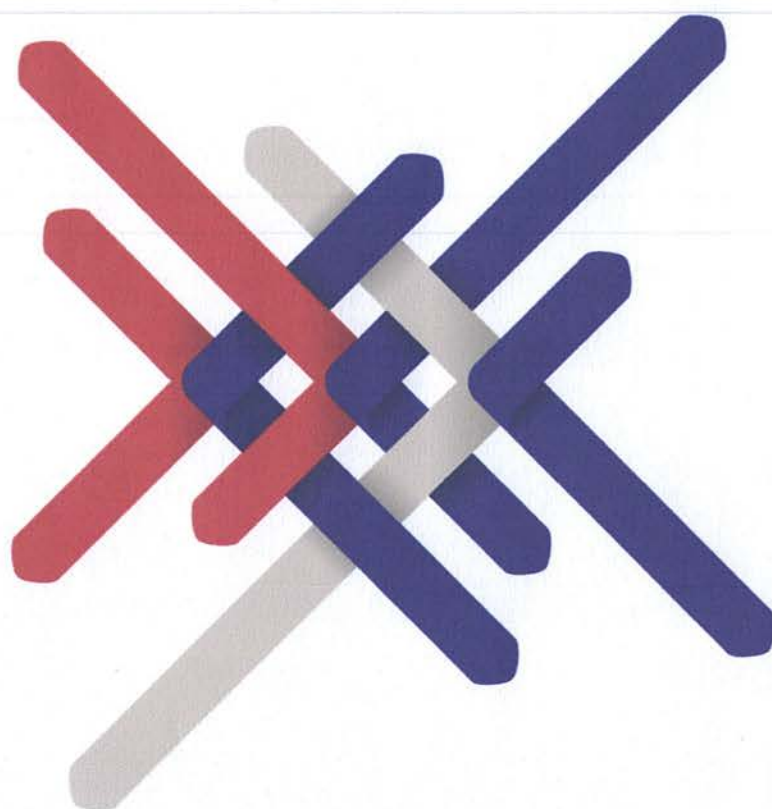


# **Consolidated Financial Statements and Independent Auditor's Report “Monlogistics Holding” JSC**

31 December 2024



# Management's statement of responsibility for financial reporting

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

Management has fulfilled the following responsibilities in preparing the consolidated 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 group's assets, to prevent any fraud and misconduct, and to identify such activities.
- The Group has prepared the consolidated financial statements on a going concern basis.
- Obligated to constantly review matters that are legitimate 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.

L. Ganzorigt, Board Chairman of the Monlogistics Holding JSC, and G. Khishigbat, Chief Executive Officer, and Z. Shine-Od, Chief Financial Officer, declare that the accompanying Consolidated financial statements presented in page 8 to 53 of this report give a true and fair view of the financial position of the Group as of 31 December 2024, and of its financial performance and its cash flows for the period, in accordance with International Financial Reporting Standards.



L. Ganzorigt  
Board Chairman

Date:

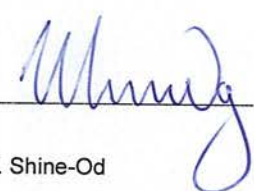
31 March 2025



G. Khishigbat  
Chief Executive  
Officer

Date:

31 March 2025



Z. Shine-Od  
Chief Financial Officer

Date:

31 March 2025

# Independent Auditor's Report

**"Grant Thornton Audit" LLC**  
A member firm of GTIL global network for assurance, tax and advisory services

Dalai Tower, 9<sup>th</sup> floor,  
UNESCO street, Sukhbaatar  
District, 1<sup>st</sup>- khoroo, Ulaanbaatar  
14230, Mongolia  
T + 976 70 110744  
T + 976 70 110799

## To the shareholders of "Monlogistics Holding" JSC :

### *Opinion*

We have audited the consolidated financial statements (hereinafter referred to as "Financial statement") of the Monlogistics Holding JSC (hereinafter referred to as "Group"), which comprise the statements as of 31 December 2024, including:

- Consolidated statement of financial position,
- Consolidated statement of comprehensive income for the year ended,
- Consolidated statement of changes in equity,
- Consolidated statement of cash flows
- A summary of significant accounting policies, and
- Notes to the Consolidated Financial Statements.
- Material accounting policy information and other explanatory notes

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

### *Basis of 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 our report.

### *Independence*

We are independent of the Group 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 methodology

Key Audit Matters	<ul style="list-style-type: none"> <li>Subsidiaries engaged in the freight activities of the Group have recognized and recorded income from the performance of freight contracts.</li> <li>Goodwill arising from the acquisition of 51.1% of the company "Tuv Aziin Zam" LLC was recognized and recorded.</li> </ul>
Audit Scope	<ul style="list-style-type: none"> <li>This consolidated financial statement includes separate financial statements of Monlogistics Holding JSC and its 10 subsidiaries. For information on the companies included in the consolidation, please refer to Note 1.</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>The overall materiality used in the audit of the Consolidated Financial Statements is 2,241,553 thousand MNT and the materiality was selected based on 1% of the group's sales revenue and the performance materiality was calculated as 75% of the overall materiality.</li> <li>The Group's primary users of the financial statements are its shareholders, and for shareholders, total revenue is a key indicator that affects dividends. Thus, total revenue was selected as the benchmark. The risk was assessed as medium based on the results of the Group's internal employee survey, previous audit recommendations and reports.</li> </ul>

## Key Audit matters

Key audit matters, in our judgement, are matters that have significant impacts on financial statements for the current period. These include significant risks, including the risk of material misstatement due to fraud. Within the scope of our audit on financial statements, the matters below mentioned were addressed as a whole, and no separate opinions were given on each matter.

Key Audit Matters	Responses
<p><i>Contract revenue, contract assets and liabilities</i></p> <p>5 Subsidiaries in the group's revenue is income from freight services, the primary characteristic of which is the organization of the delivery of a customer's goods from one point to another over a period of time.</p> <p>The method, data, information, management decisions, and assumptions used to calculate revenue recognized on an accrual basis, as well as the related direct costs, involve significant accounting estimates. These estimates are related to material amounts such as contract assets and contract liabilities, which have been recognized. Therefore, we consider this to be a key audit matter.</p> <p>Refer to Note 13 for detailed information.</p>	<p>We performed the following audit procedures in reviewing freight service income, contract assets and liabilities, taking into account the complexity of revenue recognition over time for the performance of transit freight contract obligations. It includes:</p> <ul style="list-style-type: none"> <li>- We have considered the appropriateness of the accounting policies applied by management for the recognition of freight income and have assessed whether they are consistent with the relevant IFRS and IASB standards, particularly the disclosure requirements.</li> <li>- We also updated our understanding of relevant controls, such as the Group's accounting and IT controls for revenue recognition over time and assessed whether these were consistent with the Group's accounting policies and were operating effectively.</li> <li>- We tested the relevant key controls by downloading the freight service income list from the transport record system (LMS) against evidence such as contracts, order forms, foreign agent contracts and invoices related to the freight.</li> <li>- For contract assets and contract liabilities, we reviewed the year-end service-in-progress statements and examined management's estimates of revenue and related costs, including the methods, assumptions and data used.</li> </ul>



### *Goodwill*

The group recognized goodwill arising from the acquisition of a subsidiary, acquiring 51.1% of its shares during the reporting period. At the end of the reporting period, the company's management assessed the goodwill and concluded that no material impairment had occurred.

The process of assessing goodwill by management is complex and requires significant professional judgment, as it is based on projections and assumptions regarding future market conditions or economic circumstances. Therefore, we consider this to be a key audit matter.

For more detailed information, please refer to Note 22.

We performed the following procedures to audit goodwill:

- We assessed the appropriateness of the company's policy for recognizing goodwill in accordance with the relevant accounting standards, such as International Financial Reporting Standards (IFRS).
- We conducted detailed testing of the goodwill amount by comparing it with the relevant acquisition agreements and related documentation, verifying that the calculations and estimated values were correctly determined.
- We examined the process and methodology used for impairment testing of goodwill, evaluating the assumptions regarding future performance, projected revenues, and cash flow forecasts. We compared these assumptions with past performance to ensure consistency. Additionally, we assessed the discount rates used in these tests to ensure they aligned with the prevailing economic and market conditions.

We verified whether these were consistent with past performance. Additionally, we assessed the discount rates used in these tests to ensure they were aligned with the prevailing economic environment and market conditions.

### *Other information*

Management is responsible for the other information. The other information comprises the information included in the annual report of the Group for the year ended 31 December 2024, but does not include the Consolidated 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 will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are 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 consolidated 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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Use of the Audit Reports*

This report is intended solely for the shareholders of the company and not for other subjects in accordance with Article 94 of the Company Law of Mongolia. We are not liable to any other third party within the extent of this report.

The engagement partner involved in the preparation of this Independent Auditor's Report is N. Erdenetsog.



# Consolidated statement of financial position

In thousand MNT	Note	Balance as of 31 December 2024	Balance as of 31 December 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	8,708,888	22,121,885
Account and others receivable	10	40,035,993	22,534,699
Inventories	11	8,025,253	134,904
Prepaid expenses/prepayments	12	21,256,767	6,050,182
Contract assets	13	481,164	403,343
Current financial assets	14	1,811,252	2,461,234
Assets held for sale	15	1,761,026	871,084
<b>Total current assets</b>		<b>82,080,343</b>	<b>54,577,331</b>
<b>Non-current assets</b>			
Property and equipment, net	16	4,859,133	1,379,740
Intangible assets, net	17	606,460	146,486
Right of use assets	18.1	438,771	856,744
Long-term investment	19	306,228	99,118
Long-term financial assets		-	360,000
Deferred tax assets	20	481,050	94,026
Other non-current assets	21	120,468	95,297
Goodwill	22	3,462,857	-
<b>Total non-current assets</b>		<b>10,274,967</b>	<b>3,031,411</b>
<b>Total assets</b>		<b>92,355,310</b>	<b>57,608,742</b>
<b>Liabilities and equity attributable to owners</b>			
<b>Current liabilities</b>			
Account and other payables	23	18,449,691	12,409,075
Unearned revenue	24	8,003,733	836,559
Short-term loan	25	6,733,065	16,666
Other current liabilities	26	3,629,158	-
Current lease liabilities	18.2	437,079	465,262
<b>Total current liabilities</b>		<b>37,252,726</b>	<b>13,727,562</b>



# Consolidated statement of financial position *(continued)*

In thousand MNT	Note	Balance as of 31 December 2024	Balance as of 31 December 2023
<b>Non-current liabilities</b>			
Non-current lease liabilities	18.2	61,668	441,696
Long-term loan	25	5,871,030	-
Other non-current liabilities	27	519,389	-
<b>Total non-current liabilities</b>		<b>6,452,087</b>	<b>441,696</b>
<b>Total liabilities</b>		<b>43,704,813</b>	<b>14,169,258</b>
<b>Equity</b>			
Share capital	28	118,758	118,758
Treasury shares		(1,427,400)	-
Paid-in capital		10,187,611	10,187,611
Retained earnings		33,965,189	29,190,901
Other parts of equity		(212,280)	-
Foreign exchange conversion difference		(306,648)	(211,818)
<b>Per shareholders of the parent company</b>		<b>42,325,230</b>	<b>39,285,452</b>
Equity per non-controlling interest		6,325,267	4,154,032
<b>Total equity</b>		<b>48,650,497</b>	<b>43,439,484</b>
<b>Total equity and liabilities</b>		<b>92,355,310</b>	<b>57,608,742</b>

The consolidated financial statements are approved on 31 March 2025 by:

G. Khishigbat  
Chief Executive Officer



Z. Shine-Od  
Chief Financial Officer

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 16 to 53.



# Consolidated statement of profit or loss and other comprehensive income

In thousand MNT	Note	2024	2023
Sales revenue	29	296,858,006	210,360,690
Cost of sales	29	(235,196,722)	(142,355,319)
<b>Gross profit</b>		<b>61,661,284</b>	<b>68,005,371</b>
Other cost of sales	30	(37,279,826)	(49,897,364)
<b>Total gross profit</b>		<b>24,381,458</b>	<b>18,108,007</b>
Other income	31	593,481	24,389
Sales and marketing expenses	32	(422,066)	(1,011,897)
General and administrative expenses	33	(10,768,666)	(7,470,391)
Other expenses	34	(1,190,986)	(289,020)
<b>Profit before financial activities</b>		<b>12,593,221</b>	<b>9,361,088</b>
Financial income	35	1,474,228	-
Financial cost	35	(2,222,779)	295,410
<b>Operating profit for the year</b>		<b>11,844,670</b>	<b>9,656,498</b>
Foreign exchange difference gain (loss)	36	145,957	(141,654)
Gain (loss) on fixed asset write-off	37	(79,740)	1,454
Gain on sale of investment	38	-	27,540
Other profit (loss)	39	35,374	41,437
<b>Profit before tax</b>		<b>11,946,261</b>	<b>9,585,275</b>
Income tax	40	(1,599,812)	(1,222,411)
<b>Profit after tax</b>		<b>10,346,449</b>	<b>8,362,864</b>

# Consolidated statement of profit or loss and other comprehensive income (continued)

In thousand MNT	Note	2024	2023
<b>Other comprehensive income</b>			
Impairment loss		(212,280)	-
Foreign exchange conversion difference		(106,264)	(61,831)
<b>Total revenue for the year</b>		<b>10,027,905</b>	<b>8,301,033</b>
From this:			
Per shareholders of the parent company		7,020,305	5,874,562
Equity per non-controlling interest		3,007,600	2,426,471
Basic earnings per share /in MNT/		18.54	14.97

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 16 to 53.



# Consolidated statement of changes in equity

In thousand MNT	Share capital	Treasury Shares	Paid-in capital	Foreign exchange conversion reserve	Other parts of equity	Retained earnings	Total	Equity for non-controlling interest	Total
Balance 1 January 2024	118,758	-	10,187,611	(211,818)	-	29,190,901	39,285,452	4,154,032	43,439,484
Accounting correction	-	-	-	11,434	-	51,961	63,395	21,811	85,206
Corrected balance 1 January 2024	118,758	-	10,187,611	(200,384)	-	29,242,862	39,348,847	4,175,843	43,524,690
Net profit (loss) for the year	-	-	-	-	-	7,338,848	7,338,848	3,007,599	10,346,447
Other comprehensive income	-	-	-	(106,264)	(212,280)	-	(318,544)	-	(318,544)
Changes in equity	-	(1,427,400)	-	-	-	328,612	(1,098,788)	341,825	(756,963)
Dividend	-	-	-	-	-	(2,945,133)	(2,945,133)	(1,200,000)	(4,145,133)
Balance 31 December 2024	118,758	(1,427,400)	10,187,611	(306,648)	(212,280)	33,965,189	42,325,230	6,325,267	48,650,497

# Consolidated statement of changes in equity

(continued)

In thousand MNT	Equity	Treasury shares	Paid-in capital	Foreign exchange translation reserve	Retained earnings	Total	Equity for non-controlling interest	Total
Balance 1 January 2023	106,268	(3,001,050)	2,233,734	(138,553)	23,937,276	23,137,675	2,000,511	25,138,186
Net profit (loss) for the year	-	-	-	-	5,924,645	5,924,645	2,438,219	8,362,864
Changes in equity	12,490	-	-	-	-	12,490	-	12,490
Treasury shares	-	3,001,050	-	-	(671,020)	2,330,030	-	2,330,030
Paid-in capital	-	-	7,953,877	-	-	7,953,877	-	7,953,877
Foreign exchange translation reserve	-	-	-	(73,265)	-	(73,265)	(84,698)	(157,963)
Dividends	-	-	-	-	-	-	(200,000)	(200,000)
Balance 31 December 2023	118,758	-	10,187,611	(211,818)	29,190,901	39,285,452	4,154,032	43,439,484

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 16 to 53.



# Consolidated statement of cash flows

In thousand MNT	Note	2024	2023
<b>Cash flows from operating activities</b>			
<b>Total cash inflow</b>		<b>286,242,706</b>	<b>208,264,488</b>
Proceeds from sales of goods, provision of services		259,444,745	205,059,366
Proceeds from insurance indemnification		167,145	83,492
Taxes reclaimed		941,211	-
Other cash inflow		25,689,605	3,121,630
<b>Total cash outflow</b>		<b>299,841,013</b>	<b>203,784,322</b>
Paid to employees		7,615,841	5,414,210
Paid to social insurance administration		1,921,203	1,357,966
Acquisition of inventory		38,681,934	52,919
Paid for utilities		95,378	133,683
Paid for fuel, transport, spare parts		171,758,606	186,876,749
Paid for interest		371,262	9,699
Paid to taxation department		12,310,186	4,262,868
Paid for insurance		341,502	337,679
Other cash outflow		66,745,101	5,338,549
<b>Net cash flow from operating activities</b>		<b>(13,598,307)</b>	<b>4,480,166</b>
<b>Cash flow from investing activities</b>			
<b>Total cash inflow</b>		<b>9,955,758</b>	<b>1,415,562</b>
Proceeds from sale of property and equipment		215,367	1,100
Proceeds from sale of investment		3,108,944	416,345
Proceeds from sale of other non-current assets		500,000	-
Loan issued to others, repayment of cash advance		4,707,997	603,793
Interest received		1,233,284	394,324
Other income		190,166	-

# Consolidated statement of cash flows *(continued)*

In thousand MNT	Note	2024	2023
<b>Total cash outflow</b>		<b>24,417,757</b>	<b>3,805,814</b>
Acquisition of property and equipment		7,862,074	279,569
Acquisition of intangible assets		130,461	30,530
Acquisition of investments		7,292,352	3,301,012
Acquisition of other non-current assets		46,004	-
Loan issued; advance given to other		9,086,866	194,703
<b>Net cash flow from investing activities</b>		<b>(14,461,999 )</b>	<b>(2,390,252)</b>
<b>Cash flow from financing activities</b>			
<b>Total cash inflow</b>		<b>59,526,926</b>	<b>17,420,289</b>
Received from loan, securities issued		59,526,924	6,430,784
Received from issuance of share and other equity securities		-	10,967,505
Other financial cash inflow		2	22,000
<b>Total cash outflow</b>		<b>44,384,745</b>	<b>11,383,200</b>
Loan, securities payments		39,743,109	9,831,703
Finance lease payable		784,556	583,615
Repurchase of shares		-	-
Dividends paid		3,822,589	190,000
Other financial cash outflow		34,491	777,882
<b>Net cash flow from financing activities</b>		<b>15,142,181</b>	<b>6,037,089</b>
Foreign exchange difference		(494,872)	(203,426)
<b>Net total cash flow</b>		<b>(13,412,997)</b>	<b>7,923,577</b>
<b>Balance cash and cash equivalents at the beginning of year</b>		<b>22,121,885</b>	<b>14,198,308</b>
<b>Balance cash and cash equivalents at the end of year</b>		<b>8,708,888</b>	<b>22,121,885</b>

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 16 to 53.