

# **“MGL AQUA” PLC**

*(A business entity registered in Mongolia)*

**Audited Financial Statement**  
**31 December 2024**

**“MGL AQUA” PLC****For the Year Ended 31 December 2024**

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## **“MGL AQUA” PLC**

### **COMPANY INFORMATION**

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#### **DECISION TO ESTABLISH**

"MGL Aqua" PLC (hereinafter referred to as the "Company") was established on July 1, 2001. In accordance with Resolution No. 183 of the Financial Regulatory Commission in 2024, a total of 87,555,616 common shares were successfully offered to the public. As per this resolution, the Company now holds a total of 327,555,616 common shares, each with a nominal value of MNT 2.50, resulting in a total equity capital of MNT 818,889,040.

#### **CERTIFICATE**

State registration number: 9007001028  
Registration number: 262833

#### **SHAREHOLDER:**

TML Trade LLC – 73.27%  
D. Munkhuu – 6.99%  
Public – 19.74%

#### **EXECUTIVE DIRECTOR:**

KH. TEGSHEE

#### **OFFICIAL ADDRESS:**

19-04, Bayankhoshuu, Bumbatiin Am, Tolgoit Baruun Salaa, 7th Khoroo, Songinokhairkhan District, Ulaanbaatar, Mongolia

#### **AUDITORS:**

PKF- IAS Audit LLC  
Certified Public Accountants

## **“MGL AQUA” PLC**

### **STATEMENT FROM THE CHAIRPERSON OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT**

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We, Kh. Tegshee, Chief Executive Officer, and D. Bat-Ireedui, Chief Accountant of "MGL Aqua" PLC, hereby declare that the financial statements of the Company, as presented on pages 5-8 of this report, accurately and fairly represent the financial position of the Company as of 31 December 2024, as well as the results of operations and cash flows for the financial year ending on that date, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The financial statements of "MGL Aqua" PLC for the year ended 31 December 2024, have been approved for public release.

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TEGSHEE KHARKHUU  
CHIEF EXECUTIVE DIRECTOR

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BAT-IREEDUI DARIIMAA  
CHIEF ACCOUNTANT

Ulaanbaatar city, Mongolia

Date: 28 March 2025

**INDEPENDENT AUDITOR'S REPORT  
TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF "MGL AQUA" PLC**

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**Opinion**

We have audited the financial statements of "MGL AQUA" PLC (the "Company"), which comprise the Statement of Financial Position as of 31 December 2024, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and the related notes, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the Company's financial position as of 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

**Basis for opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report. We are independent of the Company in accordance with the ethical requirements relevant to financial statement audits in Mongolia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 it does not guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists.

**INDEPENDENT AUDITOR’S REPORT (CONTINUED)**  
**TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF “MGL AQUA” PLC**

**Auditor’s Responsibilities for the Audit of the Financial Statements (continued)**

A misstatement may arise from fraud or error and is considered material if, individually or in aggregate, it could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

In conducting our audit in accordance with ISA, we exercised professional judgment and maintained professional skepticism throughout the audit. This included:

- Identify and assess the risks of material misstatement of the 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 Company’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 Company’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 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 Company 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.

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.

**Other matters**

This report is made solely to the shareholders of the Company, as a body, in connection with the audit requested by shareholders in accordance with Article 94 of the Company Law of Mongolia, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

G.Oyungerel  
Executive Director

Ulaanbaatar, Mongolia  
Date: 28 March 2025

PKF-IAS Audit LLC  
Certified Public Accountants

PKF IAS Audit LLC is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).

“MGL AQUA” PLC

**STATEMENT OF FINANCIAL POSITION**

FOR THE YEAR ENDED 31 DECEMBER 2024

<i>(in MNT)</i>		
DESCRIPTION	12/31/2023	12/31/2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	88,745,994.04	248,622,245.98
Account Receivables	1,412,264,156.97	1,855,911,503.06
Tax and Social Insurance Receivables	340,928,394.75	282,731,013.33
Other Receivables	4,071,386,351.79	5,533,820,902.73
Other Financial Assets	-	6,000,000,000.00
Inventory	2,430,479,532.11	3,663,738,139.13
Prepaid Expenses	8,344,375,325.06	11,799,206,268.48
<b>Total Current Assets</b>	<b>16,688,179,754.72</b>	<b>29,384,030,072.71</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment	16,194,678,857.72	15,609,062,970.14
Intangible Assets	1,178,795,554.00	1,137,087,777.04
Long-Term Investments	-	20,000.00
<b>Total Non-Current Assets</b>	<b>17,373,474,411.72</b>	<b>16,746,170,747.18</b>
<b>TOTAL ASSETS</b>	<b>34,061,654,166.44</b>	<b>46,130,200,819.89</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Account Payables	3,187,100,085.03	18,222,163.20
Tax Payables	1,362,920,965.47	1,410,271,370.56
Social and Health Insurance Payables	117,395,136.83	193,815,414.36
Short-Term Liabilities	7,000,000,000.00	-
Prepaid Income	57,848,824.29	104,157,372.21
Other Current Liabilities	1,045,591.94	4,248,479,585.09
<b>Total Current Liabilities</b>	<b>11,726,310,603.56</b>	<b>5,974,945,905.42</b>
<b>Non-Current Liabilities</b>		
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>11,726,310,603.56</b>	<b>5,974,945,905.42</b>
<b>EQUITY</b>		
Private Equity	600,000,000.00	818,889,032.82
Additional Paid-in Capital	-	14,080,851,695.18
Asset Revaluation Surplus	7,100,613,377.98	6,812,069,217.49
Retained Earnings	14,634,730,184.90	18,443,444,968.98
<b>TOTAL EQUITY</b>	<b>22,335,343,562.88</b>	<b>40,155,254,914.47</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>34,061,654,166.44</b>	<b>46,130,200,819.89</b>

“MGL AQUA” PLC

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2024

<i>(in MNT)</i>		
DESCRIPTION	2023	2024
<b>NET SALES</b>	<b>19,864,516,905.23</b>	<b>23,679,389,174.58</b>
Cost of Sales	10,456,574,744.00	11,374,305,164.67
<b>GROSS PROFIT (LOSS)</b>	<b>9,407,942,161.23</b>	<b>12,305,084,009.91</b>
Interest Revenue	661,443.52	336,172,157.44
	<b>661,443.52</b>	<b>336,172,157.44</b>
Sales and Marketing Expense	1,274,271,347.47	467,883,921.63
General and Administrative Expense	4,558,017,203.51	7,430,157,226.79
Financial Expense	-	619,871,082.27
Other Expense	429,560,596.07	280,630,947.70
	<b>6,261,849,147.05</b>	<b>8,798,543,178.39</b>
Foreign exchange gain (loss)	7,460,074.81	(326,691.73)
Gain (Loss) of Property, Plant and Equipment	(37,456,547.81)	-
Other Non-Operating Profit (Loss)	(136,771,626.98)	-
	<b>(166,768,099.98)</b>	<b>(326,691.73)</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>2,979,986,357.72</b>	<b>3,842,386,297.23</b>
Income Tax Expense	377,799,068.44	322,215,673.64
<b>PROFIT (LOSS) AFTER TAX</b>	<b>2,602,187,289.28</b>	<b>3,520,170,623.59</b>
Profit (Loss) from Discontinued Operations after Tax		
<b>NET PROFIT (LOSS) FOR THE REPORTING PERIOD</b>	<b>2,602,187,289.28</b>	<b>3,520,170,623.59</b>
Revaluation Surplus of Assets	145,306,296.15	288,544,160.49
<b>TOTAL INCOME</b>	<b>2,747,493,585.43</b>	<b>3,808,714,784.08</b>
Basic Earnings (Loss) per Share	11.45	11.63



“MGL AQUA” PLC

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2024

*(in MNT)*

Description	Equity	Additional Paid-in Capital	Asset Revaluation Surplus	Retained Earnings	Total
<b>BALANCE AT 31 DECEMBER 2022</b>	<b>573,567,609.68</b>	-	-	<b>11,916,605,922.05</b>	<b>12,490,173,531.73</b>
Adjustments Resulting from Changing an Accounting Policy or the Amount of a Correction of a Prior Period Error	-	-	-	-	-
<b>Adjusted Balance</b>	<b>573,567,609.68</b>	-	-	<b>11,916,605,922.05</b>	<b>12,490,173,531.73</b>
Net Profit (Loss) for the Reporting Period	-	-	-	2,602,187,289.28	2,602,187,289.28
Changes in Equity	26,432,390.32	-	7,245,919,674.13	-	7,272,352,064.45
Declared Dividends	-	-	-	(29,369,322.58)	(29,369,322.58)
Realized Amount of Revaluation Surplus	-	-	(145,306,296.15)	145,306,296.15	-
<b>BALANCE AT 31 DECEMBER 2023</b>	<b>600,000,000.00</b>	-	<b>7,100,613,377.98</b>	<b>14,634,730,184.90</b>	<b>22,335,343,562.88</b>
Adjustments Resulting from Changing an Accounting Policy or the Amount of a Correction of a Prior Period Error	-	-	-	-	-
<b>Adjusted Balance</b>	<b>600,000,000.00</b>	-	<b>7,100,613,377.98</b>	<b>14,634,730,184.90</b>	<b>22,335,343,562.88</b>
Net Profit (Loss) for the Reporting Period	-	-	-	3,520,170,623.59	3,520,170,623.59
Changes in Equity	218,889,032.82	14,080,851,695.18	-	-	14,299,740,728.00
Realized Amount of Revaluation Surplus	-	-	(288,544,160.49)	288,544,160.49	-
<b>BALANCE AT 31 DECEMBER 2024</b>	<b>818,889,032.82</b>	<b>14,080,851,695.18</b>	<b>6,812,069,217.49</b>	<b>18,443,444,968.98</b>	<b>40,155,254,914.47</b>

“MGL AQUA” PLC

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2024

<i>(in MNT)</i>		
DESCRIPTION	2023	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Receipts From</b>	<b>20,874,063,244.89</b>	<b>25,002,701,820.49</b>
Sales and Services	20,750,828,231.11	24,795,657,245.27
Other Revenue	123,235,013.78	207,044,575.22
<b>Cash Paid For</b>	<b>9,090,314,419.25</b>	<b>20,050,205,857.38</b>
Wages and Salaries	3,068,137,737.73	4,669,756,289.37
Health and Social Insurance Fee	990,000,000.00	1,307,500,000.00
Inventory Acquisition	30,365,428.00	7,949,244,363.00
Utilities	1,039,056,247.84	1,217,091,832.64
Fuels, Transportation and Spare parts	577,105,960.00	1,031,244,519.55
Interest	114,320.90	-
Taxes and Fees	1,490,263,037.92	1,858,397,933.39
Insurance Premium	49,648,340.00	55,581,639.84
Other Expenses	1,845,623,346.86	1,961,389,279.59
<b>Net Cash Flow from Operating Activities</b>	<b>11,783,748,825.64</b>	<b>4,952,495,963.11</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Receipts From</b>	<b>395,661.29</b>	<b>256,738,332.96</b>
Interest Income	395,661.29	256,738,332.96
<b>Cash Paid For</b>	<b>213,505,900.00</b>	<b>6,630,035,227.40</b>
Property, Plant and Equipments Acquisition	98,638,000.00	528,335,227.40
Intangible Assets Acquisition	114,867,900.00	-
Acquisition of Investments	-	101,700,000.00
Acquisition of Other Long-Term Assets	-	6,000,000,000.00
<b>Net Cash Flow from Investing Activities</b>	<b>(213,110,238.71)</b>	<b>(6,373,296,894.44)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash Receipts From</b>	<b>10,010,375,180.50</b>	<b>17,865,176,684.00</b>
Loan and Debentures	10,010,375,180.50	2,630,500,000.00
Proceeds from Share and Equity Issuance	-	15,234,676,684.00
<b>Cash Paid For</b>	<b>21,534,001,080.17</b>	<b>16,284,172,809.00</b>
Loan and Debentures	21,534,001,080.17	16,284,172,809.00
<b>Net Cash Flow from Financing Activities</b>	<b>(11,523,625,899.67)</b>	<b>1,581,003,875.00</b>
Foreign Exchange Differences	(177,222.96)	(326,691.73)
<b>TOTAL NET CASH FLOW</b>	<b>46,835,464.30</b>	<b>159,876,251.94</b>
Opening Balance of Cash and Cash Equivalents	41,910,529.74	88,745,994.04
Ending Balance of Cash and Cash Equivalents	88,745,994.04	248,622,245.98