciation and impairment								
Balance at 01 January 2023	53,441	-	30,112	19,626	14,395	90,573	208,147	
Changes during the year	106,881	-	1,225	40,674	43,507	213,590	406,877	
Derecognized	-	-	(29,500)	-	-	-	(29,500)	
Balance at 31 December 2023	160,322		1,837	60,300	57,902	304,163	584,524	
Changes during the year	106,881	-	6,592	33,483	60,375	183,937	391,268	
Derecognized	-	-	(3,063)	(1,167)	(2,307)	(7,500)	(14,037)	
Balance at 31 December 2024	267,203		5,366	92,616	115,970	480,600	961,755	
 Carrying amount								
Balance at 31 December 2024	4,657,796	1,671,772	155,634	91,753	253,483	497,700	7,328,148	
Balance at 31 December 2023	4,764,677	-	5,513	111,961	329,200	241,711	5,453,062	

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

As of the reporting date, the Company does not have any property and equipment pledged as security. The additions for 2024 amounted to MNT 2,270,642 thousand (2023: [322,456] thousand MNT) and consisted of purchases of property and equipment of 596,499 thousand MNT (2023: [322,456] thousand MNT), expenditure on construction in progress of 1,671,772 thousand MNT (2023: 0 thousand MNT), and an increase in revaluation of MNT 2,371 thousand (2023: MNT 0 thousand).

In 2024, the construction in progress account included accumulated payments of 1,671,772 thousand MNT related to advance payments for contracts, consulting services, and design fees for the major renovation work involving the office interior layout changes. The renovation work undertaken by Tamga-Uul LLC has continued across fiscal years, with 70% of the total contract payment transferred following the approval of the performance report by the client's supervisory party, the Investment Department of Capital City. Although the payments for the building renovation design and server room consulting services have been fully completed, they remain recorded in the construction in progress account and are expected to be capitalized as part of the cost of property and equipment upon the full completion and handover of the entire construction project.

In 2024, assets with a total cost of MNT 6,232 thousand that had been fully depreciated in 2023 were written off. Additionally, fully depreciated assets still in usable condition with a value of MNT 4,743 thousand were revalued at MNT 2,371 thousand. Furthermore, vehicles with a remaining carrying amount of MNT 4,287 thousand that required significant maintenance, and for which continued maintenance was no longer economically viable were sold through auction.

The Company's furniture and fixtures, computer equipment, and machinery and equipment with a value of 2,371 thousand MNT were revalued on October 4, 2024, in accordance with Board of Directors Resolution No. 46. The valuation was based on fair value. The net amount of the revaluation increase, along with the related deferred income tax, was credited to the revaluation reserve in equity.

As of 2024, the Company's financial statements include 83 types of fully depreciated assets with an original cost of 310,250 thousand MNT. The Board of Directors will determine whether to write off or revalue these assets in 2025.

10. Intangible assets

In thousand MNT	Computer Software	Special License	Land Use Rights	Other Intangible Assets	Total
Cost					
Balance at 01 January 2023	7,573,724	26,720	10,567,761	-	18,168,205
Additions	224,879	-	13,160	-	238,039
Disposals	-	-	-	-	-
Reclassification of intangible assets	(177,674)	(26,720)	-	204,394	-
Balance at 31 December 2023	7,620,929	-	10,580,921	204,394	18,406,244
Additions	722,620	-	-	295,666	1,018,286
Disposals	(113,567)	-	-	(125,798)	(239,365)
Balance at 31 December 2024	8,229,982	-	10,580,921	374,262	19,185,165

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

In thousand MNT	Computer Software	Special License	Land Use Rights	Other Intangible Assets	Total
Accumulated depreciation					
Balance at 01 January 2023	508,633	11,133	-	-	519,766
Additions	884,853	2,672	-	-	887,525
Disposals	-	-	-	-	-
Reclassification of intangible assets	(147,322)	(13,805)	-	161,127	-
Balance at 31 December 2023	1,246,164	-	-	161,127	1,407,291
Additions	815,352	-	-	157,346	972,698
Disposals	(113,567)	-	-	(125,798)	(239,365)
Balance at 31 December 2024	1,947,949	-	-	192,675	2,140,624
Carrying amount					
Balance at 31 December 2023	6,282,033	-	10,580,921	181,587	17,044,541
Balance at 31 December 2024	6,374,765	-	10,580,921	43,267	16,998,953

The additions for 2024 amounted to 1,018,286 thousand MNT of intangible assets (2023: [238,039] thousand MNT) and consisted of expenditure capitalized as intangible assets of 689,593 thousand MNT (2023: [0] thousand MNT) and purchases of [328,693] thousand MNT (2023: [238,039] thousand MNT). In 2024, fully amortized intangible assets with an original cost of 239,365 thousand MNT were written off.

The MIT system, recorded under software, was officially implemented in the Mongolian capital market from July 2012 and is being used across the entire market. The cost of the MIT system at the end of the reporting year was 7,528,825 thousand MNT. Software includes the MIT system's accompanying Oracle databases, the electronic trading system for the mining exchange, and finance and human resources programs.

Land use rights consist of the land beneath the office building and two agricultural lands in Selenge province. The land beneath the office building is for commercial and public service purposes with a 15-year tenure right, covering an area of 1,055 square meters. The lands in Selenge province are located in Baruunburen soum of Selenge province and are designated for grain cultivation. In 2010, a "Land Sale and Purchase Agreement" was concluded with "Buren-Erdene Mons" LLC; however, this agreement was deemed invalid, and the land rights have not been transferred to date. In 2025, the court ruled the agreement invalid and ordered "Buren-Erdene Mons" LLC to vacate the land. For information regarding the fair value of land use rights, please refer to **Note 29.1**.

11. Account and other payables

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Account payables	91,734	265,821
Tax payables	235,985	341,304
Other payables	5,815	612
Total account and other payables	333,534	607,737

The average credit period for purchase of certain goods is 0.25 months (2023: [0.4] months). No interest is charged on account payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit terms.

Account payables include an amount payable for agricultural land located in Baruunburen soum of Selenge province. In 2010, a "Land Sale and Purchase Agreement" was concluded with "Buren-Erdene Mons" LLC for 19,760 thousand MNT, and the payment for the land was received in 2010 and 2011, but

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

the land rights were not transferred to the company. The Company has recognized this liability in the financial statements at the amount of money received and classified it as land use rights. In 2025, the court ruled the agreement invalid and ordered that the MNT 19,760 thousand transferred in the transaction be returned to "Buren-Erdene Mons" LLC. Consequently, the Company will implement this liability according to the court decision and derecognize it from the accounts.

12. Unearned revenue

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Opening balance	17,956	15,396
Additions	140,955	351,049
Deductions (recognized as revenue)	(49,469)	(348,489)
Total unearned revenue	109,442	17,956

13. Mining products trading collateral payables

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Active collateral payables	41,114,144	335,530,835
Blocked collateral payables	726,657,013	545,432,010
Total mining products collateral payables	767,771,157	880,962,845

The movement of mining products trading collateral payables is as shown below:

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Beginning balance of mining products collateral payables	880,962,845	-
Received deposits	2,280,703,732	1,425,607,689
Deposits paid back	(2,394,090,698)	(537,399,753)
Deducted to trading fee	(366,225)	(20,199)
Foreign exchange effect	561,503	(7,224,892)
Ending balance of mining products collateral payables	767,771,157	880,962,845

In accordance with Appendix 4 of Resolution No. 19 dated June 26, 2023 of the Company's Board of Directors, "Regulation on the Settlement of Mining Products Trading," participants in mining commodities trading deposit their exchange collateral in a specially designated current account opened by the MSE.

When a participant is successful in trading, the exchange blocks the winner's collateral, and after confirming that the product has been traded and transferred from the seller to the buyer, the blocked collateral is transferred to the seller.

The company recognizes the mining commodities trading collateral in the financial statements at the received cash amount and records it as mining commodities exchange collateral payables.

14. Risk provision for mining products exchange

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Opening balance	635,863	-
Additions	686,531	635,863
Deductions (recognized as expense)	-	-
Total	1,322,394	635,863

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

In accordance with the Law on Mining Commodities Exchange and Resolution No. 187 of the Financial Regulatory Commission "General Regulation on Settlement of Mining Commodities Exchange Trading," MSE implements risk management for Spot and Forward contract trading and has established a risk provision equal to 3 percent of its equity as stipulated.

Mongolian Stock Exchange JSC approved the "Risk Provision Regulation" through Resolution No. 57 of the Board of Directors dated December 19, 2024. This regulation was officially endorsed by Order No. 54 of the Chairman of the Financial Regulatory Commission dated February 17, 2025.

15. Deferred income tax

The movement in deferred income tax is detailed below:

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Opening balance	990,699	990,846
(Decrease)/Increase recognized in other comprehensive income	237	-
Temporary differences arising from foreign exchange differences	(139,433)	83,887
Temporary differences arising from depreciation expense	76,877	(84,034)
Closing balance	928,380	990,699

The deferred income tax as at December 31, 2024, is as follows:

In thousand MNT	Balance as of 01 January 2024	Recognized in other comprehensive income	Recognized in profit and loss	Balance as of 31 December 2024
<i>Deferred Tax Assets</i>				
Cash	(484,355)	-	1,025,811	541,456
Property and equipment	324,539	237	161,578	486,354
Intangible assets	582,274	-	(70,778)	511,496
Account receivables	(91)	-	148	57
Account payables	39	-	(12)	27
Mining products collateral payables	568,293	-	(1,179,303)	(611,010)
Net deferred tax asset/(liability)	990,699	237	(62,556)	928,380

The deferred income tax as at December 31, 2023, is as follows:

In thousand MNT	Balance as of 01 January 2023	Recognized in other comprehensive income	Recognized in profit and loss	Balance as of 31 December 2023
<i>Deferred Tax Assets</i>				
Cash	-	-	(484,355)	(484,355)
Property and equipment	337,794	-	(13,255)	324,539
Intangible assets	653,052	-	(70,778)	582,274
Account receivables	-	-	(91)	(91)
Account payables	-	-	39	39
Mining products collateral payables	-	-	568,293	568,293
Net deferred tax asset/(liability)	990,846	-	(147)	990,699

The amount recognized in Other Comprehensive Income is related to the revaluation of machinery and equipment, furniture and fixtures, computers, and other assets.

The change in deferred tax liabilities for property and equipment and intangible assets resulted from significant changes in the principles of calculating depreciation and amortization of property and equipment and intangible assets due to amendments to the tax laws of Mongolia. Please refer to Note 4.7.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

16. Capital and Reserves

16.1. Share capital /charter capital/

In thousand MNT	Ordinary shares	
	2024	2023
Ordinary shares with a par value of MNT 100 each (in units)	350,463,539	350,463,539
Issued and fully paid shares (in thousands MNT)	35,046,354	35,046,354
Number of total issued shares	-	-
- At the beginning of the reporting year	35,046,354	35,046,354
- Shares additionally issued during the reporting year	-	-
Shares repurchased during the reporting year	-	-
Balance at the end of the reporting	35,046,354	35,046,354

The Company has only one class of ordinary shares, which carry no right to fixed income. 231,305,936 shares or 66% of the company's shares are held by the Ministry of Finance, while 119,157,603 shares or 34% consist of publicly traded ordinary shares.

16.2. Revaluation reserve

In thousand MNT	Revaluation increase on property and equipment	Revaluation increase on investment property	Total
Balance at 01 January 2024	20,021,146	-	20,021,146
Additions			
- Revaluation increase	2,371	-	2,371
- Realised amount of revaluation increase	(18,081)	-	(18,081)
Balance at 31 December 2024	20,005,436	-	20,005,436

The revaluation reserve comprises gains and losses from the revaluation of land, buildings, machinery and equipment, vehicles, furniture and fixtures, and intangible assets. When revalued machinery and equipment, furniture and fixtures are retired, or when vehicles are sold, the portion of the revaluation reserve that relates to that asset is effectively realized and is transferred directly to retained earnings.

16.3. Other components of equity

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Buildings (1)	432,961	432,961
Land (2)	13,361	13,361
Total	446,322	446,322

(1) By Resolution No. 340 of the State Property Committee dated May 30, 2013, office space of 273.71 square meters on the 3rd floor with a value of 432,961 thousand MNT, which was recorded in the fixed assets of "Securities Clearing House and Central Depository" JSC, was transferred on a balance-to-balance basis to "Mongolian Stock Exchange" JSC.

(2) The land under the exchange building with a value of 13,361 thousand MNT recorded in the fixed assets of "Mongolian Stock Exchange" JSC was initially valued in 2009 at the benchmark price for Ulaanbaatar city land and reflected in other components of equity.

16.4. Retained earnings

Capital accumulated since the commencement of operations. This increases by the amount of net profit earned during the reporting period. Due to the significant increase in interest income during the reporting year, the total net profit increased 3.6 times, which has allowed the company to recover from accumulated losses and operate with accumulated profits.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

16.5. Dividends

In accordance with Article 46.1, 46.2, 46.4, Article 47.1, and Article 76.1.12 of the Company Law, Article 5.7.17 of the company's Charter, and Section 2.2 of Article 2 of the company's "Dividend Policy", the Board of Directors' Resolution No. 08 dated February 16, 2024 approved the distribution of dividends in 2024 amounting to 4,349,252,518.99 MNT, which is 12.41 MNT per share, from the unaudited after-tax net profit of the 2023 year-end financial statements.

17. Service revenue

Service revenue consists of:

In thousand MNT	2024	2023
Revenue from trading and service fees for mining products (*1)	8,626,364	7,118,403
Securities trading revenue (*2)	3,314,850	2,598,470
Service revenue from listed companies	1,032,886	1,953,965
Service revenue from member companies	302,700	109,282
Other service revenue	244,864	366,911
Total service revenue	13,521,664	12,147,031

Mining Products Trading Revenue*

During the reporting year, 22,368 thousand tons of coal with a transaction value of 8,276,040.8 million MNT, 2,425.5 thousand tons of iron with a transaction value of 567,767.9 million MNT, 17.6 thousand tons of fluorite with a transaction value of 9,982.9 million MNT, and 6 thousand tons of copper with a transaction value of 40,500.7 million MNT were successfully traded through auction on the exchange. The company receives a trading fee of 0.08% to 0.1% of the value of the traded product.

Securities Trading Revenue*

On the primary and secondary markets, shares with a trading value of 352,334 million MNT, bonds with a trading value of 896,253 million MNT, asset-backed securities with a trading value of 146,637 million MNT, and investment fund units with a trading value of 10,899 million MNT were successfully traded on the exchange.

The breakdown of the company's revenue recognition by specific characteristics is as follows:

As of 31 December 2024

In thousand MNT	Mining products trading revenue	Securities trading revenue	Service revenue from listed companies	Service revenue from member companies	Other service revenue
Revenue recognized at a point in time (delivery point)	8,626,364	3,314,850	-	-	-
Revenue recognized over time	-	-	1,032,886	302,700	244,864
Total	8,626,364	3,314,850	1,032,886	302,700	244,864

As of 31 December 2023

In thousand MNT	Mining products trading revenue	Securities trading revenue	Service revenue from listed companies	Service revenue from member companies	Other service revenue
Revenue recognized at a point in time (delivery point)	7,118,403	2,598,470	-	-	-
Revenue recognized over time	-	-	1,953,965	109,282	366,911
Total	7,118,403	2,598,470	1,953,965	109,282	366,911

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

18. Cost of services

Cost of services consists of:

In thousand MNT	2024	2023
Employee's salary payment	1,700,591	1,029,457
Regulatory service fees*	1,138,053	704,567
MIT system operation costs*	1,004,387	1,041,897
Amortization expense	923,432	886,537
Social insurance contributions paid by the entity	212,583	125,897
Professional service fees	100,116	88,947
Depreciation expense	21,526	24,430
Other expenses	65,959	41,900
Total cost of services	5,166,647	3,943,632

Regulatory service fees *

According to the "Regulation on Setting and Collecting Regulatory Service Fees" renewed by Resolution No. 211 of the Financial Regulatory Commission in 2019, the company pays a service fee to the Financial Regulatory Commission equal to 10 percent of its commission income.

MIT system operation costs*

In connection with trading activities, the Company utilizes the Millennium IT system developed by the London Stock Exchange and pays annual fixed operation and technical support fees.

19. Interest income

Interest income consists of

In thousand MNT	2024	2023
Interest income from current accounts	29,438,522	3,924,920
Interest income from deposit accounts	3,677,931	637,520
Total interest income	33,116,453	4,562,440

Of the total interest income for the reporting year, interest income from current accounts accounted for 89%, while interest income from deposit accounts accounted for 11%. Interest income is calculated monthly on the balances of 14 types of current accounts at 4 commercial banks according to the agreements made with the banks. The company has contracted with commercial banks for ordinary current accounts with 1-year terms at interest rates of 0-3%.

20. Other income and expenses

Other income consists of the following:

In thousand MNT	2024	2023
Other non-operating income	23,218	13,171
Insurance compensation	432	-
Total other income	23,650	13,171

Other expenses consists of the following:

In thousand MNT	2024	2023
Social and cultural expenses	120,480	17,428
Penalties and fines expense	72	-
Expense from inventory disposals	1,151	-
Other non-operating expenses	1,696	2,320
Total other expenses	123,399	19,748

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

21. Sales and marketing expenses

In thousand MNT	2024	2023
Employee salary expenses	444,395	295,831
Social insurance contributions	91,737	47,300
Business trip expenses	55,675	40,143
Utilities expenses	31,898	1,207
Communication expenses	5,109	6,227
Depreciation expense	2,819	3,231
Advertising expenses	425	5,252
Other expenses	39,150	521
Total sales and marketing expenses	671,208	399,712

22. General & administrative expenses

In thousand MNT	2024	2023
Employee salary expenses	1,432,746	863,124
Depreciation expenses	369,317	376,195
Social insurance contributions paid by the entity	172,784	107,708
Professional service expenses	168,455	259,632
Business trip expenses	143,620	33,879
Training expenses	99,121	19,679
Amortisation expenses	49,267	988
Taxes and fees expenses	34,496	1,857
Utilities expenses	35,818	27,659
Supplies expenses	31,368	32,475
Repair expenses	16,577	23,510
Communication expenses	11,564	11,716
Other expenses	59,772	76,895
Total general & administrative expenses	2,624,905	1,835,317

22.1. Employee salary expenses

In thousand MNT	2024	2023
Salaries	2,902,574	1,867,216
Social insurance contributions paid by the entity	441,042	273,478
Additional benefits*	675,158	321,196
Total employee salary expenses .	4,018,774	2,461,890

* Additional benefits

In thousand MNT	2024	2023
Performance bonuses	640,087	321,196
Years of service bonuses	35,071	-
Total	675,158	321,196

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

23. Foreign exchange gain (loss)

In thousand MNT	2024	2023
Foreign exchange gain (loss)		
- Cash and cash equivalents	461,576	(7,408,719)
- Account and other receivables	380	(2,890)
- Account and other payables	(561,503)	7,224,892
Total	(99,547)	(186,717)

The Company's commodity trading margin deposits are held in US dollars and Chinese Yuan. Consequently, significant unrealized losses arising from foreign currency exchange differences on cash balances and payables are recorded.

24. Loss on disposal of fixed assets

In thousand MNT	2024	2023
Impairment loss on assets	(197)	-
Total loss on disposal of fixed assets	(197)	-

In accordance with Resolution No. 48 of the Company's Board of Directors, a vehicle with a remaining cost of [4,287] thousand MNT, which required significant repairs and maintenance and for which repair services would be economically inefficient, was sold through auction, resulting in a recorded loss on disposal of fixed assets of 197 thousand MNT.

25. Income tax expense/(recovery)

In thousand MNT	2024	2023
Current tax for the year	3,861,738	1,029,947
Adjustments recognized in the current year in relation to the tax of prior years	-	-
Deferred tax (see Note 15)	(62,556)	(147)
Total	3,799,182	1,029,800

The reconciliation of the effective tax rate is as follows:

In thousand MNT	2024	2023
Profit before tax (under IFRS)	37,975,864	10,337,516
Income subject to special tax rates	-	(47,600)
Income subject to withholding tax	(33,116,454)	(4,562,440)
Tax-exempt income	-	-
Temporary differences not recognized as deferred tax assets/liabilities	625,560	1,471
Non-deductible expenses	15,960	8,082
Total taxable income	5,500,930	5,737,029
Income tax at standard rates (2023: 10%, 25%)	550,093	573,703
Income tax at special rates (2023: 10%, 25%)	-	-
Withholding tax	3,311,645	456,244
Deferred income tax expense	(62,556)	(147)
Total income tax expense/(recovery)	3,799,182	1,029,800

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

For information on deferred tax assets and liabilities, please see **Note 15**.

26. Earnings per share

In thousand MNT	2024	2023
Profit after tax	34,176,682	9,307,716
Weighted average number of shares	350,463,539	350,463,539
Earnings per share	97.5	26.6

The number of shares of the company did not change in 2023 and 2024, so the weighted average number of shares is the same as the number of shares at the end of the year.

27. Related party transactions

The Company's related parties include the Government of Mongolia, the Ministry of Finance, as well as members of the Board of Directors and Executive Management.

27.1. Control relationships

The Ministry of Finance holds a 66% ownership interest in the Company, and the ultimate controlling entity is the Government of Mongolia.

27.2. Transactions with shareholders

During the reporting period, the Company entered into the following transactions with its shareholders:

In thousand MNT	2024	2023
Dividends		
Ministry of Finance	2,870,507	-

27.3. Transactions with key management personnel and close family members

Key management personnel include the Chairman and members of the Board of Directors, Executive Management, and their family members. Remuneration, bonuses, and other benefits paid to key management personnel during the reporting year are as follows:

In thousand MNT	2024	2023
Salaries	273,369	196,542
Social security contributions paid by the entity	30,546	24,196
Total	303,915	220,738

27.4. Balance of transactions with related parties

In thousand MNT	2024	2023
Payables		
- Board of Directors salary payables	722	-
- CEO salary payables	2,139	-
Total payables	2,861	-

28. Contingent liabilities

There are no contingent liabilities related to legal claims brought against the Company during the reporting period.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

29. Financial instrument risk

Recognition criteria, basis for recognition of income and expenses, and basic accounting policies and methods used for the classification of financial assets, liabilities, and owners' equity instruments are detailed in Note 4.

The Company does not engage in active trading of financial instruments. The major financial risks that the Company may be exposed to are as follows:

29.1. Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Credit risk also arises from cash and cash equivalents and deposits placed at banks and financial institutions.

29.2. Foreign currency sensitivity

The Company conducts settlement transactions for its mining products in foreign currencies. Exposure to foreign currency exchange rate risk arises primarily from the Company's foreign sales denominated in US dollars and Yuan, purchases denominated in US dollars, and security collateral transactions and resulting balances denominated in US dollars and Yuan.

To mitigate foreign currency exchange rate risk, the Company translates its foreign currency inflows at the official exchange rate announced by the Bank of Mongolia on a transaction-by-transaction basis and at the end of each month.

Financial assets and liabilities denominated in foreign currencies exposed to currency risk are shown below. The amount below is converted to Mongolian MNT at the closing rate and reported to the management. It includes:

Classification	USD	CNY
Balance at 31 December 2024		
Financial assets		
- Cash and cash equivalents	701,515,545	75,236,809
- Account and other receivables	450,248	30,253
Financial liabilities		
- Account and other payables		
- Mining products trading collateral	692,897,246	74,873,911
Total exposure	9,068,547	393,151
Balance at 31 December 2023		
Financial assets		
- Cash and cash equivalents	811,253,334	84,628,706
- Account and other receivables	1,259,389	75,230
Financial liabilities		
- Account and other payables	223,400	-
- Loan	797,725,206	83,237,639
Total exposure	14,564,117	1,466,297

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For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

The Company's sensitivity to a 10% (2023: 10%) increase and decrease of MNT against the US dollar and Chinese Yuan is shown in the table below. 10% (2023: 10%) represents management's assessment of possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjustments to their translation at the end of the reporting period for a 10% (2023: 10%) change in foreign exchange rates.

If the US dollar and CNY strengthens by 10% (2023: 10%) against the MNT, it would have the following impact:

In thousand MNT	Profit and loss for the reporting year		Equity	
	USD	CNY	USD	CNY
31 December 2024	(906,854)	(39,315)	(906,854)	(39,315)
31 December 2023	(1,456,411)	(146,630)	(1,456,411)	(146,630)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

29.3. Credit risk analysis

Credit risk represents the risk that the Company will incur a financial loss because a counterparty fails to discharge its contractual obligations. For the Company, this risk arises from various financial instruments, including account receivables and debt instruments. The following table shows the maximum exposure to credit risk for the carrying amounts of financial instruments:

In thousand MNT	Balance as of 31 December 2024		Balance as of 31 December 2023	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial assets at carrying amount				
- Current and term deposits in banks	816,117,554	902,582,815		
- Accounts receivable	3,085,468	2,017,926		
Total	819,203,022	904,600,741		

Current and term deposits in banks

The credit risk on current and term deposits in banks is managed by placing funds with major banks and financial institutions.

The credit ratings of current and term deposits in banks, as assessed by Moody's Investors Service/Standard & Poor's, are as follows:

In thousand MNT	31 December 2024	31 December 2023
B2	816,117,554	-
B3	-	902,582,815
No rating	-	-
Total	816,117,554	902,582,815

Accounts receivables

The Company applies the simplified approach in accordance with IFRS 9 to measure the expected credit losses (allowance for doubtful accounts) on accounts receivables, as they do not contain significant financing components.

Expected credit losses are measured using a provision matrix based on the aging of the account receivables. These receivables are grouped based on the number of days past due.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

The Company uses the direct write-off method for recognizing bad debt expense. This method is applied when it becomes certain that a receivable is uncollectible. At that point, the uncollectible amount is directly transferred from the asset account to an expense account. No provision for doubtful accounts is recorded until the specific uncollectible amount is identified and determined.

Receivables deemed uncollectible are fully written off from the accounts after being discussed and approved by the Board of Directors or the Management Board, depending on the nature and amount of the receivable, based on court decisions or legal documentation.

As of 31 December 2024		Account receivables days past due				
		Current	13-24 months	25-60 months	60 months	Total
Expected credit loss rate %	0%	25%		50%	100%	
Carrying amount	3,085,468				209,129	3,294,597
Lifetime expected credit loss	-	-	-	-	209,129	209,129

As of 31 December 2023		Account receivables days past due				
		Current	13-24 months	25-60 months	60 months	Total
Expected credit loss rate %	0%	25%		50%	100%	
Carrying amount	2,017,926				232,347	2,250,273
Lifetime expected credit loss	-	-	-	-	232,347	232,347

Change in allowance for doubtful receivables in 2024 is as follows:

Opening loss allowance as at 1 January 2023	246,567
Loss allowance recognised during the year	-
Loss allowance reversed during the year	(14,220)
Loss allowance as at 31 December 2023	232,347
Loss allowance recognised during the year	-
Loss allowance reversed during the year	(23,218)
Loss allowance as at 31 December 2024	209,129

In 2024, a provision for doubtful debts amounting to MNT 15,434 thousand related to service fees from a listed entity and MNT 7,784 thousand related to service fees from a member entity was reversed by a total of MNT 23,218 thousand. This reversal was based on court decisions obtained through legal proceedings, leading to the recovery and settlement of these previously deemed doubtful receivables.

29.4. Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations.

The Company's policy is to run a prudent liquidity management policy by means of holding sufficient cash and bank balances, as well as highly liquid assets for making all operational and debt service-related payments when those become due.

The following table shows the remaining contractual terms of the Company for repayment of non-derivative financial liabilities with contractual repayment periods. The table is based on the undiscounted cash flows of financial liabilities on the first due date.

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For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

As of 31 December 2024	Short term				Long term
	Within 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
Account and other payables	82,545	15,004	-	-	-
Mining products trading collateral	767,771,157	-	-	-	-
Total	767,853,702	15,004	-	-	-

As of 31 December 2023	Short term				Long term
	Within 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
Account and other payables	266,433	-	-	-	-
Mining products trading collateral	880,962,845	-	-	-	-
Total	881,229,278	-	-	-	-

The company assesses and manages liquidity risk, particularly by examining the expected cash flows of financial assets when evaluating and managing monetary sources and accounts receivable. The company's monetary sources and accounts receivable exceed the requirements of working capital cash flows. All cash flows from accounts and other receivables are expected to be paid within 12 months.

30. Fair value measurement

Financial assets and financial liabilities are classified in separate financial statements into three levels based on the fair value hierarchy. These three categories are based on the importance of the inputs used to measure fair value.

Level 1: Determined using quoted (unadjusted) prices in active markets for similar assets and liabilities;

Level 2: For assets and liabilities, the methodology for determining fair value directly (price) and indirectly (derived from price) using available data is applied in Level 2;

Level 3: Determine fair value without relying on marketable data (non-usable data). Management uses fair value levels to classify financial instruments.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets				
Account and other receivables *	-	3,085,468	-	3,085,468
Cash, cash equivalents	-	816,117,554	-	816,117,554
Total financial assets	-	819,203,022	-	819,203,022
Financial liabilities				
Account and other payables	-	97,549	-	97,549
Net fair value	-	97,549	-	97,549

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Account and other receivables	-	2,017,926	-	2,017,926
Cash, cash equivalents	-	902,582,815	-	902,582,815
Total financial assets	-	904,600,741	-	904,600,741
Financial liabilities				
Account payables	-	266,433	-	266,433
Total financial liabilities	-	266,433	-	266,433

30.1. Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of December 31st, 2024:

31 December 2024	Level 1	Level 2	Level 3	Total
Property and equipment:				
-Building and Structure	-	4,657,796	-	4,657,796
-Construction in progress	-	1,671,772	-	1,671,772
-Vehicles	-	155,634	-	155,634
-Furniture and fixtures	-	91,753	-	91,753
-Computer and its accessories	-	253,493	-	253,493
-Machinery and equipment	-	497,700	-	497,700
Intangible assets:				
- Computer software	-	6,282,033	-	6,282,033
- Land use rights	-	-	10,580,921	10,580,921
- Other intangible assets	-	181,587	-	181,587

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of December 31st, 2023:

31 December 2023	Level 1	Level 2	Level 3	Total
Property and equipment:				
-Building and Structure	-	4,764,677	-	4,764,677
-Vehicles	-	5,513	-	5,513
-Furniture and fixtures	-	111,961	-	111,961
-Computer and its accessories	-	329,200	-	329,200
-Machinery and equipment	-	241,711	-	241,711
Intangible assets:				
- Computer software	-	6,374,765	-	6,374,765
- Land use rights	-	-	10,580,921	10,580,921
- Other intangible assets	-	43,267	-	43,267

The office building was not revalued as of the reporting date and is presented in the financial statements at its original cost. Management believes there has been no material change in its fair value between the acquisition date and the reporting date.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

As of December 31, 2024, the fair value measurement of non-financial assets is as follows:

-Due to the availability and reliability of market data for comparable properties, the inputs used in the market approach valuation are considered to be 'Level 2 inputs' as defined in IFRS 13.

The Company revalued its tangible and intangible assets in 2022 by a professional valuation firm.

The office of the MSE, together with the land below, was valued at MNT 15,492 million using the market method, and the land value was calculated and recorded at MNT 10,568 million by deducting the market value of the building and land from the market value of the building and land and recording the value of the building and land using the construction cost method. The Company's management believes that the valuation of these assets is close to the market value.

31. Capital management policies and procedures

The Company's capital management objectives are:

- ensure the Company's ability to continue as a going concern, and
- To provide adequate returns to shareholders by pricing its products and services appropriately, based on the relevant risk levels associated with those products and services.

The Company's goal is to maintain an optimal capital and financing structure.

Management assesses the Company's capital requirements to establish an efficient financial structure that avoids financial dependency. The Company manages and adjusts its capital structure in response to changes in economic conditions and the risk characteristics of its assets. To establish and adjust the capital structure, the Company may take actions such as adjusting the amount of dividends paid to shareholders, returning capital to shareholders, issuing new shares, and selling assets to reduce debt.

The amounts managed as capital by the Company for the reporting periods are summarised as follows:

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Total equity	73,222,882	44,079,811
Less: Cash and cash equivalents (collateral)	48,346,397	21,619,970
Capital	24,876,485	22,459,841
Total equity	73,222,882	44,079,811
Add: Account and other payables	333,534	607,737
Overall financing	73,556,416	44,687,548
Capital-to-overall financing ratio	34%	50%

The Company's equity increased, and the capital and financing ratio decreased, primarily due to a 2.7-fold increase in net profit to MNT 24,868 million for the reporting year.

32. Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the 31 December 2024 reporting date and the date of authorisation.

33. Translation

These financial statements are prepared and submitted both in Mongolian and English languages. In the event of discrepancies between the Mongolian and English versions, the Mongolian version shall prevail.

Notes to the Financial Statements

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

34. Authorisation of financial statements

The financial statements for the year ended 31 December 2024 were approved by the management on 16th of April, 2025.



D. Togtokhbayar
Chairman of the Board of
Directors

Date: 2025.04.16



B. Dulguun
Acting Chief Executive Officer

Date: 2025.04.16. OT



Kh. Erdeneburen
Chief Administration and
Finance Officer

Date: 2025.04.16.