"MONGOLIAN STOCK EXCHANGE" JSC

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| *Semi - Annual operational report /Form 2/* |
| *Article 20 of the Securities Market Law stipulates the ongoing obligations of the issuer, and the issuer is responsible for submitting an annual operational report to the Financial Regulatory Commission and the exchange in accordance with the below form, and shall disclose to the public through its website.* |
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| *Reporting period* | From January 1, 2024 to June 28, 2024 |
| *Issuer’s name, state registration certificate number, securities code, phone number* | MONGOLIAN STOCK EXCHANGE JSCSRCN:000267784File number: 9022001010, Securities code:510 Phone: 11-313747 |
| *Name of listed exchange* | Mongolian Stock Exchange JSC |
| *The sector of business operation* | 66110- Securities trading and self-regulatory organizations in the securities market66190- Operations of mining product exchanges |
| *Total number of shares issued* | ***350,463,539 shares***  |
| *Names of the specialist who prepared and the official who reviewed the semi- annual report* | *Prepared by D.Narangerel /General Accountant/* *A.Solongo /Specialist of Strategic Planning /**Reviewed by G.Temuujin /Board Secretary/* |
| *1.* | *Semi-annual financial report /fill out the summary report indicators and attach the financial statement/* |
| *Balance sheet* |

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| **Items** |  **1/1/2024** | **06/28/2024** |
| **ASSET** |  |  |
| Current asset | 904,842,895,157.05  | 1,061,566,117,311.11 |
| Non-current asset | 22,452,015,473.10 | 22,163,452,442.64 |
| **TOTAL ASSETS** | **927,294,910,630.15** | **1,083,729,569,753.75** |
| **LIABILITIES AND EQUITY** |  |  |
| Short term liability | 881,588,538,249.72 | 1,024,570,003,695.24 |
| Long term liability | 1,626,561,592.92 | 1,583,107,263.63 |
| Equity | 44,079,810,787.51 | 57,576,458,794.88 |
| **TOTAL LIABILITIES AND EQUITY** | **927,294,910,630.15** | **1,083,729,569,753.75** |

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| *Income statement* |

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| **Items** | **1/1/2024** | **06/28/2024** |
| Net sales revenue | 16,709,471,639.67 | 23,933,444,561.53 |
| Cost of sales |  |  |
| Total revenue(loss) | 16,709,471,639.67 | 23,933,444,561.53 |
| **Earning (loss) before tax** |  **10,337,515,816.10** | **19,830,583,412.04** |
| Income tax expense | 1,029,799,778.87 | 1,984,721,003.55 |
| **Net profit**  | **9,307,716,037.23** | **17,845,862,408.49** |
| Other comprehensive income |  |  |
| Revaluation of assets |  |  |
| **Total income amount**  | **9,307,716,037.23** | **17,845,862,408.49** |

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| *Statement of changes in equity* |

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| **Items** | **1/1/2024** | **06/28/2024** |
| Equity | 35,046,353,900.00 | 35,046,353,900.00 |
| Revaluation surplus |  20,021,146,332.29 | 20,021,146,332.29 |
| Other components of equity |  446,321,902.02 |  446,321,902.02 |
| Retained earnings |  (11,434,011,346.80) |  2,062,636,660.57) |
| **Total equity** |  **44,079,810,787.51** |  **57,576,458,794.88** |

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| *Statement of cashflow* |

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| **Items** | **1/1/2024** | **06/28/2024** |
| Net cash flows from operating activities | 896,919,408,256.00  | 168,482,851,590.88 |
| Net cash flow used in investing activities | (575,344,268.00) | (393,855,487.00) |
| Net cash used in financing activities | 11,915,759,800.00 | - |
| **All net cash flows** | **900,851,104,693.72** | **157,313,641,232.25** |
| Cash and cash equivalents at 31 Dec 2022 | 1,731,709,823.19 | 902,582,814,516.91 |
| **Cash and cash equivalents at 31 Dec 2023** | **902,582,814,516.91** | **1,059,896,455,749.16** |

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| *2.* | Opinion of the Audit Committee of the Board of Directors, which reviewed and approved the semi-annual financial statements |
| *The Audit Committee of the Board of Directors discussed and finalized the financial report for the first half of the year for Mongolian Stock Exchange JSC during its meeting on July 29, 2024.* |
| *3.* | *Management reports and conclusions based on external and internal factors affecting the issuer's financial operations, as well as the analysis of financial statements, income, expenses, and profit indicators during the reporting period.* |
| *3.1.* | *Operational performance /Financial ratios /* |

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| **Items** | **2019** | **2020** | **2021** | **2022** | **2023-II** | **2023** | **2024-II** |
| Net profit percent  | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Gross profit percent  | -77% | -94% | 58% | 15% | 42% | 77% | 206% |
| Return on equity  | -51% | -82% | 72% | 3% | 6% | 21% | 31% |
| Return on Total Assets | -30% | -30% | 59% | 3% | 2% | 1% | 2% |

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| *3.2.* | *Liquidity ratios and financial resources* |

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| **Items** | **2019** | **2020** | **2021** | **2022** | **2023-II** | **2023** | **2024-II** |
| *Current ratio*  | 0.67 | 0.31 | 3.05 | 2.30 | 1.26 | 1.03 | 1.04 |
| *Quick ratio*  | 0.65 | 0.30 | 3.03 | 2.27 | 1.26 | 1.03 | 1.04 |
| *Liabilities and equity ratio*  | 0.73 | 1.75 | 0.21 | 0.08 | 1.61 | 20.04 | 17.82 |

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| *3.3.* | *The external and internal factors affecting the operations of the issuer, its market share in the operating industry, changes or developments in the range of products and services, and measures planned to be taken by the issuer in response to changes and development.* | *• Securities trading:**In the first half of 2024, the TOP-20 index, which is the main indicator of the trend of the domestic capital market, rose to 45,024.07 units, while the minimum value was 40,704.45 units and the average value was 42,940.88 units. As of June 28 of this year, compared to the same period of the previous year, it increased by 7,486.02 units or 20.29 percent and reached 44,385.18 units.**As of June 28, 2024, the market capitalization reached 11.28 trillion MNT, an increase of 288.11 billion MNT or 2.62 percent from the same period last year.**In the first half of 2024, a total of 125 trading were conducted, with a total value of 797.08 billion MNT. Specifically:**• 773.76 million shares of 136 joint-stock companies were traded in the secondary market for 184.7 billion MNT.**• 490.76 thousand shares of asset-backed securities were traded in the primary and secondary markets for 44.43 billion MNT.**• 5.38 million units of investment funds were traded in the secondary market for 2.92 billion MNT.**• 5.67 million bonds were traded in the primary and secondary markets for 565.03 billion MNT**During the reporting period, the daily average trading reached 6.28 million securities, with a total value of 6.37 billion MNT.**Total trading has increased by 1.55 times from the same period last year.** *Trading of mining products:*

*In the first half of 2024, a total of 339 e-auctions for mining products were conducted.**"Erdenes Tavan Tolgoi" JSC, “Tavantolgoi” JSC “Energy Resources” LLC "Khangad exploration" LLC, “Mongolyn Alt MAK LLC” traded 14.55 million tons of coal for 5.87 trillion MNT through "Mongolian Stock Exchange" JSC. “Mongolrostsvetmet” SOE and “Darkhan Metallurgical Plant” LLC traded 980.1 thousand tons of iron ore and concentrate for 241.9 billion MNT.**Erdenet Mining Corporation, which started trading copper concentrate from April of this year, traded 6.0 thousand tons of copper concentrate for 40.5 billion MNT. In June of this year, for the first time, "Mongolrostsvetmet" SOE traded a total of 4.3 thousand tons of fluoride concentrate for 5.3 billion MNT.** *New products:*
* *"Ard Credit NBFI" LLC raised 8.9 billion MNT through the additional shares issuance.*
* *“MGL Aqua” LLC made IPO and raised 15.3 billion MNT.*
* *"Bers ABS loyalty" issued 350,000 asset-backed securities with a total value of 35.0 billion MNT.*
* *"* *Ashid capital NBFI " LLC issued 200,000 bonds with a total value of 20.0 billion MNT.*
* *The primary market successfully organized the trading of 5,000,000 bonds with a total value of 500.0 billion MNT as part of the Mayor's program.*

*As of June 28, 2024, 171 stocks, 12 corporate bonds, 2 investment funds, and 9 asset-backed securities are listed on the Mongolian Stock Exchange.** *Revision of the Securities Market Law:*

*On May 16, 2024, the Parliament approved the amendments to the Securities Market Law.**The law includes regulations related to new products and services, such as joint financing of shares, issuance of certificates of deposit (CDs), debt instruments from International Financial Institutions, trading of Closed JSC shares on stock exchanges, and securities borrowing and lending.**The Financial Regulatory Commission, the Mongolian Stock Exchange, and the Mongolian Association of Securities Dealers have the authority to approve more than 10 new and revised regulations to govern related matters. With the approval of these regulations, the legal framework for new products and services will be established.** *Plans by the Exchange in Response to Market Changes:*

*To facilitate the transition to an open joint-stock company, the shares of a closed joint-stock company will be listed on the securities trading organization. These shares will be offered to professional investors. We are working to establish trading conditions for these shares within the year.**In the next reporting period, amendments will be made to the "Listing rules" to simplify the listing requirements for TOP-100 enterprises. Additionally, changes will be made to the "Market Maker Operating Rules" in order to enable market maker activity.**In addition, an official meeting was organized with the Beijing Stock Exchange and US Chicago Commodity Exchange in the field of promoting Mongolia's stock market and mining products to foreign countries and expanding cooperation.**In the future, we aim to expand foreign cooperation, enhance opportunities for international investors to actively engage in the Mongolian financial market, refine the legal framework, and strengthen the coordination of activities among participating organizations.* |
| *3.4.* | *Details of off-balance sheet**transactions and information on**accounting policies* | *There are no off-balance sheet transactions* |
| *4.* | *Information on conflict of interest and significant transactions conducted by the issuer**during the reporting period, the importance and the purpose of the transaction, and**information about the person with a conflict of interest / all conflicts of interest transactions**made during the reporting period shall be included/* |
| *During the reporting period, there were no transactions with conflicts of interest or large amounts.* |
| *5.* | *If the issuer has issued shares to the public for the purpose of implementing a project, it should issue reports and information on the progress of project implementation and the use of capital collected since the start of the project.* |
| *Appendix 1.* |
| *6.* | *Information related to corporate governance* |
| *Board Responsibilities**The Board of Directors (The Board) is accountable to the shareholders for the performance of the MSE. The board is responsible for evaluating, reviewing, and appointing the CEO’s performance results, internal control, risk management, and monitoring the implementation of laws and regulations.**During the reporting period, the executive management team of the Mongolian Stock Exchange held regular meetings to monitor the implementation of operational strategies, goals, and objectives. The duties of the Board are clearly stated in the “Regulations of the Mongolian Stock Exchange” and “Rules of Procedure of the Board of Directors”.**Committees under The Board**MSE has 4 permanent committees with set responsibilities assigned by the Board, and the main purpose of these committees form an opinion to support the decision-making activities of the board of directors. The activities of the committees are regulated by the “Rules of the company” and “Rules of Procedures of the Board of Directors”.**Committees of the Board:** *Nomination committee;*
* *Audit committee;*
* *Compensation committee;*
* *Risk and compliance committee.*

*The Board member can serve on more than one committee. The Companies Act stipulates that an independent member of the Board shall serve on the audit committee.* *Nomination, appointment, and renewal of the Board members**A nomination committee is established for independent evaluation of the structure and composition of the Board. The Nomination Committee examines the skills and experience of the members of the Board, evaluates and reviews whether the members’ skills are suitable for forming the operational strategy of the MSE, and monitors its implementation. Based on this assessment, a new member is nominated for the Board. Before appointing the members, a comprehensive investigation and inquiry are also carried out by the Companies Act and other relevant regulations on subjects such as education, skills, previous employment history whether they have significant credit debts, or whether they have a criminal record.**Release or re-election of members of the Board* *The shareholders’ meeting elects the members of the board of directors for a term of 3 years, and the member can be re-elected. In 2023, members D. Togtokhbayar, J. Tsogtbayar, J. Byambasuren, T. Ganbaatar, S. Bayantsogt, R. Munkhtur, N. Ulaankhuu, N. Otgonchimeg, M. Banzragch were re-elected.* *The Board Secretary**ТУЗ үйл ажиллагаагаа хэвийн явуулах, хувьцаа эзэмшигчдийн хурал, төлөөлөн удирдах зөвлөл, гүйцэтгэх захирал болон бусад оролцогч талуудын хоорондын үйл ажиллагааны уялдааг хангах зорилгоор ТУЗ-д шууд хариуцлага хүлээх нарийн бичгийн даргыг томилох үүрэгтэй. ТУЗ-ийн нарийн бичгийн дарга компанийн засаглалын чиглэлээр сургалтад хамрагдаж гэрчилгээ авсан байх шаардлагатай бөгөөд ТУЗ-ийн даргын санал болгосноор ТУЗ томилдог.**The Board is responsible for appointing a secretary who is directly responsible for ensuring smooth operations and coordination between shareholders' meetings, the Board, the executive director, and other stakeholders. The Board secretary must be certified in corporate governance and is appointed by the Board at the recommendation of the chairman of the Board.**A new appointee assumed the position in May 2023, and there have been no changes in the first half of 2024.* |
| *7.* | *Information on the report of activities carried out by the issuer in the field of social responsibility during the reporting period* |
| *In the first half of 2024, the board of directors resolved to distribute dividends from the company's 2023 net profit, convene a shareholders' meeting, approve regulations related to the trading of mining products and securities trading, grant membership to mining and securities trading brokers, revaluation and conclude assets. A total of 40 issues were discussed, resulting in 42 decisions. Out of these, 22 resolutions have been fully implemented, while 3 remain partially implemented. All obligations outlined in 14 notes have been 100% fulfilled.* |
| *Signature of the the person who confirmed the accuracy of the information, and the date:* |
| *Full name: Tsogtbayar. J**Position: The interim executive director of “The Mongolian Stock Exchange”**Signature: ……………………………………..**(Seal/Stamp)* |

Appendix 1

“Mongolian stock exchange” JSC



Report on the expenditure of funds raisedfrom the public

"Mongolian Stock Exchange" JSC, in accordance with the relevant decisions of the State Parliament and the Government, raised a total of 11.9 billion MNT by offering additional shares to the public in December 2022.

In accordance with the company's medium-term business plan, as stated in the securities prospectus, it is planned to spend the funds collected as follows.

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| № | **Disbursement plan of funds collected** |  |
| 1 | Trading system improvement | 63.7% |
| 2 | Information technology security | 10.7% |
| 3 | Digitization of internal operations | 6.1% |
| 4 | Creation of a center for increasing the accessibility of stock market training services and information | 19.5% |
|  | **Total** | **100.0%** |

The company plans to spend 5.4 billion MNT from the total funds collected in 2024. It includes:

* • A total of MNT 1.3 billion is planned to be invested in information technology modernization and improvement, i.e. server room expansion, standardization, and digitization of internal operations.
* It is planned to invest MNT 2.2 billion in the creation of a center to increase the availability of stock market training, services and information, and MNT 1.9 billion in the improvement of the trading system. Investments of MNT 1.9 billion for trading system improvements include MIT trading and monitoring software updates, MIT operating system updates, and commodities and derivatives trading modules.

Out of this, as of the second quarter of 2024, MNT 2.1 billion for the interior creation of buildings, MNT 1.03 billion for the expansion and standardization of the server room, MNT 38.5 million for the digitization of internal operations, MNT 44.2 million for system improvement or resource center equipment upgrade, system configuration, and additional changes made to the system was organized and a total investment of MNT 3.2 billion implemented in accordance with the Law on "Procurement of Goods, Works, and Services with State and Local Property Funds" has worked.

Presenting the report of the 2nd quarter of 2024 on the spending of the funds.

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| № | Disbursement plan of funds collected | Performance 2023.12.31 | Performance 2024.06.30 | Total |
| 1 | Trading system improvement | 7,590,339.31 | 63.70% | 1,264,996.97 | 10.60% | 44,276.48 | 0.40% | 1,309,273.45 | 10.90% |
| 2 | Information technology security | 1,274,986.35 | 10.70% | 65,896.31 | 0.60% | 1,026,000 | 8.60% | 1,091,896.31 | 9.20% |
| 3 | Digitization of internal operations | 726,861.38 | 6.10% | 76,801.45 | 0.60% | 38,530.01 | 0.30% | 115,331.46 | 1.00% |
| 4 | Creation of a center for increasing the accessibility of stock market training services and information | 2,323,573.26 | 19.50% | 79,417.25 | 0.70% | 2,103,184.98 | 17.70% | 2,182,602.23 | 18.30% |
|   | **Total** | **11,915,760.30** | **100%** | **1,487,111.98** | **12.50%** | **3,211,991.47** | **27%** | **4,699,103.45** | **39.40%** |

The purchase of goods, works, and services included in the fund plan is being implemented in stages in accordance with the purpose of the law "On the purchase of goods, works, and services with state and local property funds" and the company's securities prospectus.

Report prepared by: Department of Administration and Finance