

GAZAR SHIM INDUSTRY JSC
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023
(IN THOUSANDS OF MONGOLIAN TOGROGS)

| | Notes | 2023 | 2022 |
|---|-------|-------------------|-------------------|
| ASSETS | | | |
| <i>Current assets</i> | | | |
| Cash and cash equivalents | 6 | 20,062,944 | 1,785,892 |
| Account and other receivables | 7 | 3,683,893 | 6,122,274 |
| Prepayments | 8 | 3,368,857 | 2,857,480 |
| Inventories | 9 | 11,451,680 | 10,904,852 |
| | | <u>38,567,374</u> | <u>21,670,498</u> |
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | 10 | 8,134,587 | 7,474,665 |
| Intangible assets | 11 | 3,346,318 | 3,922 |
| Deferred tax assets | 17.3 | 1,535 | - |
| | | <u>11,482,440</u> | <u>7,478,587</u> |
| Total assets | | <u>50,049,814</u> | <u>29,149,085</u> |
| LIABILITIES AND EQUITY | | | |
| <i>Current liabilities</i> | | | |
| Accounts and other payables | 12 | 932,714 | 593,243 |
| Contract liabilities | 13 | 567,058 | - |
| Corporate income tax payable | 17.2 | 791,192 | 174,750 |
| Borrowings | 14 | 1,717,691 | 692,571 |
| Deferred income | 14.3 | 785,642 | 227,429 |
| | | <u>4,794,297</u> | <u>1,687,993</u> |
| <i>Non-current liabilities</i> | | | |
| Borrowings | 14 | 5,603,354 | 1,586,210 |
| Deferred income | 14.3 | 1,196,646 | 138,250 |
| Deferred tax liabilities | 17.3 | - | 7,552 |
| | | <u>6,800,000</u> | <u>1,732,012</u> |
| Total liabilities | | 11,594,297 | 3,420,005 |
| Equity | | | |
| Share capital | 15 | 131,792 | 110,000 |
| Additional paid-in capital | 16 | 9,848,102 | - |
| Other equity | | - | 380,000 |
| Retained earnings | | 28,475,623 | 25,239,080 |
| | | <u>38,455,517</u> | <u>25,729,080</u> |
| Total Liabilities and Owners' Equity | | <u>50,049,814</u> | <u>29,149,085</u> |

The accompanying notes form an integral part of these financial statements.

GAZAR SHIM INDUSTRY JSC
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (IN THOUSANDS OF MONGOLIAN TOGROGS)

| | Notes | 2023 | 2022 |
|---|-------|---------------------|---------------------|
| Revenue | 18.1 | 34,312,210 | 30,153,766 |
| Cost of sales | 18.2 | <u>(19,779,910)</u> | <u>(20,487,892)</u> |
| Gross profit | | 14,532,300 | 9,665,874 |
| Other income | 19 | 680,373 | 412,476 |
| Finance cost | 14.2 | (596,118) | (726,239) |
| General and administrative expenses | 20 | (5,103,147) | (4,574,848) |
| Impairment losses on financial assets | 7.1 | (1,712,903) | (50,000) |
| Other gains and (losses), net | 21 | <u>(50,687)</u> | <u>(53,782)</u> |
| Profit before tax | | 7,749,818 | 4,673,481 |
| Income tax expense | 17 | <u>(1,213,275)</u> | <u>(522,735)</u> |
| Net profit for the year | | 6,536,543 | 4,150,746 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u>6,536,543</u> | <u>4,150,746</u> |
| Earnings per share (in MNT) | | <u>5.46</u> | <u>4.15</u> |

The accompanying notes form an integral part of these financial statements.

GAZAR SHIM I INDUSTRY JSC
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (IN THOUSANDS OF MONGOLIAN TOGROGS)

| | Share Capital | Additional paid in Capital | Other equity | Retained Earnings | Total equity |
|--|---------------|----------------------------|--------------|-------------------|--------------|
| Balance as at 31 December 2021 | 110,000 | - | 380,000 | 21,088,334 | 21,578,334 |
| Net profit for the year | - | - | - | 4,150,746 | 4,150,746 |
| Balance as at 31 December 2022 | 110,000 | - | 380,000 | 25,239,080 | 25,729,080 |
| Issuance of additional shares (Note 15,16) | 21,792 | 9,848,102 | - | - | 9,869,894 |
| Other movements | - | - | (380,000) | - | (380,000) |
| Net profit for the year | - | - | - | 6,536,543 | 6,536,543 |
| Dividends declared (Note 22.2) | - | - | - | (3,300,000) | (3,300,000) |
| Balance as at 31 December 2023 | 131,792 | 9,848,102 | - | 28,475,623 | 38,455,517 |

The accompanying notes form an integral part of these financial statements.

GAZAR SHIM I INDUSTRY JSC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(IN THOUSANDS OF MONGOLIAN TOGROGS)

| | Notes | 2023 | 2022 |
|--|-------|-------------------|------------------|
| Cash flows from operating activities | | | |
| Profit before tax | | 7,749,818 | 4,673,481 |
| Adjustments for: | | | |
| Depreciation expense | 10 | 848,605 | 796,484 |
| Amortisation expense | 11 | 31,324 | 7,482 |
| Foreign exchange loss/(gain) | | 13,309 | (59,708) |
| Loss on disposal of property, plant and equipment | 21 | 24,211 | 16,766 |
| Inventory write off expense | 20 | 80,684 | 25,923 |
| Impairment loss on financial assets | 7.1 | 1,712,903 | 50,000 |
| Interest income | 19 | (193,117) | (10,841) |
| Interest expense | 14.2 | 596,118 | 726,239 |
| Amortisation of deferred income | 19 | (413,299) | (309,063) |
| | | <u>10,450,556</u> | <u>5,916,763</u> |
| Decrease in receivables and other receivables | | 777,368 | 2,807,213 |
| (Increase)/decrease in prepayments | | (511,377) | 2,574,943 |
| Increase in inventories | | (627,512) | (8,202,058) |
| Increase/(decrease) in trade and other payables | | 339,471 | (26,622) |
| Increase in contract liabilities | | 567,058 | - |
| Increase/(decrease) in deferred income | | <u>1,616,609</u> | <u>(309,063)</u> |
| | | 12,612,173 | 2,761,176 |
| Interest income received | | 141,227 | 10,841 |
| Income taxes paid | 17.2 | <u>(605,920)</u> | <u>(867,307)</u> |
| Cash flows from operating activities | | 12,147,480 | 1,904,710 |
| Cash flows from investing activities | | | |
| Payments for acquisitions of property, plant and equipment | 10 | (1,592,336) | (900,797) |
| Payments for acquisitions of intangible assets | 11 | (3,373,720) | - |
| Proceeds from the sale of property, plant and equipment | | <u>59,598</u> | <u>273,598</u> |
| Cash flows used in investing activities | | (4,906,458) | (627,199) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | 14.2 | 5,970,092 | 2,545,288 |
| Repayment of borrowings | 14.2 | (927,828) | (2,990,376) |
| Interest paid | 14.2 | (182,819) | (417,176) |
| Dividend paid | 22.2 | (3,300,000) | (1,050,000) |
| Proceeds from issuance of additional shares | 15,16 | 9,869,894 | - |
| Repayment of advances received from shareholder | | <u>(380,000)</u> | <u>-</u> |
| Net cash flows from/(used in) financing activities | | 11,049,339 | (1,912,264) |
| Effects of exchange rate changes on cash | | (13,309) | 30,052 |
| Increase/(decrease) in cash and cash equivalents | | 18,277,052 | (604,701) |
| Cash and cash equivalents, at beginning of the year | | <u>1,785,892</u> | <u>2,390,593</u> |
| Cash and cash equivalents, at end of the year | 6 | <u>20,062,944</u> | <u>1,785,892</u> |

The accompanying notes form an integral part of these financial statements