

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

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.			
Issuer's name, state registration certificate number, securities code, phone number		MONGOLIAN STOCK EXCHANGE JSC SRCN: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 self-regulatory organization	
Name and date of registration of the audit firm registered with the FRC that issued an audit conclusion on the year end financial statements		State Audit of Mongolia	
Total number of shares issued		350,463,539 shares	
Names of the specialist who prepared and the official who reviewed the annual report		D.Nyamdorj / Senior Listing Officer / Kh.Erdeneburen /Chief administration & financial officer/	
1.	Financial statement for the reporting period /fill out the summary report indicators and attach the financial statement/		
Balance sheet	Items	1/1/2024	12/31/2024
	ASSET		
	Current asset	904,842,895,157.05	819,315,100,436.48
	Non-current asset	22,452,015,473.10	24,372,688,896.84
	TOTAL ASSETS	927,294,910,630.15	843,687,789,333.32
	LIABILITIES AND EQUITY		
	Short-term liability	881,588,538,249.72	768,214,133,718.83
	Long-term liability	1,626,561,592.92	1,564,242,780.26
	Equity	44,079,810,787.51	73,909,412,884.23
	TOTAL LIABILITIES AND EQUITY	927,294,910,630.15	843,687,789,333.32
Income statement	Items	1/1/2024	12/31/2024
	Net sales revenue	12,147,031,303.89	13,521,664,119.64
	Cost of sales		5,166,647,083.45
	Total revenue(loss)	12,147,031,303.89	8,355,017,036.19

		Profit(loss) before tax	10,337,515,816.10	37,975,864,704.43
		Income tax expense	1,029,799,778.87	3,799,182,441.16
		Profit(loss) for the year	9,307,716,037.23	34,176,682,263.27
		Other comprehensive income		
		Revaluation of assets		
		Net profit	9,307,716,037.23	34,176,682,263.27
Statement of changes in equity		Items	1/1/2024	12/31/2024
		Equity	35,046,353,900.00	35,046,353,900.00
		Revaluation reserve	20,021,146,332.29	20,005,435,662.81
		Other components of equity	446,321,902.02	446,321,902.02
		Retained earnings	(11,434,011,346.80)	18,411,301,419.40
		Total equity	44,079,810,787.51	73,909,412,884.23
Statement of cashflow		Items	1/1/2024	12/31/2024
		Net cash flows from operating activities	896,919,408,256.00	(83,765,571,299.69)
		Net cash flow used in investing activities	(575,344,268.00)	(3,161,264,932.69)
		Net cash used in financing activities	11,915,759,800.00	-
		Net increase/decrease in cash and cash equivalents	900,851,104,693.72	(86,465,260,283.98)
		Cash and cash equivalents at 1 January 2024	1,731,709,823.19	902,582,814,516.91
		Cash and cash equivalents at 31 December 2024	902,582,814,516.91	816,117,554,232.93
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 audit was performed in accordance with international standards of the Supreme Audit Institution and the procedures and instructions approved by the Auditor General of Mongolia. Auditing was conducted independently of the audited organizationand complied with the auditor’s ethical responsibilities. The audit evidence that we have obtained is sufficient to provide a basis for an opinion.				
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	454%	
		Gross profit percent	90%	
		Return on equity	46%	



		Current ratio	1.06	
		Quick ratio	1.06	
2.2.	<i>Liquidity ratios and financial resources</i>	Liabilities and equity ratio	12.05	
2.3.	<i>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.</i>	<p>The State Great Khural approved the "Law on Mining Products Exchange," and on June 30, 2023, the Financial Regulatory Commission issued a special license to the Mongolian Stock Exchange (MSE) to operate a mining products exchange. Consequently, the MSE has modernized its trading system, expanded its operations, and established Mongolia's first mining products exchange, resulting in more streamlined operations.</p> <p>In addition, the source of trading price information for mining products traded on the MSE is the "Mineral Resource Use Fee". There has been an increase in the names and types of mining products exported through the MSE, with iron ore starting to trade, along with copper ore and fluorspar, beginning in 2024.</p> <p>On May 16, 2024, an amendment to the Law on the Securities Market was approved. This amendment includes regulations related to new products and services, such as joint financing shares, the issuance of bank deposit certificates, debt instruments from international financial institutions, the trading of shares of closed joint-stock companies for professional investors on the exchange, as well as securities lending. These changes are designed to expand the scope of activities of the MSE and facilitate the introduction of new products and services into the capital market.</p> <p>In 2024, the Mongolian Stock Exchange organized various activities aimed at expanding foreign relations, enhancing cooperation, and promoting the Mongolian capital market to international investors. Notably, in April 2024, the MSE hosted a Domestic Securities Market Day in New York City, USA, followed by another event in November in Singapore.</p> <p>The MSE also initiated partnerships with several major exchanges, including Beijing Stock Exchange, Shanghai Futures Exchange, Dalian Commodity Exchange, and Istanbul Stock Exchange. Throughout 2024, the MSE successfully facilitated securities trading worth 1 trillion 406.12 billion tugriks and mining products trading amounting to 8 trillion 894.29 billion tugriks.</p>		
2.4.	<i>Details of off-balance sheet transactions and information on accounting policies</i>	There are no off-balance sheet transactions.		
2.5.	<i>Information on loan repayment received during the reporting period, and loan pledges and guarantees;</i>	No loans were received during the reporting period.		
3.	<i>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</i>	There were no conflicts of interest or large-scale transactions during the reporting period.		

	<i>conflicts of interest transactions made during the reporting period shall be included/</i>		
4.	<i>Compensation (salary, bonus, etc)</i>		
	<p><i>Board members receive a fixed monthly salary. Civil servants representing state property are only entitled to receive their base salary and are not permitted to receive additional incentives or benefits, so the compensation for ordinary members consists solely of their salaries. The salary for board members is established in accordance with the "Regulations on the Implementation of State Property Representation in Legal Entities with State Property Participation," as approved by the Government of Mongolia Resolution No. 80 of 2016. The maximum salary for members cannot exceed twice the minimum wage. Independent members of the Board of Directors and members of the Supervisory Board receive the same salary structure as ordinary members. Additionally, board members do not receive any other payments or compensation, such as brokerage or consulting fees. During the reporting period, a total of 273.3 million tugriks were disbursed in salaries.</i></p>		
5.	<i>Information related to corporate governance</i>		



## **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 company's strategy for 2022-2024 has been established, monitored, and accompanied by guidelines and recommendations. 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 of Directors are clearly stated in the "Regulations of the Mongolian Stock Exchange JSC" 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 Procedure 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 members can be re-elected. 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 2024, D. Togtokhbayar, J. Tsogtbayar, J. Byambasuren, T. Ganbaatar, S. Bayantsogt, R. Munkhtur, N. Ulaankhuu, N. Otgonchimeg, and M. Banzragch were re-elected.*

## **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 corporate governance and is appointed by the Board at the recommendation of the chairman of the Board.*

*In 2024, There was a change in the board secretary position. A new secretary was appointed in May 2023 and the relevant certificate was obtained.*

6.	<b>Information on market risk</b>
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<i>"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 organizational risk management system. According to</i>
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the risk management policy document, risk factors that may have a material or non-material impact have been classified into 6 (six) areas.

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.

In accordance with the decisions made by the State Great Khural and the Government, the Mongolian Stock Exchange JSC conducted an open public offering of additional shares in December 2022, successfully raising a total of 11.9 billion tugriks.

The intended allocation of the raised funds is delineated in the securities prospectus. The company plans to allocate the funds according to its medium-term business plan as follows:

- Improvement of the trading system: 63.7%
- Information technology security: 10.7%
- Digitalization of internal operations: 6.1%
- Establishment of a center to enhance the accessibility of capital market training services and information: 19.5%

In 2024, the company aims to disburse 5.4 billion tugriks of the raised funds. As of December 31, 2024, a total of 3,754,753,600 tugriks have been spent according to the plan.

The procurement of goods, works, and services outlined in the capital mobilization plan undergoes annual review and approval by the company's Board of Directors. Subsequently, it is submitted to the relevant government and administrative agencies and implemented in phases, in adherence to the Law on the Procurement of goods, and services involving State and Local Property Funds, as specified in the company's securities prospectus.

9.	Dividend
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The company distributed a dividend of 34,176,682,263.27 MNT from the net profit of 16,471,786,333.00 MNT for the end of 2024, at 47 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
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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:

Full name: B.DULGUUN

Position: Interim Chief Executive Officer of the "Mongolian Stock Exchange" JSC

Signature: ... 

Signature of the person who prepared the information and the date:

Full name: Kh.ERDENE BUREN

Position: Chief administration & financial officer of the "Mongolian Stock Exchange" JSC

Signature: ... 