*Appendix 4 of the "Securities Listing Rules" approved by Resolution No. 225 dated June 11, 2021, of the Financial Regulatory Commission*

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| *Annual operational report /Form 1/* |
| *Article 20 of the Securities Market Law stipulates the ongoing obligations of the issuer, and the issuer is responsible for submitting an annual operational report to the Financial Regulatory Commission and the exchange in accordance with the below form, and shall disclose to the public through its website.* |
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| *Issuer’s name, state registration certificate number, securities code, phone number* | MONGOLIAN STOCK EXCHANGE JSCSRCN:9022001010, Securities code:510 Phone: 11-313747 |
| *Name of listed exchange* |  Mongolian Stock Exchange JSC |
| *The sector of business operation* | Operating trading of securities in the capital market and selfregulatory organization |
| *Name and date of registration of the audit firm registered with the FRC that issued an audit conclusion on the yearend financial statements* | “Ikhmongol Khulug Audit” LLC |
| *Total number of shares issued* | **350,463,539 units** |
| *Names of the specialist who prepared and the official who reviewed the annual report* | *D.Nyamdorj /* *Senior Listing Officer /**Kh.Erdeneburen /Chief administration & finance officer/* |
| *1.* | *Financial statement for the reporting period /fill out the summary report indicators and attach the financial statement/* |
| *Balance sheet* |

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| **Items** | **1/1/2023** | **12/31/2023** |
| **ASSET** |  |  |
| Current asset | 2,296,778,319.64 | 904,842,895,157.05 |
| Non-current asset | 23,184,922,418.26 | 22,452,015,473.10 |
| **TOTAL ASSETS** | **25,481,700,737.90** | **927,294,910,630.15** |
| **LIABILITIES AND EQUITY** |  |  |
| Short term liability | 998,657,547.96 | 881,588,538,249.72 |
| Long term liability | 990,846,139.66 | 1,626,561,592.92 |
| Equity | 23,492,197,050.28 | 44,079,810,787.51 |
| **TOTAL LIABILITIES AND EQUITY** | **25,481,700,737.90** | **927,294,910,630.15** |

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| *Income statement* |

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| **Items** | **1/1/2023** | **12/31/2023** |
| Net sales revenue | 4,241,344,850.62 | 12,147,031,303.89 |
| Cost of sales |  |  |
| Total revenue(loss) | 4,241,344,850.62 | 12,147,031,303.89 |
| **Proit(loss) before tax** | **769,747,808.22** | **10,337,515,816.10** |
| Income tax expense | 123,519,584.56 | 1,029,799,778.87 |
| **Profit(loss) for the year** | **646,228,223.66** | **9,307,716,037.23** |
| Other comprehensive income | 20,008,784,115.62 |  |
| Revaluation of assets | 20,008,784,115.62 |  |
| **Net profit** | **20,655,012,339.28** | **9,307,716,037.23** |

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| *Statement of changes in equity* |

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| **Items** | **1/1/2023** | **12/31/2023** |
| Equity | 23,130,593,600.00 | 35,046,353,900.00 |
| Revaluation reserve | 20,021,146,332.29 | 20,021,146,332.29 |
| Other components of equity | 446,321,902.02 | 446,321,902.02 |
| Retained earnings | (20,105,864,784.03) | (11,434,011,346.80) |
| **Total equity** | **23,492,197,050.28** | **44,079,810,787.51** |

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| *Statement of cashflow* |

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| **Items** | **1/1/2023** | **12/31/2023** |
| Net cash flows from operating activities | (705,389,180.9) | 896,919,408,256.00 |
| Net cash flow used in investing activities | (423,392,511.6) | (575,344,268.00) |
| Net cash used in financing activities |  | 11,915,759,800.00 |
| **Net increase/decrease in cash and cash equivalents** | **(997,653,812.73)** | **900,851,104,693.72** |
| Cash and cash equivalents at 31 Dec 2022 | 2,729,363,635.92 | 1,731,709,823.19 |
| **Cash and cash equivalents at 31 Dec 2023** | **1,731,709,823.19** | **902,582,814,516.91** |

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| *1.1.* | *Audit opinion on annual financial statement* |
|  | *Qualified opinion* |
| *1.2.* | *Audit conclusion letter /* *the conclusion letter must be developed within the context of the content mentioned in this instruction/* |
| *The state audit performed the audit in accordance with the international standards of the Supreme Audit Institution and the procedures and instructions approved by the Auditor General of Mongolia. Auditing was made independent of the organization to be audited and fulfilled within the auditor's ethical responsibilities. The audit evidence that we have obtained is sufficient enough to provide a basis for an opinion.* |

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| *2.* | *A brief description of factors affecting the issuer's financial condition and results of operations during the reporting period, as well as the management's assessment and the measures to be taken in the future.* |
| *2.1.* | *Operational performance /Financial ratios/*  | *Net profit percent 85%**Gross profit percent 77%**Return on equity 18%* |
| *2.2.* | *Liquidity ratios and financial resources*  | *Current ratio 1.31* *Quick ratio 1.03**Liabilities and equity ratio 20.04* |
| *2.3.* | *The external and internal factors affecting the operations of the issuer, its market share in the operating industry, changes or developments in the range of products and services, and measures planned to be taken by the issuer in response to changes and development.* | *According to Resolution No. 16 of the State Great Khural of Mongolia “Directives to Sell Shares of State-Owned Legal Entities on the Stock Exchange in 2022-2023", and resolution No. 244 of the Government ”Approval of the list of state-owned legal entities for public sell on the stock exchange in 2022-2023”, the State Bank and 26 named companies offered up to 34 percent of their shares to the public and converted into public companies to improve financial discipline and governance, and to ensure stability and transparency of operations. On December 23, 2022 "Mongolian Stock Exchange" became a public company by offering its additional shares to the public. As part of the amendments to the Banking Law, 5 important banks - Khan Bank, Trade and Development Bank, XacBank, State Bank, and Golomt Bank - fulfilled their obligation to become public companies before June 30, 2023, and offered their shares to the public for a combined total of 446.79 billion MNT. In addition, the Mongolian Stock Exchange listed and offered products such as shares of national enterprises, asset-backed securities, and debt instruments to the public, and successfully organized primary market trading worth more than 184.22 billion MNT.**The State Great Khural approved the "Law on Mining Products Exchange", and on June 30, 2023, the Financial Regulatory Commission granted a special license to "Mongolian Stock Exchange" JSC to operate as a mining products exchange. A historical process that made the Mongolian Stock Exchange the first mining products exchange in Mongolia. Following this process, the MSE has updated its trading system and expanded its operations. Also, Mining royalties are calculated using the commercial price data of mining products traded through the MSE. The name and variety of mining products to be exported through the MSE has increased, iron concentrates trading started, while the MSE is preparing to trade copper and other mining products in 2024. In 2023, events were organized in the Republic of Korea, Hong Kong, and China to promote the Mongolian stock market in foreign countries and expand cooperation, and signed a memorandum of cooperation with the Budapest Stock Exchange and the Shanghai Stock Exchange.**At the same time, the value of the domestic stock market reached 11.6 trillion MNT, which is 16.87 percent of the gross domestic product.**In the future, we are working on expanding foreign cooperation, increasing opportunities for international investors to actively participate in the Mongolian financial market, improving the regulation of securities and stock markets, improving the coordination of activities of participants, and improving the legal environment.* |
| *2.4.* | *Details of off-balance sheet transactions and information on accounting policies* | *There are no off-balance sheet transactions.* |
| *2.5.* | *Information on loan repayment received during the reporting period, and loan pledges and guarantees;*  | *No loans were received during the reporting period.* |
| *3.* | *Information on conflict of interest and significant transactions conducted by the issuer during the reporting period, the importance and the purpose of the transaction, and information about the person with a conflict of interest / all conflicts of interest transactions made during the reporting period shall be included/* |
| *4.* | *Compensation (salary, bonus, etc)* |
| *135.5 million MNT was allocated to the salaries and bonuses of the Board members of "The Mongolian Stock Exchange".* |
| *5.* | *Information related to corporate governance* |
| ***Board Responsibilities*** *The Board of Directors (The Board) is accountable to the shareholders for the performance of the MSE..**The Board is responsible for evaluating, reviewing, and appointing the CEO's performance results, internal control, risk management, and monitoring the implementation of laws and regulations. The period of the company's strategic plan for 2019-2021 has expired, and the strategy for the next mid-term plan, i.e. 2022-2024, has been determined, its implementation has been monitored, and guidelines and recommendations have been provided. During the reporting period, the executive management team of the Mongolian Stock Exchange held regular meetings to monitor the implementation of operational strategies, goals, and objectives. The duties of the Board are clearly stated in the "Regulations of the Mongolian Stock Exchange" and "Rules of Procedure of the Board of Directors".****Committees under The Board*** *MSE has 4 permanent committees with set responsibilities assigned by the Board, and the main purpose of these committees is to form an opinion to support the decision-making activities of the board of directors. The activities of the committees are regulated by the "Rules of Procedures of the Board of Directors"..**Committees of the Board:** *Nomination committee;*
* *Audit committee;*
* *Remuneration committee.*
* *Risk (compliance) management committee.*

*The Board member can serve on more than one committee. The Companies Act stipulates that an independent member of the Board shall serve on the audit committee.****Nomination, appointment, and renewal of the Board members****A nomination committee is established for the purpose of independent evaluation of the structure and composition of the Board. The Nomination Committee examines the skills and experience of the members of the Board, evaluates and reviews whether the members' skills are suitable for forming the operational strategy of the MSE, and monitors its implementation. Based on this assessment, a new member is nominated for the Board. Before appointing the members, a comprehensive investigation and inquiry are also carried out by the Companies Act and other relevant regulations on subjects such as education, skills, previous employment history, whether they have significant credit debts, or whether they have criminal records.****Release or re-election of members of the Board****The members of the board of directors are elected by the shareholders' meeting for a term of 3 years, and the member can be reelected. The Board may temporarily appoint a member in place of the Board member who has submitted a request for release until a replacement member is elected. In 2023, members S. Tulga, Ch. Dondogmaa, D. Bayanzul, M. Sanjaadorj, L. Naranchimeg, R. Gandiimaa, and A. Anar were re-elected. D. Enkhbaatar and A. Batpurev were released at their own request, and G. Lkhagvadorj and G. Lhamdulam were appointed in their place. At an extraordinary meeting of shareholders, S. Tulga, Ch. Dondogmaa, D. Bayanzul, M. Sanjaadorj, L. Naranchimeg, R. Gandiimaa, A. Anar, G. Lkhagvadorj, G. Lhamdulam were dismissed, and D. Togtohbayar, J. Tsogtbayar, J. Byambasuren, T. Ganbaatar, S. Bayantsogt, R. Munkhtur, N. Ulaanhuu, N. Otgonchimeg, and M. Banzragch were newly appointed.**The Board Secretary**The Board is responsible for appointing a secretary who is directly responsible for ensuring smooth operations and coordination between shareholders' meetings, the Board, the executive director, and other stakeholders. The Board secretary must be certified in the field of corporate governance and is appointed by the Board at the recommendation of the chairman of the Board.**A new secretary was appointed in May 2023 and the relevant certificate was obtained.* |
| *6.* | *Information on market risk* |
| *"Risk Management Policy" is the main document that regulates the identification, assessment, management and prevention of risks that may arise in the company's operations. The policy was approved by the Board of Directors of the "Mongolian Stock Exchange" JSC by Resolution No. 29 dated November 21, 2022. The document is intended to increase the company's value, implement strategic goals, and support long-term growth and business stability by identifying, managing, and taking measures for the risks that may occur in the organization's operations, creating a system for monitoring and reporting the results, and fostering risk management system for the organization. According to the risk management policy document, risk factors that may have a material or non-material impact have been classified into 6 (six) areas as described below.*

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| Classification | Current situation | Action |
| Strategic risk | Considering other competitors in the monetary market, the central bank's policy interest rate has been fixed at 13 percent since 2023, which attracted investors' cash flow to products such as bank savings, bonds, and asset-backed securities that offers 15-20 percent interest rate.The return of the Top-20 index of the stock exchange was 36,485 at the beginning of 2023, it reached 40,836 units on February 28, and it was 37,134 units as of November 10. Stock market investors had the highest return of 12 percent and currently have a return of 1.8 percent.Therefore, the central bank's policy interest rate is consistently higher than the yield of the TOP-20 index of the stock market, which means that investors are highly likely to put their money into more reliable financial instruments such as bank savings and bonds. | Promote the potential of the securities market and focus on increasing yield |
| Operational risk | The reports and records for the main departments of the MSE—including Trade, Regulation, Listing, Membership, and Mining—are prepared manually and stored on individual workstations. This process is time-consuming, negatively impacts efficiency, and causes delays, leading to process and reputational risks for the organization.  | Develop policies in the areas of creating a unified internal database, developing software to facilitate manual operations, automating the creation of a unified database, and developing specialist personnel. |
| Financial risk  | There are risks such as failure of the Software, failure to fully meet requirements, accidental input of wrong information due to manual deletion of data, and delayed workload in the financial department.In addition, with the trading of mining products, due to the lack of development and implementation of automated programs for operations such as placing collateral, keeping records of collateral, returning, extending, and transferring according to contracts, high-value interstate cash flows of customers are delayed, and due to manual control of payments and records, there is a high probability of financial risk such as wasting time, missing deadline due to mechanical errors, and lack of human resources to upload collateral information on time. | Developing software that reduces and automates the manual work of the financial records and increases the coordination of departments |
| Information security and technological risk | The server room is not fully equipped, and the simultaneous access of remote customers at the start of secondary market trading may cause overloading of the server, network outages, lack of capacity of the trading system server, shortage of backup equipment, damage to network cards and power blocks, and, running out of fuel, or server hardware failure may result in system crashes or shutdowns during primary market trading, and website, operating system errors, and inability to receive necessary support. | Prepare a special room that meets the requirements for the security of the organization's server room and the working environment of the equipment used for the main operations. Carry out necessary research to update the software, and increase battery capacity and load capacity. |
| Legal risk | There is a risk that the agreement does not reflect the parties' proposals, delays, lack of control, incomplete performance, loss or lack of documents, and violations of the general procedures of the organization's archives and record keeping.Furthermore, problems such as information loss, destruction of official documents, and information leakage due to a lack of document storage cabinets, safes, and locks. | Incorporating the opinions of the management and experts of the responsible departments on the operation, reviewing it with the finance and legal departments, storing the documents in a sealed place, and transferring them to the organization's archive every year. |
| Regulatory risk | The "Prospect" program is stored in a decommissioned computer, the data of transactions of securities traded on the Mongolian Stock Exchange prior to 2012, which may cause the computer to stop working, resulting in the deletion of all transaction information and monitoring data.Due to the fact that the detailed surveillance report folder is in paper form, it may get damaged, lost, destroyed, or lose confidential information to a third party.There is a risk that some customer information may not be fully displayed when trading is monitored on the system, making it impossible to report market abuse. | Focus on the normal operation of the "MIT" system for commercial data protection and surveillance before 2012 to prevent data loss and destruction. |

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| *7.* | *information of shareholders ownership /names of shareholders with ownership of 5 or more percentage of total shares, and number of total shareholders/* |
|  | *Ministry of Finance 66%* |
| *8.* | *If the issuer has issued shares to the public for the purpose of implementing a project, a report on the progress of project implementation and the use of funds raised during the period from the start of the project to its completion.* |
| *N/A* |
| *9.* | *Dividend* |
| *The company distributed a dividend of 4,349,252,518.99 MNT from the net profit of 8,699,165,845 MNT for the end of 2023, at 12.41 MNT per share.* |
| *10.* | *Information on the report of activities carried out by the issuer in the field of social responsibility during the reporting period* |
| *The staff of "The Mongolian Stock Exchange" joined the "Billion Trees" national movement and planted trees in the 21st district of Songinokhairkhan district.* |
| *The person who confirmed the accuracy of the information, and the date:* |
| *Fullname: J.TSOGTBAYAR**Position: Chief Executive Officer of the “Mongolian Stock Exchange” JSC* *Signature: ……………………………..* |
| *Signature of the person who prepared the information and the date:* |
| *Fullname: Kh.ERDENEBUREN**Position: Chief administration & financial officer of the “Mongolian Stock Exchange” JSC**Signature: ……………………………..* |