

Appendix Four to the “Securities Registration Regulations”  
approved by the Financial Regulatory Commission by  
Resolution No. 225 of June 11, 2021

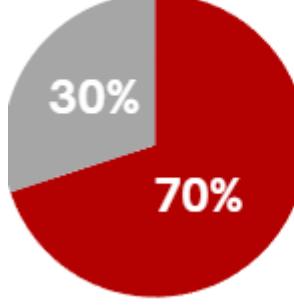
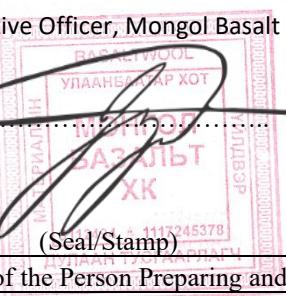
**Mongol Basalt JSC**  
**Annual Operational Report 2025 /Form 1/**

<b>Reporting Period</b>	From January 1, 2025, to December 31, 2025
Name of the issuer, state registration certificate number, securities code, and telephone number	<b>Name:</b> Mongol Basalt JSC <b>State Registration Certificate Number:</b> 9010001085 <b>Tax Registration Number:</b> 5112494 <b>Securities Code:</b> MBW <b>Telephone Number:</b> 7511 4444
<b>Name of the Registered Trading Entity</b>	Mongolian Stock Exchange
<b>Business Activity Sector</b>	Non-metallic Processing Plant – Rock Wool Thermal Insulation Material Factory
Name and registration date of the audit firm registered with the Financial Reporting Council that issued the audit opinion on the annual financial statements	Nexia Global Mongolia Audit LLC
Total number of shares issued by the issuer	56,417,000 Shares
Name of the expert or official who prepared the annual report and reviewed it	Chief Accountant N.Sugarsuren Marketing Manager T.Uugantsetseg Secretary of the Board of Directors O.Bilguun

1.	Financial report for the reporting year /fill in the summary report and attach the financial report/					
Financial indicators		Balance Sheet Items	Opening Balance (MNT)	Closing Balance (MNT)		
		<b>ASSETS</b>				
		Current Assets	6,662,076,277.49	10,977,586,406.20		
		Non-Current Assets	36,386,770,603.06	32,988,854,635.00		
		<b>TOTAL ASSETS</b>	43,048,846,880.55	43,966,441,041.20		
		<b>LIABILITIES AND EQUITY</b>				
		Short-term Liabilities	8,199,595,770.80	10,360,683,361.02		
		Long-term Liabilities	3,834,470,669.04	2,555,050,477.55		
		Equity	31,014,780,440.71	31,050,707,202.63		
		<b>TOTAL LIABILITIES AND EQUITY</b>	43,048,846,880.55	43,966,441,041.20		
Income statement		Financial Indicators	Previous Year (MNT)	Reporting Year (MNT)		
		<b>Net Sales Revenue</b>	12,275,102,682.50	9,258,315,312.40		
		<b>Cost of Sales</b>	8,975,799,612.30	6,587,090,875.56		
		<b>Gross Profit (Loss)</b>	3,299,303,070.20	2,671,224,436.84		
		<b>Profit (Loss) Before Income Tax</b>	186,165,588.30	194,307,543.09		
		<b>Income Tax Expense</b>	49,516,895.22	21,851,641.17		
		<b>Net Profit (Loss) After Tax</b>	136,648,693.08	172,455,901.92		
	Statement of Changes in Equity					
	Equity Indicators	Capital	Additional Paid-in Capital	Revaluation Surplus	Retained Earnings	Total

	<b>Balance as of December 31, 2024</b>	5,641,700,000	20,509,765,227	3,121,608,574	1,741,706,639.03	31,014,780,440.71				
	<b>Declared Dividends</b>	0	0	0	-136,529,140.00	-136,529,140.00				
	<b>Net Profit (Loss) for the Reporting Period</b>	0	0	0	172,455,901.92	172,455,901.92				
	<b>Balance as of December 31, 2025</b>	5,641,700,000	20,509,765,227	3,121,608,574	1,777,633,400.95	31,050,707,202.63				
	<b>Cash Flow Statement</b>	<b>Cash Flow Indicators</b>			<b>Previous Year (MNT)</b>	<b>Reporting Year (MNT)</b>				
		<b>Net Cash Flow from Operating Activities</b>			-2,464,193,029.10	821,911,476.95				
		<b>Net Cash Flow from Investing Activities</b>			119,773,564.67	-9,770,710.97				
		<b>Net Cash Flow from Financing Activities</b>			-3,364,076,115.44	-594,659,644.98				
		<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>			-5,708,495,579.87	217,481,121.00				
		<b>Cash and Cash Equivalents at Beginning of Year</b>			5,730,496,932.59	22,001,352.72				
		<b>Cash and Cash Equivalents at End of Year</b>			22,001,352.72	239,482,473.72				
	Auditor's Report on the Annual Financial Statements									
	The auditor's report on the annual financial statements will be submitted upon issuance									
	Auditor's Confirmation Letter /The confirmation letter shall be prepared in accordance with the contents specified in these guidelines/									
	The auditor's report on the annual financial statements will be submitted immediately upon issuance.									
2.	The issuer shall provide a report and information summarizing the factors affecting its financial position and operational results during the reporting period, management's assessment, and measures planned for implementation going forward.									
2.1	<b>Operating Results /Financial Ratio Indicators/</b>				<b>Financial Ratios</b>	<b>Value</b>				
2.2	Liquidity and Financial Resources Indicators				<b>Current Ratio</b>	1.060				
					<b>Debt Ratio</b>	0.294				
					<b>Debt-to-Equity Ratio</b>	0.416				
					<b>ROA (Return on Total Assets)</b>	0.010				
	<b>Information on the Issuer's Planned Measures Regarding Changes in Operations</b> The issuer shall provide information on the impact of external and internal environments on its operations, the market share in the sector it operates, changes in the types of products and services, developments affecting these changes, and the measures the issuer plans to implement in response.									
	<b>Detailed Information on Off-Balance Sheet Transactions and Accounting Policies</b>									

	<p>This section provides detailed information on transactions and activities not recorded in the financial statements, as well as information on accounting policies.</p>																			
	<p><b>Information on Loan Repayments, Collateral, and Guarantees during the Reporting Period</b></p>																			
3.	<p>Information on Related-Party and Material Transactions during the Reporting Period</p>																			
	<p>By resolution of the Board of Directors, a contract was signed with Thermobasalt LLC for the construction of a hydroponic four-season greenhouse facility.</p>																			
4.	<p><b>Information on Salaries and Bonuses</b></p>																			
	<p>The CEO's salary for 2025 is MNT 60,000,000, and bonuses are granted based on the Board of Directors' resolution. No bonus was awarded in 2025.</p>																			
5.	<p>Corporate Governance Information</p> <p><b>Mongol Basalt JSC held its 2025 Annual General Meeting of Shareholders on April 30, 2025, at 15:00 at the Ulaanbaatar Hotel, with a quorum of 39,756,853 shares, representing 70.47% of the total voting shares.</b></p> <p><b>Committees under the Board of Directors</b></p> <p><b>3 BOARD OF DIRECTORS</b></p> <p>.....</p> <table> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>Ariunbold.L</td> <td>Sharavsambuu.B</td> <td>Han Kyu Bung</td> </tr> </table> <table> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>Sainbileg.P</td> <td>Ganzorig.G</td> <td>Enkhgerel.A</td> </tr> </table> <p><b>Independent Director</b></p> <table> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>Enkhtur.Sh</td> <td>Nyamdorj.P</td> <td>Zorigtbaatar.Ch</td> </tr> </table>				Ariunbold.L	Sharavsambuu.B	Han Kyu Bung				Sainbileg.P	Ganzorig.G	Enkhgerel.A				Enkhtur.Sh	Nyamdorj.P	Zorigtbaatar.Ch	<p>The Board of Directors has established the following four committees:</p> <ul style="list-style-type: none"> <li><b>Nomination Committee</b> – Chair: P. Nyamdorj; Members: G. Ganzorig, Ch. Zorigtbaatar</li> <li><b>Audit Committee</b> – Chair: Ch. Zorigtbaatar; Members: B. Sharavsambuu, Sh. Enkhtur</li> <li><b>Remuneration Committee</b> – Chair: Sh. Enkhtur; Members: P. Sainbileg, P. Nyamdorj</li> <li><b>Risk Management Committee</b> – Chair: Ch. Zorigtbaatar; Members: L. Ariunbold, A. Enkhgerel, B. Sharavsambuu, P. Nyamdorj</li> </ul> <p>Five members of the Board of Directors meet the independence requirements for non-executive members. In line with the company's objective of promoting good corporate governance, a <b>Succession Policy</b> has been established and is being implemented.</p> <p>According to Mongol Basalt JSC's <b>2025 year-end self-assessment report on compliance with the Corporate Governance Code</b>, the company scored <b>71 out of 72 points (98.6%)</b>, which was verified by the <b>Corporate Governance and Compliance Department of the Financial Regulatory Commission</b>, resulting in a score of <b>65 points (90.2%)</b>, corresponding to a "<b>Governance is normal or risk-free</b>" level.</p> <p>As a result, Mongol Basalt JSC is ranked <b>12th among publicly listed companies</b> based on the implementation of the Corporate Governance Code.</p>
																				
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Sainbileg.P	Ganzorig.G	Enkhgerel.A																		
																				
Enkhtur.Sh	Nyamdorj.P	Zorigtbaatar.Ch																		
6	<p>Market Risk Information</p> <p><b>Risk Management Information</b></p> <p>This section outlines Mongol Basalt JSC's approach to identifying potential financial, operational, market, and geopolitical risks, categorizing them by type, complying with applicable rules and regulations, and implementing mitigation strategies such as safety protocols and geopolitical risk insurance.</p> <p><b>Financial Risks:</b></p> <ul style="list-style-type: none"> <li>Inflation and currency fluctuations</li> <li>Financing and liquidity risks</li> <li>Market volatility</li> </ul> <p><b>Operational Risks:</b></p> <ul style="list-style-type: none"> <li>Supply chain disruptions</li> <li>Technological changes</li> <li>Workplace health and safety incidents</li> </ul> <p><b>Market Risks:</b></p> <ul style="list-style-type: none"> <li>Competitive pressures</li> <li>Regulatory changes</li> </ul>																			

	<ul style="list-style-type: none"> <li>Market expansion risks</li> </ul> <p><b>Geopolitical Risks:</b></p> <ul style="list-style-type: none"> <li>Trade barriers and tariffs</li> <li>Political instability</li> </ul> <p><b>Conclusion and Outlook:</b></p> <p>Over the past year, Mongol Basalt JSC has achieved significant progress across key areas, demonstrating stability in operations, employee training, research and development, and production efficiency. The company's commitment to sustainable development, technological innovation, and market leadership is evident through green projects, sustainable raw material sourcing, and strategic partnerships with international technology developers and research institutions.</p>																		
7.	Shareholders' Ownership Information (Names and ownership percentages of shareholders holding 5% or more, and total number of shareholders)																		
	<table border="1" data-bbox="262 566 734 979"> <thead> <tr> <th data-bbox="262 566 323 671">№</th><th data-bbox="323 566 502 671">Name</th><th data-bbox="502 566 734 671">Ownership Percentage of Total Shares</th></tr> </thead> <tbody> <tr> <td data-bbox="262 671 323 734">1</td><td data-bbox="323 671 502 734">L. Ariunbold</td><td data-bbox="502 671 734 734">35.7%</td></tr> <tr> <td data-bbox="262 734 323 798">2</td><td data-bbox="323 734 502 798">P. Sainbileg</td><td data-bbox="502 734 734 798">13.3%</td></tr> <tr> <td data-bbox="262 798 323 861">3</td><td data-bbox="323 798 502 861">A. Enkhgerel</td><td data-bbox="502 798 734 861">7%</td></tr> <tr> <td data-bbox="262 861 323 925">4</td><td data-bbox="323 861 502 925">A. Enkhmaa</td><td data-bbox="502 861 734 925">7%</td></tr> <tr> <td data-bbox="262 925 323 979">5</td><td data-bbox="323 925 502 979">A. Enkhjin</td><td data-bbox="502 925 734 979">7%</td></tr> </tbody> </table> <div data-bbox="750 566 1256 979"> <p><b>Shareholder Structure /Shareholders-2342 /</b></p>  <p>Shareholders Holding More Than 5% Shareholders Holding Less Than 5%</p> </div>	№	Name	Ownership Percentage of Total Shares	1	L. Ariunbold	35.7%	2	P. Sainbileg	13.3%	3	A. Enkhgerel	7%	4	A. Enkhmaa	7%	5	A. Enkhjin	7%
№	Name	Ownership Percentage of Total Shares																	
1	L. Ariunbold	35.7%																	
2	P. Sainbileg	13.3%																	
3	A. Enkhgerel	7%																	
4	A. Enkhmaa	7%																	
5	A. Enkhjin	7%																	
8.	Reporting on Project Implementation and Use of Raised Funds If the issuer has offered shares to the public for the purpose of implementing a project, it shall provide reports and information on the progress of the project and the utilization of the funds raised from the start of the project until its completion																		
9	Dividend Information																		
10	Report on Corporate Social Responsibility Activities during the Reporting Period The issuer shall provide information on activities carried out in the area of corporate social responsibility (CSR) during the reporting period.																		
	Signature and Date of the Reporting Party and the Person Certifying the Accuracy of the Information																		
<p>Name: A. Enkhgerel Position: Chief Executive Officer, Mongol Basalt JSC</p> <p>Signature: ..... </p> <p>(Seal/Stamp) </p>	<p>Name: Position:</p> <p>Signature: ..... (Seal/Stamp)</p>																		
	Signature and Date of the Person Preparing and Submitting the Information Name: ..... Position: ..... Signature: .....																		



**BASALTWOOL®**  
МОНГОЛ БАЗАЛЬТ ХК

# ANNUAL REPORT 2025



# INTRODUCTION

Mongol Basalt JSC is a national manufacturer producing basalt stone wool thermal insulation materials in Mongolia, operating with the objective of meeting the growing demand of the construction, infrastructure, energy, and industrial sectors.

The Company's products comply with international standards and are competitive in the market due to their fire resistance, environmental sustainability, and energy-efficient performance.

This report aims to transparently present the Company's 2025 operational results, financial performance, corporate governance, risk management, sustainability policies, and future strategy to the public, investors, and other stakeholders.

## Vision

To transform volcanic rock into stone wool and produce products that contribute to addressing the major challenges of climate change facing society, while enriching modern life and helping to build a safer, healthier, more climate-resilient, and sustainable society.

## Long-Term Objectives

### Sustainable Development

To develop energy-efficient, innovative insulation products and implement environmentally responsible, efficient production processes to minimize environmental impact.

### Market Leadership

To identify and develop new basalt fiber markets and achieve sustainable revenue growth through R&D investment and technological partnerships, while expanding product diversification to become a leading company in the industry.

### Energy-Efficient Products

To invest in advanced insulation solutions that provide high fire resistance, energy efficiency, and acoustic comfort.





## GENERAL INFORMATION

<b>Company name:</b>	<b>Date of Establishment</b>	<b>Website, Facebook</b>
Mongol Basalt JSC	2007	<a href="http://www.basaltwool.mn">www.basaltwool.mn</a> Mongol Basalt JSC
<b>Scope of Operations:</b>	<b>Address:</b>	<b>Phone, Email:</b>
Stone Wool Plant	Unit 403, Flamingo Tower, 1st Khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia	75114444 <a href="mailto:monbasalt@rockwool.mn">monbasalt@rockwool.mn</a>
Production Capacity: 2.5 tons per hour		



## MANAGEMENT AND HUMAN RESOURCES

<b>Chairman of the Board:</b>	<b>Chief Executive Officer (CEO)</b>	<b>Number of Employees</b>
Ariunbold.L	Enkhgerel.A	85



## SHAREHOLDING INFORMATION

<b>Stock Symbol</b>	<b>Listed on the MSE</b>	<b>Total Issued Shares</b>
MSE:MBW / 544	2018.04.05	56,417,000 shares



## GREETINGS FROM THE CEO!

**Enkhgerel.A**  
**CEO**

Dear Shareholders, Customers, and Partners,  
Despite significant market challenges, 2025 was a pivotal year for Mongol Basalt JSC, during which we strengthened our internal capabilities and expanded our production capacity.

We placed strong emphasis on improving cost discipline, enhancing operational efficiency, and developing our human resources. As a result, although sales revenue declined, net profit increased, delivering a positive outcome.

Going forward, we will implement a growth strategy based on innovation, exports, and green technologies.



### Human Resources – Key Indicators (2025)

- **Average Number of Employees: 84**
- **Staff Turnover: 2.5% (down 2 percentage points from 2024)**
- **New Hires: 21 | Departures: 23**
- **Total Salary Expenses: MNT 2.24 billion (+3%)**
- **Internal Audit: 2 times | Integrated Management System Certification Audit: 1 time**
- **Focus Areas for 2026: Training and Development**



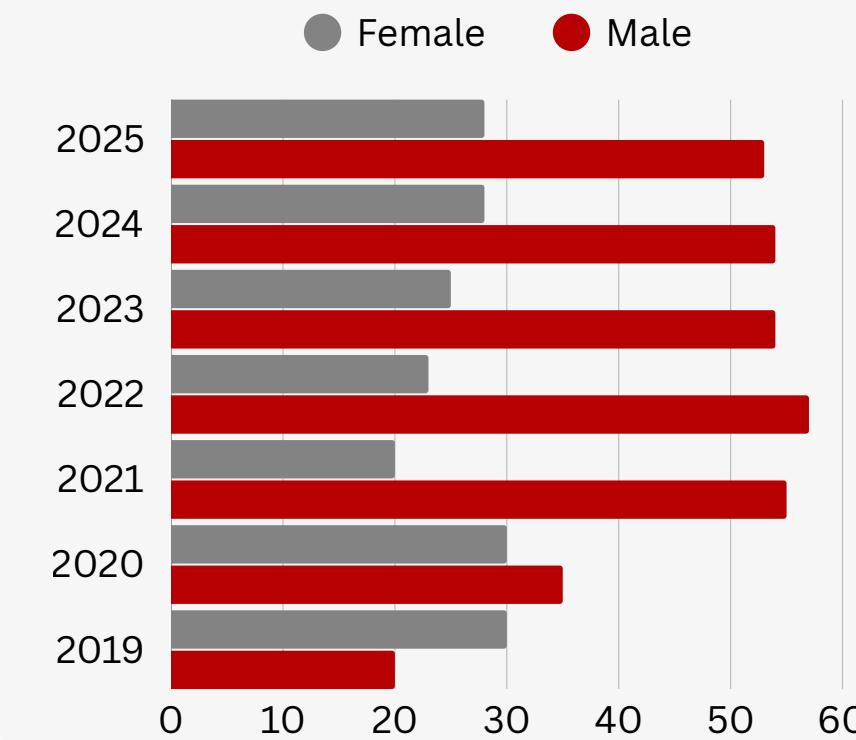
## HUMAN RESOURCES ACTIVITIES

In 2025, Mongol Basalt JSC implemented its human resources policies and activities in a phased manner, aligned with the strategic goal of steadily increasing production capacity and effectively executing technological upgrades. The stability of the Company's workforce improved, with turnover decreasing to 2.5%. While recruitment activity declined compared to the previous year, key operational positions such as security and drivers remain challenging to fill.

During the reporting period, the Company's engineering and technical staff participated in experience-sharing and collaborative activities with Basalt Uzbekistan, a similar production company located in Jizzakh, Uzbekistan. This collaboration enhanced professional skills in production technology, equipment utilization, and occupational safety. A total of 602 employees participated in training sessions totaling 916 man-hours.

For 2026, the Company plans to continue strengthening human resource capacity to ensure uninterrupted production operations and to institutionalize ongoing training and development programs.

### Human Resources Comparison



A drawing contest titled “My Father, Mother, Grandmother, and Grandfather at Work” was organized for the children of the Company's employees.

## PRODUCTION OPERATIONS

In 2025, the Company successfully implemented strategic investments aimed at strengthening production capacity, ensuring reliable operation of equipment, and stabilizing product quality. During the reporting period, the Company produced 1,833 tons of stone wool products, which formed the basis of its primary sales revenue.

Ongoing construction, equipment testing, and adjustment activities at the plant improved the stability of production lines, reduced unplanned downtime and technological losses, and laid a solid foundation for lowering unit production costs in the medium term.

These improvements create economic opportunities by:

- Supporting sustainable revenue growth,
- Enhancing operational efficiency,
- Reducing cash flow volatility, and
- Increasing return on investment.

Going forward, the Company plans to implement a strategy to:

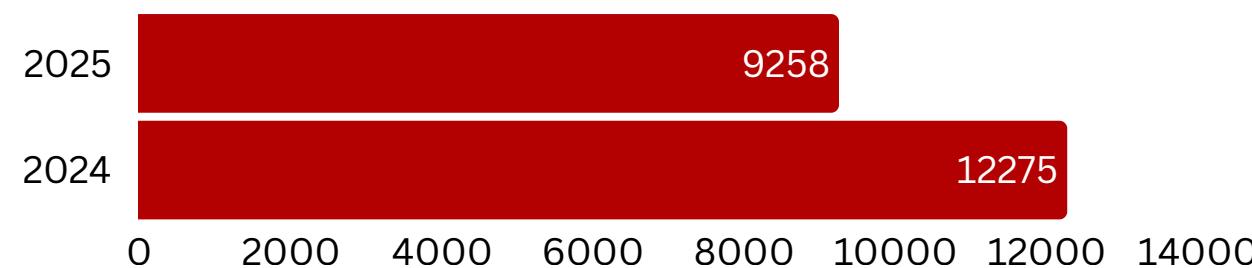
- Increase the share of high value-added products,
- Strengthen its position in the domestic market,
- Gradually expand into export markets, and
- Optimize cost structures,

with the aim of delivering long-term value to shareholders and investors.





## REVENUE (MNT MILLION)



In order to fully meet market demand and support future growth, the Company implemented large-scale construction projects and equipment modernization in phases throughout 2025 to expand its production capacity, and successfully supplied a total of 100,000 packages of products to the market.

## FINANCIAL STATEMENT

As of the end of 2025, the Company's total assets reached MNT 43.97 billion, representing an increase of 2.1% compared to the previous year-end.

Current assets amounted to MNT 10.98 billion, increasing by MNT 4.32 billion year-on-year, mainly due to the growth in trade receivables and cash and cash equivalents.

Total liabilities stood at MNT 12.92 billion, of which MNT 10.36 billion were short-term liabilities and MNT 2.56 billion were long-term liabilities. Shareholders' equity reached MNT 31.05 billion, increasing as a result of net profit generated during the reporting period.

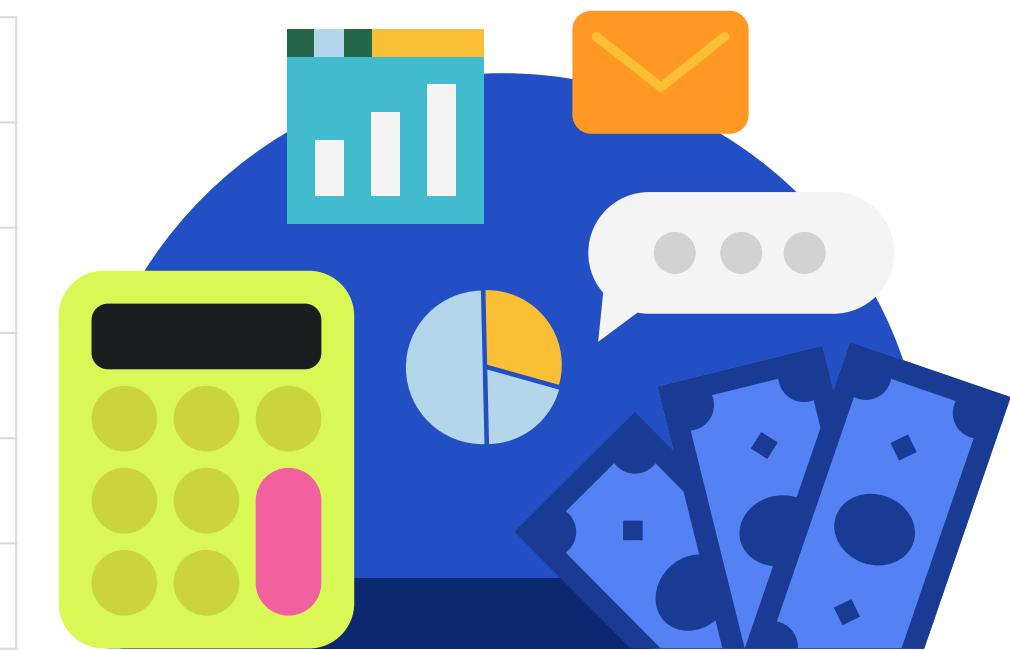
During the 2025 reporting year, the Company's net sales revenue amounted to MNT 9.26 billion, decreasing by MNT 3.02 billion compared to the previous year. This decline was mainly attributable to reduced market demand, a slowdown in the construction sector, and pricing pressures.

Cost of sales decreased to MNT 6.59 billion, down by MNT 2.39 billion year-on-year, reflecting improved cost control and operational efficiency.

Gross profit amounted to MNT 2.67 billion, profit before tax reached MNT 194.3 million, and net profit after tax totaled MNT 172.46 million, representing an increase of MNT 35.8 million compared to the previous year.

### Financial Ratios

Indicator	Value
Current Ratio	1.06
Debt Ratio	0.294
Debt-to-Equity Ratio	0.416
ROA (Return on Assets)	1.00%
ROE (Return on Equity)	1.40%



# EXHIBITIONS AND EVENTS

## Training Activities

- January–February 2025: Training sessions under the theme “Beat the Smog by Insulating” were organized in Khoroo 4, 5, 7, 10, 26, and 33 of Sukhbaatar District, aimed at informing residents about reducing air pollution by re-insulating their homes. A total of 571 participants attended.
- March 2025: Workshops and coordination meetings were held with construction companies, crews, project implementers, and industry specialists on assembling thermo-passive house structural elements and related technologies.
- April 2025: An open house event was conducted in Darkhan city to introduce residents to passive panel construction technology.



## Exhibitions and Events

- April 2025:
  - Building Expo 2025 – organized by Barilga.mn
  - Sustainable Development – Green Future – organized by State Bank of Mongolia
  - Opening Ceremony of the Single-Family Housing Information Center in Chingeltei District – organized by Ministry of Construction and Urban Development
  - Intellectual Property Fair – organized by General Customs Administration
- May 2025:
  - Warm House Event – organized by Ministry of Construction and Urban Development
  - Darkhan Building Expo 2025



## Spray-Applied Basalt Wool Standards

The standards MNS GB/T 26746:2025 – Spray-Applied Mineral Wool for Thermal Insulation and MNS JC/T 903:2025 – Fibrous Mineral Wool were reviewed and approved at the meeting of the Technical Committee for Standardization.



## “DULAANBAATAR” CAMPAIGN – TRAINING AND WORKSHOP

This initiative consisted of training sessions and workshops conducted under the “DulaanBaatar” campaign, aimed at promoting energy-efficient insulation solutions, raising awareness on reducing heat loss, and educating residents on modern building thermal technologies. As part of the “DulaanBaatar” campaign, Mongol Basalt JSC, in collaboration with Member of Parliament G. Luvsanjamts, his working group, and the governors and relevant officials of six districts in Ulaanbaatar, organized training sessions and advisory events on insulation for residents.



In Sukhbaatar District, four training sessions were conducted for residents of Khoroos 11–20, reaching a total of over 500 participants.



In Nalaikh District, one training session was conducted for residents of Khoroos 1–8, reaching a total of over 120 participants.



In Chingeltei District, four training sessions were conducted for residents of Khoroos 7–12 and 20–22, reaching a total of over 600 participants.



In Khan-Uul District, two training sessions were conducted for residents of Khoroos 5–16 and 21, reaching a total of over 140 participants.



In Bayangol District, two training sessions were conducted for residents of Khoroos 9–11, 16, 20–23, and 29, reaching a total of over 250 participants.



In Bayanzurkh District, one training session was conducted for residents of Khoroos 2, 5, 8–24, and 27–42, reaching a total of over 460 participants.

## OVERVIEW OF THE CONSTRUCTION SECTOR

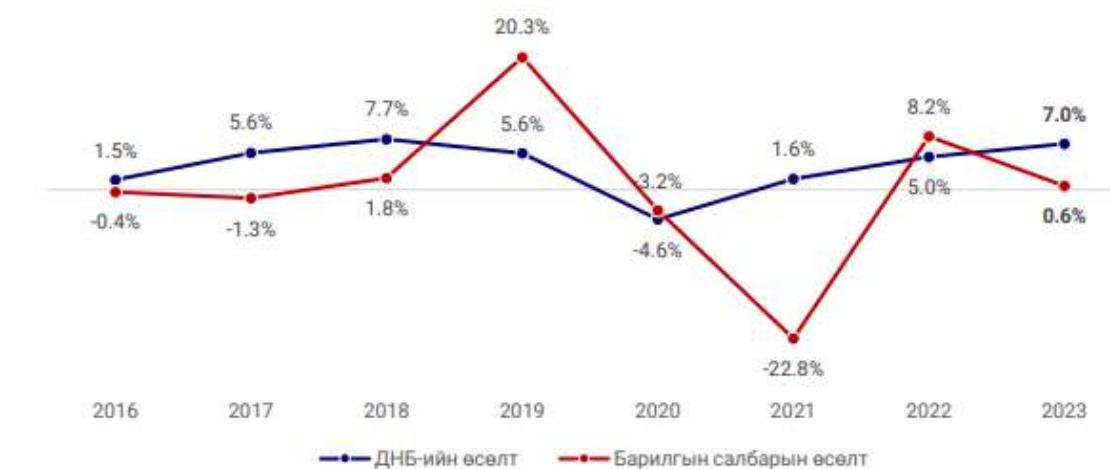
### Sector Growth and Contribution to GDP

The growth of Mongolia's economy largely depends on specific sectors, while others show limited expansion. A clear example is the construction sector. The main driver of economic growth has been the mining sector. Over the past decade, Mongolia's economic cycle has been heavily influenced by mineral prices and export revenues. However, the construction sector's growth has contributed less than 1% to GDP growth, while the sector alone accounts for approximately 3–4% of total GDP. Its share has been declining since 2020. In 2023, Mongolia's GDP reached MNT 30.45 trillion (based on 2015 prices), with the construction sector contributing MNT 898 billion, equivalent to 2.9% of GDP.

### GDP by Sector (2016–2023)



### DP and Construction Sector Growth (2016–2023)



### Overview of Macroeconomic Indicators in the Construction Sector

Based on economic statistics, the construction sector accounted for 2.9% of Mongolia's GDP in 2023, with an annual growth rate of 0.6%. Its contribution to overall GDP growth is less than 1%, and its share of GDP has been continuously declining since 2020.

The sector was significantly affected by the COVID-19 pandemic, contracting by 22.8% in 2021, and has not yet returned to pre-pandemic levels. Sector growth remains heavily dependent on government projects and construction activities.

In 2023, labor productivity in the sector was MNT 11.9 million per employee, which is 2.1 times lower than the national average. Total spending on construction projects amounted to MNT 4.41 trillion, of which MNT 2.06 trillion was allocated to residential construction. Although the number of residential buildings has decreased since 2020, the total budgeted costs have increased, reflecting a trend toward larger and higher-cost residential projects.

As of 2022, the construction sector employed 77,527 workers, representing 6.6% of total employment. The average monthly salary in the construction sector was MNT 1.43 million, slightly below the national average of MNT 1.5 million in 2022.

### Construction Insulation Materials Market

Mongolia is largely an import-dependent country in terms of foreign trade. Over 70% of domestic consumption of insulation materials is met through imports. Stone wool and foam boards are primarily imported from China, while glass wool is mainly imported from Russia.



Domestic Construction Insulation Material Consumption  
Over 70% of domestic consumption of construction insulation materials, approximately 43,000 tons, is met through imports. The majority of this volume consists of Expanded Polystyrene (EPS) boards.

Many countries and cities worldwide, including Canada, France, India, Taiwan, and New York City, have either banned or restricted the use of EPS boards due to several concerns:

- Flammability: Most EPS boards are combustible and release toxic fumes when exposed to high temperatures or fire.
- Environmental Impact: EPS production typically relies on non-renewable petroleum-based chemicals.
- Structural Limitations: EPS boards are not suitable for load-bearing applications.



# ENVIRONMENT

Caring for soil  
caring for the  
planet,  
**with  
stone wool.**



# ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

The Company's operations are based on principles aimed at reducing negative environmental impacts, utilizing natural resources responsibly, and fully complying with relevant laws, regulations, and standards.

In 2025, the internal regulations and monitoring-evaluation system of the Environmental Management System (EMS) were improved, and regular training and guidance were provided to enhance employees' knowledge and participation.

During the reporting period:

- Total energy consumption at the plant was 681,504 kWh, representing a 20% reduction compared to the previous year. Energy-saving measures included:
  - Adjustment, upgrade, and improvement of equipment
  - Optimization of technological processes through testing and adjustments
- Total water usage was 3,192 m<sup>3</sup>, with measures implemented to increase water reuse in production processes and reduce losses.
- Environmental monitoring was conducted, and a comprehensive Environmental and Social Impact Assessment (ESIA) report was prepared by Ecological Productivity LLC and approved by the Ministry of Environment and Climate Change, with recommendations implemented accordingly.

In 2025, one environmental training session was conducted, attended by 50 employees, covering:

- Detailed Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP)
- Waste segregation
- Energy and water conservation practices
- Proper management of hazardous waste

## Energy consumption

 **2025**  
681504 kWh

 **2024**  
849,887 kWh

## Water usage

 **2025**  
3192 m<sup>3</sup>

 **2024**  
4689 m<sup>3</sup>

## Fuel Consumption

 **2025**  
127522.67 L

 **2024**  
195946.43 L

## Waste Management – General Waste

 **2025**  
320tn

 **2024**  
468.9tn

## Waste Management – Hazardous Waste

 **2025**  
143 kg

 **2024**  
140 kg

## Heating Supply

 **2025**  
1968 GJ

 **2024**  
1882 GJ

## Oils and Lubricants

 **2025**  
3065 L

 **2024**  
1648 L

# SUSTAINABLE DEVELOPMENT

Mongol Basalt JSC has committed to the United Nations Global Compact (UNGC) and the Sustainable Finance Network, integrating these commitments into its management system and daily operations. The company progressively implements the principles and requirements concerning business and human rights, reflecting its dedication to internationally recognized standards on human rights, labor, environment, and anti-corruption. This step represents a strategic decision to establish responsible business practices.

The company's production and operations contribute to 12 out of the 17 United Nations Sustainable Development Goals (SDGs), making a tangible impact on the environment, economy, and social development. Through initiatives under sustainable development and environmental responsibility, Mongol Basalt JSC, as the leading producer of stone wool insulation in Mongolia, continues to take concrete actions to operate responsibly and implement sustainable development principles.

Equal opportunities, equal participation, people-friendly workplaces, healthy and safe people, and sustainable supply, free from any discrimination



A well-developed organizational culture, one that upholds ethics and values, respects human rights, ensures legal compliance, and shares information openly



A mature system for the rational use of natural resources, reduction of greenhouse gas emissions, and reduction of waste

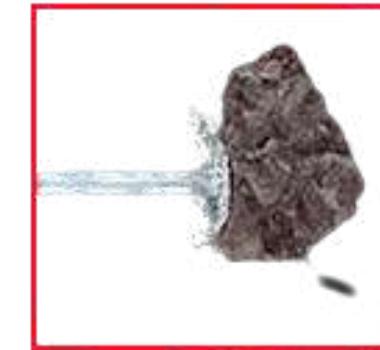
**SOUND  
ABSORBENT**



**FIRE  
RESISTANT**



**WATER  
REPELLENT**



## Company Vision and Sustainable Initiatives

Within the framework of its corporate vision, Mongol Basalt JSC:

- Develops and offers sustainable products and solutions that ensure fire safety, energy efficiency, and indoor comfort, while meeting the evolving needs of customers.
- Promotes sustainable development and green manufacturing principles by initiating several recycling and circular economy programs.

For example, the company has implemented a waste recycling program in its stone wool production process, aiming to contribute to environmental sustainability and optimize resource efficiency. These initiatives not only fulfill the company's corporate social responsibility commitments but also align with Mongolia's sustainable development goals, representing significant and impactful actions toward a greener and more responsible industry.

# MONGOL BASALT JSC – SUSTAINABLE DEVELOPMENT ROADMAP

17 PARTNERS  
FOR THE GOAL



SDG 17:  
Participate in effective  
collaboration

## SDG 13:

13 CLIMATE ACTION



Increase the production of low-carbon buildings and facilities

**7 AFFORDABLE AND CLEAN ENERGY**



SDG 7: 

The facades of the factory and office buildings were renovated, improving energy efficiency.

**6 CLEAN WATER AND SANITATION**



SDG 6: 

A water reservoir was established to implement water reuse, and greywater was utilized in the factory operations.



SDG 13: CLIMATE ACTION

The factory's exhaust pipe filtration system was upgraded, reducing carbon emissions to levels below the regulatory standards.

## SDG 8: DECENT WORK AND ECONOMIC GROWTH

Safety measures were enhanced, reducing unplanned downtime.

## SDG 9:

Increase the construction of durable and fire-resistant buildings and facilities.

## SDG 8: DECENT WORK AND ECONOMIC GROWTH

Support sustainable employment and economic growth

A black and white icon of a construction crane. The crane has a tall, vertical lattice-boom tower on the left. A horizontal lattice-boom arm extends from the top of the tower to the right. A red rectangular cargo box is suspended from the end of the arm. The base of the crane is a simple rectangular foundation. The background is white.

The diagram illustrates a vertical stack of building components, likely representing a wall or facade, with various sections highlighted in different colors (green, orange, yellow, blue, and grey) corresponding to the SDGs. To the left of the stack is a stylized tree icon.

- SDG 11:** Sustainable Cities and Communities. Promote energy-efficient housing that meets demand. (Orange callout with building icons)
- SDG 7:** Affordable and Clean Energy. Increase energy-efficient buildings and production. (Yellow callout with sun and power icon)
- SDG 6:** Clean Water and Sanitation. Reduce irrigation water consumption. (Blue callout with water drop icon)
- SDG 2:** Zero Hunger. Establish sustainable food. (Orange callout with fork and knife icon)

The logo for GROWOOL is positioned on the right side of the page. It features a stylized illustration of two trees on the left, each with a central vertical stem and three horizontal branches. To the right of the trees is a large, black-outlined greenhouse with a curved roof and a white door. A small blue square is located at the top left of the greenhouse, and a small orange square is at the top right. To the right of the greenhouse, the word "GROWOOL" is written in a green, lowercase, sans-serif font. Below "GROWOOL" in a smaller, gray, lowercase font is the word "SUSTAINABLE GROWING". A thin red horizontal line is located at the bottom of the page, spanning the width of the content area.

## SDG 12: Responsible consumption and production

A black and white icon depicting a factory building with a tall chimney emitting two curved plumes of smoke. A pipe leads from the factory to a recycling symbol (a triangle with three arrows forming a loop). A yellow rectangular box is positioned next to the recycling symbol.

## 3 GOOD HEALTH AND WELL-BEING



### SDG 3>>>

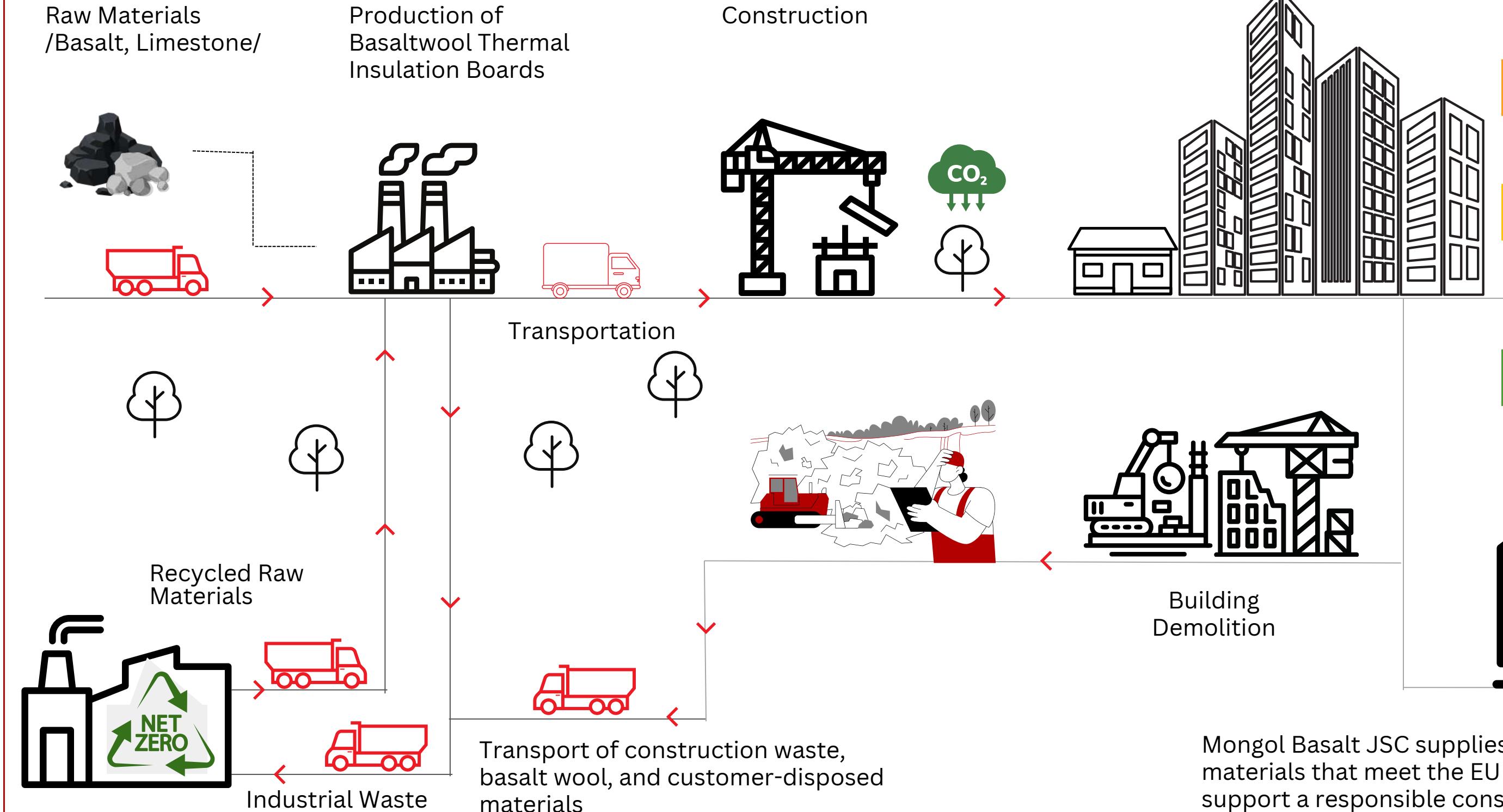
#### Increase the construction of sound-insulated buildings and facilities

## Sustainable Development Goals (SDGs)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION  
 SDG 12: NET ZERO  
 BASALTCycling Roadmap

## BASALTCycle Recycling Program

13 CLIMATE ACTION  
 SDG 13:  
 Support the production of low-carbon buildings and facilities





## GROWOOL GREEN PROJECT

Since 2019, Mongol Basalt JSC has been developing the GROWOOL hydroponic technology based on basalt wool, aiming to reduce water consumption and enable stable year-round harvests regardless of weather conditions.

In 2021, the company published the first Mongolian-language hydroponic technology manual, providing guidance, training, and information to individuals and businesses.

In 2023, the project scope was expanded to construct four-season hydroponic greenhouse facilities, scheduled for commissioning in 2026.

### Four-Season Hydroponic Greenhouses

- Purpose: Enable year-round cultivation of vegetables and crops, independent of seasonal weather variations and climate conditions.
- Technology: Uses basalt wool as a growing medium, reducing water consumption by 80–90% and land requirements by up to 70% compared to traditional agriculture.
- Timeline: Construction of the four-season hydroponic greenhouses began in 2023, with commissioning planned for 2026.
- Benefits:
  - Stable food production throughout all four seasons
  - Reduced freshwater usage
  - Support for Sustainable Development Goals (SDGs 2, 6, 15)
  - Promotes local food security and reduces reliance on imported vegetables
  - Environmentally friendly, energy-efficient, and resource-saving cultivation





# CORPORATE GOVERNANCE

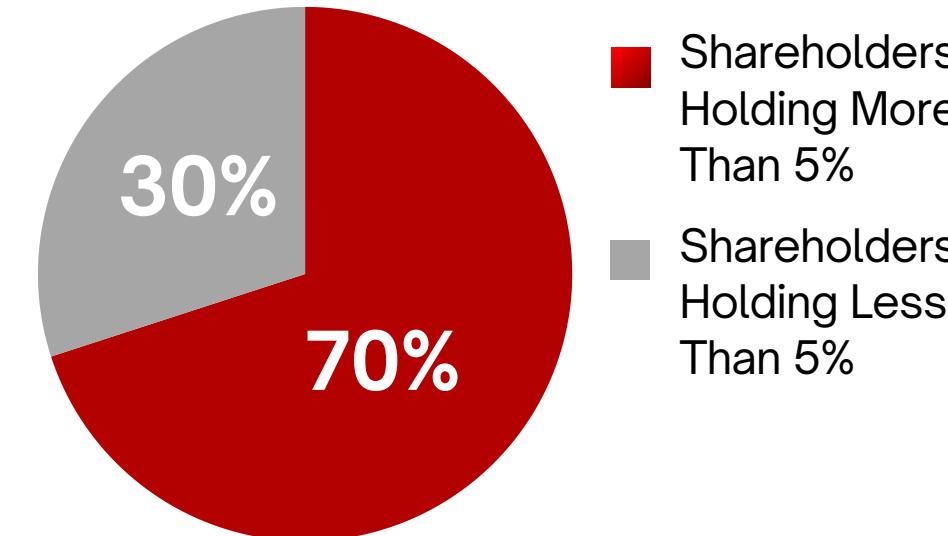
The 2025 Annual General Meeting of Shareholders was successfully held on April 30, 2025. Additionally, pursuant to Resolution No. 03 of the Board of Directors dated February 16, 2025, the Company declared a dividend of MNT 2.42 per share, totaling MNT 136,529,140. The dividend was successfully distributed to shareholders' securities accounts through the Central Securities Depository (CSD) on May 31, 2025.

The Board of Directors of Mongol Basalt JSC operates in accordance with the Company Law and the principles of the Corporate Governance Code, ensuring a balanced structure with diverse skills, knowledge, experience, independence, vision, creativity, and effectiveness.

According to the Company's self-assessment of Corporate Governance Code compliance at the end of 2025, the Company scored 71 out of 72 points, equivalent to 98.6%. This assessment was reviewed and validated by the Corporate Governance and Compliance Department of the Financial Regulatory Commission, which confirmed a score of 65 points (90.2%), rating the Company as "Governance Normal / Low Risk." Based on the Corporate Governance Code compliance assessment, Mongol Basalt JSC ranked 12th among publicly listed companies. Going forward, the Company plans to take continuous measures to further improve compliance with the Corporate Governance Code, institutionalize and sustain good governance practices, and deepen the corporate governance culture.



## Shareholder Structure /Shareholders-2342 /




## SIGNIFICANT SHAREHOLDERS

No	Name	Percentage of Total Shares
1	Ariunbold.L	35.7%
2	Sainbileg.P	13.3%
3	Enkhgerel.A	7%
4	Enkhmaa.A	7%
5	Enkhjin.A	7%



## BOARD OF DIRECTORS



Ariunbold.L



Sharavsambuu.B



Han Kyu Bung



Sainbileg.P



Ganzorig.G



Enkhgerel.A

## Independent Director



Enkhtur.Sh



Nyamdorj.P

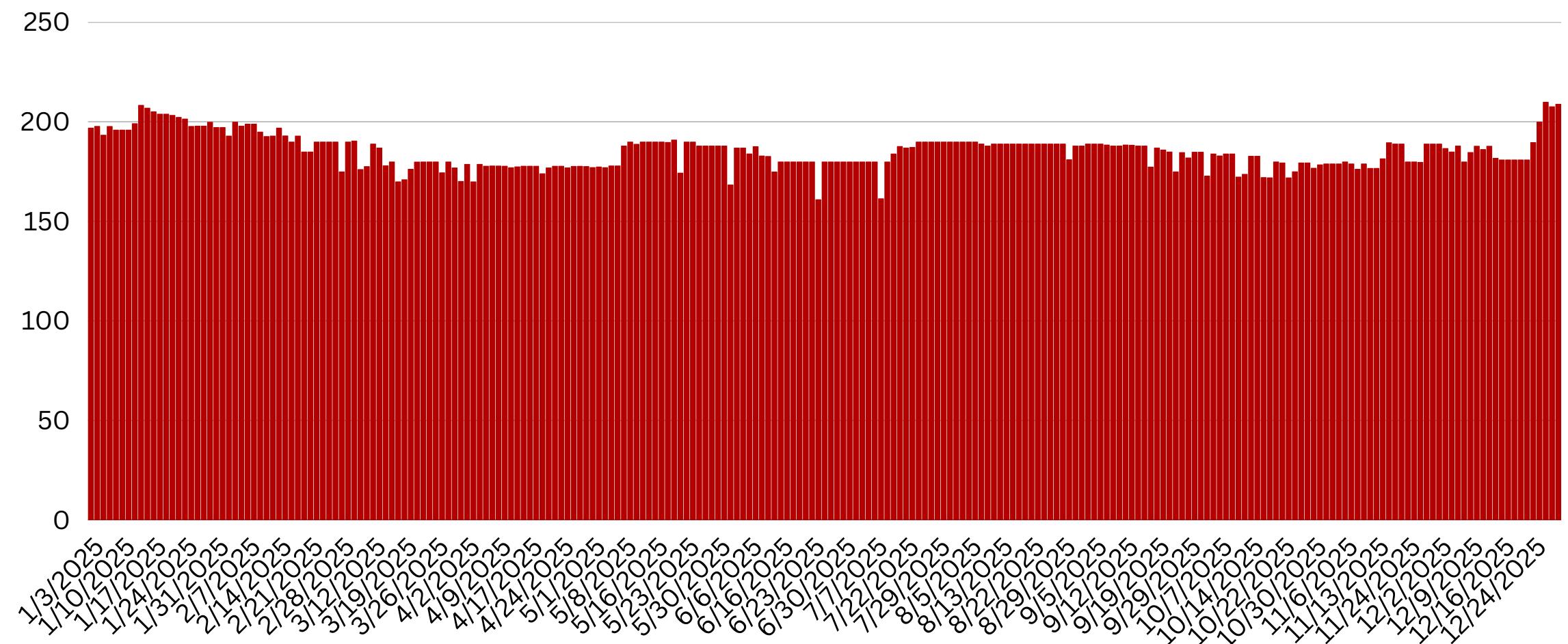


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# SHAREHOLDING INFORMATION

**Closing Price**  
**/2025.12.31/** **197.84**  
  
**208.98**  
**Previous Price**  
**/2024.12.31/**

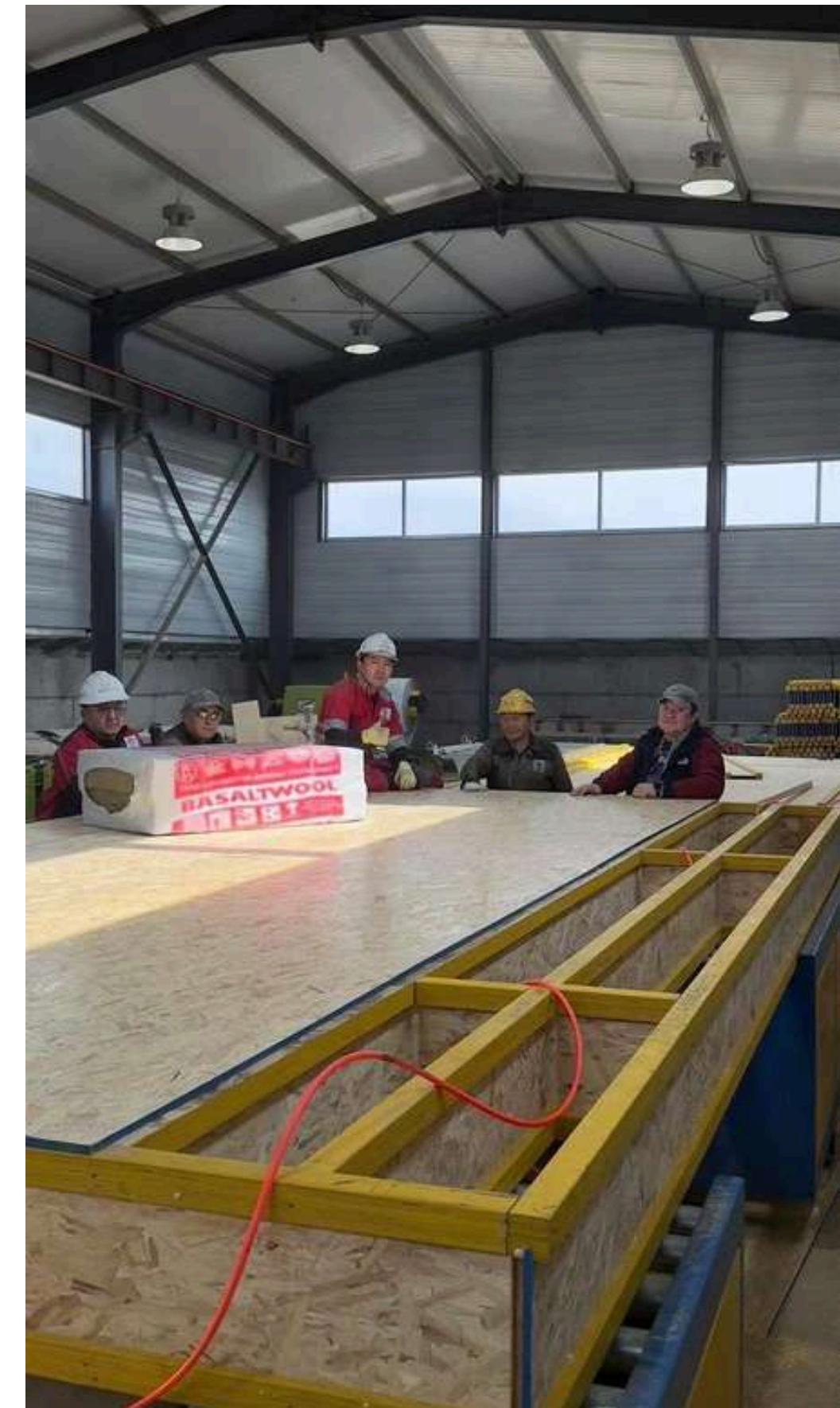
## SHARE PRICE CHART



### Stock Performance on the Secondary Market

During the reporting period, the trading price of Mongol Basalt JSC shares on the secondary market ranged from MNT 161.03 to MNT 209.99, with a closing price of MNT 208.98 at the end of 2025.

On average, 85,359 shares were traded per month during the period. In total, 1,024,311 shares were traded on the secondary market, amounting to MNT 194.1 million.



# Thank You

## SOCIAL MEDIA

-  Mongol Basalt JSC
-  Mongol\_Basalt
-  [www.basaltwool.mn](http://www.basaltwool.mn)

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