

APU JSC AND ITS SUBSIDIARIES

Consolidated Financial Statements

For the year ended 31 December 2024

(With Independent Auditors' Report Thereon)

Contents

	Page
Directors' Responsibility Statement	1
Independent Auditors' Report	2
Consolidated Statement of Financial Position	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	13

Directors' Responsibility Statement

APU JSC's Board of Directors is responsible for the preparation of the consolidated financial statements.

The consolidated financial statements of APU JSC and its subsidiaries (together "the Group") have been prepared to comply with International Financial Reporting Standards. The Group's Board of Directors are responsible for ensuring that these consolidated financial statements present fairly the state of affairs of the Group's financial position as at 31 December 2024 and the financial performance and cash flows for the year then ended on that date.

APU JSC's Board of Directors have responsibility for ensuring that the Group keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and which enable them to ensure that the consolidated financial statements comply with the requirements set out in Note 2 to Note 5 thereto.

APU JSC's Board of Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

APU JSC's Board of Directors consider that, in preparing the consolidated financial statements including explanatory notes, it has used appropriate policies, consistently applied and supported by reasonable and prudent judgment and estimates, and that all applicable accounting standards have been followed.

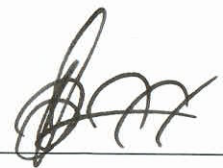
The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issuance by the APU JSC's Board of Directors.



P. Batsaikhan
Chairman



Ts. Erdenebileg
Chief Executive Officer



G. Enkhbileg
Chief Financial Officer

Ulaanbaatar,
Mongolia

Date: 9 April 2025



KPMG Audit LLC
#602, Blue Sky Tower, Peace Avenue,
1st Khoroo, Sukhbaatar District,
Ulaantaatar 14240, Mongolia

Tel : +976 7011 8101
Fax : +976 7011 8102
www.kpmg.com/mn

Independent Auditors' Report

To: The Shareholders and Board of Directors
APU Joint Stock Company

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of APU JSC (the "Parent Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mongolia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 18 to the consolidated financial statements and the accounting policies in Note 5 (q).

Area of focus	How our audit addressed the area of focus
<p>Under International Standards on Auditing there is a presumed fraud risk relating to revenue recognition. We have determined this to apply to the occurrence of the revenue and recognition of revenue in a correct accounting period because of the pressure management may feel to achieve the planned results.</p> <p>Due to these factors, we have considered revenue recognition to be a key audit matter relevant to our audit of the consolidated financial statements.</p>	<p>Our audit procedures over revenue included, among others:</p> <ul style="list-style-type: none">- We evaluated the design and implementation of control activities that address process risk of revenue recognition related to fraudulent financial reporting.- We tested selected controls management has in place over the sales and revenue recognition process, focusing on controls over the existence, accuracy and timing of revenue recognition.- We challenged the revenue recognition policies adopted by the Group by making inquiries of management and inspecting a sample of sales contracts to understand the delivery terms of the transactions so as to assess the Group's timing of revenue recognition with reference to the requirements of the prevailing accounting standards.- We assessed whether revenue was recognized in the appropriate accounting period and in accordance with the terms of the sales contracts by comparing a sample of sales transactions recorded around the year end with relevant underlying documents, which included goods dispatch notes or documentation indicating the customers' acknowledgment of delivery of the goods sold.



Key Audit Matters, continued

Revenue recognition, continued

Area of focus	How our audit addressed the area of focus
	<ul style="list-style-type: none">- We performed trend analysis of the main revenue lines of the Group, we developed an expectation of the Group's revenue using quantities and prices, and we performed audit procedures over sales between the Group and its customers such as customer confirmations.- We tested of details for journal entries which met our high risk criteria.- In connection with our audit of the consolidated financial statements, our responsibility is to read the revenue with reference to the requirements of IFRS 15.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

We assessed the disclosures in the consolidated financial statements in relation to the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements, continued

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 auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is Sang-Yong Cho, and the audit director is Tatiana Yakovleva.



KPMG Audit LLC
Ulaanbaatar, Mongolia
9 April 2025

Signed by:

Tatiana Yakovleva
Director

Approved by:

Sang-Yong Cho
Partner

This report is effective as at 9 April 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any. Furthermore, this report is intended solely for the use of the shareholders of the Group. To the fullest extent permitted by law, we do not assume responsibility towards or accept liability to any other party in relation to the contents of this report.

APU Joint Stock Company and its Subsidiaries

Consolidated Statement of Financial Position

As at 31 December 2024

(In thousands of MNT)

	31 Dec 2024	31 Dec 2023
Assets		
Property, plant and equipment	535,762,942	498,807,964
Intangible assets and goodwill	68,383,802	69,116,813
Deferred tax assets	3,342,666	980,650
Biological assets	628,447	623,520
Other non-current assets	10,875,584	-
Non-current assets	618,993,441	569,528,947
Inventories	206,905,017	221,237,792
Prepayments and prepaid expenses	38,116,101	27,780,501
Income tax receivable	3,631,892	7,833,375
Trade and other receivables	117,524,254	69,306,535
Cash and cash equivalents	92,974,324	122,152,149
Assets held for sale	411,000	642,000
Current assets	459,562,588	448,952,352
Total assets	1,078,556,029	1,018,481,299
Equity		
Share capital	106,418	106,418
Share premium	339,442,756	339,442,756
Merger reserve	(112,795,804)	(112,795,804)
Revaluation reserve	156,572,931	157,839,026
Foreign currency translation reserve	(457,461)	(56,565)
Retained earnings	392,482,641	274,269,755
Equity attributable to owners of the Group	775,351,481	658,805,586
Non-controlling interest	19,648,112	21,770,071
Total equity	794,999,593	680,575,657

APU Joint Stock Company and its Subsidiaries

Consolidated Statement of Financial Position

As at 31 December 2024

(In thousands of MNT)

	31 Dec 2024	31 Dec 2023
Liabilities		
Deferred tax liabilities	25,484,784	29,888,320
Other payables	5,877,501	-
Long-term lease liabilities	37,986,035	41,528,089
Employee benefits	1,308,825	989,976
Long-term loans and borrowings	61,383,927	107,392,420
Derivative financial liabilities	1,828,117	432,338
Non-current liabilities	133,869,189	180,231,143
Short-term loans and borrowings	22,504,787	40,000,000
Short-term lease liabilities	19,233,114	18,593,081
Income tax payable	985,467	1,562,784
Trade payables	51,714,438	53,134,960
Other payables	54,873,854	44,199,868
Employee benefits	375,587	183,806
Current liabilities	149,687,247	157,674,499
Total liabilities	283,556,436	337,905,642
Total equity and liabilities	1,078,556,029	1,018,481,299

APU Joint Stock Company and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

(In thousands of MNT)

	2024	2023
Revenue	1,327,522,591	1,105,352,126
Cost of sales	(680,502,489)	(625,950,191)
Gross profit	647,020,102	479,401,935
Selling and administrative expenses	(368,798,273)	(299,608,310)
Impairment loss on financial assets	(4,435,488)	(81,470)
Other income	7,844,113	6,354,660
Other expenses	(14,573,785)	(10,721,991)
Profit from operations	267,056,669	175,344,824
Finance income	5,016,464	1,937,993
Finance costs	(30,554,433)	(19,619,409)
Profit before income tax	241,518,700	157,663,408
Income tax expense	(48,627,848)	(40,605,307)
Profit for the year	192,890,852	117,058,101
Other comprehensive income:		
<i>Items that will never be reclassified to profit or loss:</i>		
Revaluation surplus	-	2,333,990
Exchange rate differences on translation	(400,896)	(760,083)
Remeasurements of employee benefits	(173,503)	279,689
Total comprehensive income for the year	192,316,453	118,911,697
Profit attributable to:		
Owners of the Parent Company	222,474,268	146,794,559
Non-controlling interest	(29,583,416)	(29,736,458)
Profit for the year	192,890,852	117,058,101
Total comprehensive income attributable to:		
Owners of the Parent Company	221,899,869	148,648,155
Non-controlling interest	(29,583,416)	(29,736,458)
Total comprehensive income for the year	192,316,453	118,911,697
Earnings per share		
Basic earnings per share	209.06	137.94

APU Joint Stock Company and its Subsidiaries
Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Parent Company								
(In thousands of MNT)	Share capital	Share premium	Merger reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2023	106,297	338,094,870	(112,795,804)	156,566,882	703,518	220,738,413	603,414,176	30,163,068	633,577,244
Total comprehensive income:									
Profit / (loss) for the year	-	-	-	-	-	146,794,559	146,794,559	(29,736,458)	117,058,101
Other comprehensive income	-	-	-	2,333,990	(760,083)	279,689	1,853,596	-	1,853,596
Transactions with owners:									
Dividends declared	-	-	-	-	-	(94,604,752)	(94,604,752)	-	(94,604,752)
Treasury shares sold	121	1,347,886	-	-	-	-	1,348,007	-	1,348,007
Additional capital	-	-	-	-	-	-	-	21,343,461	21,343,461
Transfers to retained earnings	-	-	-	(1,061,846)	-	1,061,846	-	-	-
Balance at 31 December 2023	106,418	339,442,756	(112,795,804)	157,839,026	(56,565)	274,269,755	658,805,586	21,770,071	680,575,657
Balance at 1 January 2024	106,418	339,442,756	(112,795,804)	157,839,026	(56,565)	274,269,755	658,805,586	21,770,071	680,575,657
Total comprehensive income:									
Profit / (loss) for the year	-	-	-	-	-	222,474,268	222,474,268	(29,583,416)	192,890,852
Other comprehensive loss	-	-	-	-	(400,896)	(173,503)	(574,399)	-	(574,399)
Transactions with owners:									
Dividends declared	-	-	-	-	-	(105,353,974)	(105,353,974)	-	(105,353,974)
Treasury shares sold	-	-	-	-	-	-	-	-	-
Additional capital	-	-	-	-	-	-	-	27,461,457	27,461,457
Transfers to retained earnings	-	-	-	(1,266,095)	-	1,266,095	-	-	-
Balance at 31 December 2024	106,418	339,442,756	(112,795,804)	156,572,931	(457,461)	392,482,641	775,351,481	19,648,112	794,999,593

APU Joint Stock Company and its Subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

(In thousands of MNT)

	2024	2023
Cash flows from operating activities		
Profit for the year	192,890,852	117,058,101
Adjustments for:		
Income tax expense	48,627,848	40,605,307
Interest expense on lease liabilities	9,339,241	7,646,997
Interest expense on loans	14,998,783	10,329,275
Interest expense on derivative financial liabilities	3,494,601	964,284
Unwinding of the discount on employee benefit provision	184,571	215,372
Interest income	(5,016,464)	(1,545,488)
Unrealised foreign exchange loss, net	633,493	54,597
Depreciation	76,945,766	75,198,344
Amortisation	7,670,925	7,666,150
(Reversal gain)/impairment loss on bank balances	(41,158)	261,375
Gain on disposal of property, plant and equipment	(149,686)	(117,224)
Loss on disposal of property, plant and equipment	1,219,157	295,000
Loss on write-off of property, plant and equipment	474,698	713,797
Impairment loss on property, plant and equipment	-	2,335,703
Loss on fair value of derivative financial instruments	1,395,779	432,338
Loss on write-off of biological assets	23,577	268,955
Loss on disposal of biological assets	71,809	-
Equity-settled payment transactions	-	1,348,007
	352,763,792	263,730,890
Changes in assets and liabilities:		
Trade and other receivables	(33,643,057)	(19,247,004)
Inventories	16,170,248	(34,665,694)
Assets held for sale	231,000	67,036
Prepayments	(6,974,110)	24,683,643
Trade payables	(464,043)	2,934,585
Other payables	10,916,118	(3,280,135)
Employee benefits	336,362	(326,381)
	339,336,310	233,906,940
Interest on loans paid	(14,998,783)	(10,329,275)
Interest on lease liabilities paid	(9,339,241)	(7,646,997)
Interest on derivative financial liabilities paid	(3,456,881)	(368,461)
Interest received	5,016,464	1,545,488
Income taxes paid	(51,759,910)	(32,725,088)
Net cash provided by operating activities	264,797,959	184,382,607

APU Joint Stock Company and its Subsidiaries

Consolidated Statement of Cash Flows, continued

For the year ended 31 December 2024

(In thousands of MNT)

	2024	2023
Cash flows from investing activities		
Acquisition of property, plant and equipment	(112,185,127)	(117,750,041)
Acquisition of intangible assets	(6,894,067)	(2,738,030)
Acquisition of financial assets	(15,000,000)	-
Acquisition of biological assets	(100,313)	(892,475)
Proceeds from disposal of property, plant and equipment	9,787,479	3,911,473
Net cash used in investing activities	(124,392,028)	(117,469,073)
Cash flows from financing activities		
Proceeds from borrowings	37,230,000	230,570,440
Repayment of borrowings	(100,905,786)	(105,900,000)
Dividends paid	(104,867,660)	(111,480,816)
Payment of lease liabilities	(27,184,209)	(15,679,896)
NCI portion of new capital issued by subsidiary	27,461,457	21,343,461
Net cash used in financing activities	(168,266,198)	18,853,189
Exchange difference on translating foreign operation	(781,177)	(921,452)
Net (decrease)/increase in cash and cash equivalents	(28,641,444)	84,845,271
Cash and cash equivalents at the beginning of year	122,152,149	38,365,107
Reversal/(impairment loss) gain on cash and cash equivalents	41,158	(261,375)
Effect of foreign exchange rate fluctuations on cash held	(577,539)	(796,854)
Cash and cash equivalents at the end of year	92,974,324	122,152,149