Consolidated Financial Statements and Independent Auditor's Report

Innovation Investment JSC

31 December 2024

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Corporate information of the Group

Parent Group Name:	Innovation Investment LLC	
Founding Resolution:	The company was established as a limited liability company in accordance with the laws of Mongolia by the Founder's Resolution No. 01 dated April 20, 2017.	
Certificate and License:	The company was registered with the State Registration Office of Mongolia on May 10, 2017, and received state registration certificate No. 9019097177 with registration number 6183948. In December 2023, the company conducted an IPO on the stock exchange to become a public company, and on May 31, 2024, received an updated state registration certificate No. 9007001023.	
Shareholders:		
Board of Directors Composition	**Name**	**Position**
- Chairman	A. Battamir	Chairman of the Board
- Members	B. Chuluunsukh	Board Member
	U. Naranbaatar	Board Member
	G. Khatanbold	Board Member
	B. Ankhbold	Board Member
	U. Munkhzul	Board Member
- Independent members	D. Ganzorig	Independent Board Member
	T. Dashtseren	Independent Board Member
	Sh. Uyanga	Independent Board Member
Executive Management Team:	G. Erdenemunkh	Chief Executive Officer
	B. Enkhbold	Chief Financial Officer
	G. Erdenemunkh	Director of the KKTT LLC
	S. Gurjav	Director of the Digital Merchant Services LLC
Address:	8th Floor, NM Centre, Mahatma Gandhi Street, 15th Khoroo, Khan-Uul District, Ulaanbaatar, Mongolia	
Parent Group Principal Activities:	Information technology, software, data processing and hardware operations.	
Number of employees:	41	
Auditor:	Grant Thornton Audit LLC - Professional firm specializing in assurance, tax and advisory services	

Management Representation Letter

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

Management has fulfilled the following responsibilities in preparing the consolidated financial statements:

- Complied all accounting standards through selection of and consistent adherence to appropriate accounting policy, as well as reasonable and accurate calculation and assessment.
- Taken necessary actions to safeguard the group's assets, to prevent any fraud and misconduct, and to identify such activities.
- The Group has prepared the consolidated financial statements on a going concern basis.
- Obliged to constantly review matters that are legitimate or derivative accountabilities as a result of past events or that may result in future losses, and it has clarified the legitimate and derivative responsibilities and contingencies.

We, A. Battamir, Chairman of the Board of Innovation Investment JSC, G. Erdenemunkh, Chief Executive Officer, B. Enkhbold, Chief Financial Officer, and Kh. Amarjargal, Chief Accountant, hereby declare that the group financial statements presented on pages 4-41 of this report fairly and accurately represent the consolidated financial position of Innovation Investment JSC as of December 31, 2024, and its operational results and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

A. Battamir Chairman of the Board of Directors	G. Erdenemunkh Chief Executive Officer
Date: 2025.03.21.	Date: ....
B. Enkhbold Chief Financial Officer	Kh. Amarjargal Chief Accountant
Date:	Date: ....

Grant Thornton

Independent Auditor's Report

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

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To the shareholders of the Innovation Investment JSC:

Opinion

We have conducted an audit of the following financial statements (hereinafter referred to as "financial statements") of Innovation Investment JSC (hereinafter referred to as "the Company") and its subsidiaries (collectively referred to as "the Group") as of December 31, 2024. These include:

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

In our opinion, the Consolidated financial position of Innovation Investment JSC and its subsidiaries (collectively referred to as "the group") as of December 31, 2024, and its financial results and cash flows for the year then ended are fairly presented, in all material respects, in accordance with International Financial Reporting 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the financial statements of public interest entities in Mongolia, and we have also 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.

Summary of audit approaches

Key audit matters	•	This is the most significant matter impacting the audit of the consolidated financial statements for the reporting year.
Audit scope	•	The scope of this audit includes the group's subsidiaries "KKTT" LLC and "Digital Merchant Services" LLC.
Materiality	•	The overall materiality used for the audit of the consolidated financial statements is 391,398.2 thousand MNT, with materiality calculated as 3% of profit before tax.

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

The Group's management is responsible for preparing and fairly presenting these consolidated financial statements in accordance with International Financial Reporting Standards. This internal control, as determined by management, is necessary for preparing consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the auditor has considered the ability to detect illegal actions, such as fraud

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- For the purpose of expressing an opinion on the consolidated financial statements, we obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group. 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Use of the Auditor's Report

This report has been prepared solely for the Company's shareholders in accordance with Article 94 of the Law on Companies and is not intended for any other parties. We do not assume any responsibility to any third party in respect of this report.

The engagement partner responsible for the audit resulting in this independent auditor's report is N. Erdenetsog.

GRANT THORNTON AUDIT LLC

B. OSORGARAV
MANAGING PARTNER

Date:

N. ERDENETSOG
ENGAGEMENT PARTNER

Date:

Consolidated statement of financial position

In thousand MNT	Note	Balance as of 31 December 2024	Balance as of 31 December 2023
Assets			
Current assets			
Cash and cash equivalents	8	14,653,598	13,999,820
Accounts and other receivables	9	3,010,240	1,857,950
Short-term financial assets	10	944,832	1,924,531
Prepaid expenses/prepayments	11	114,825	80,548
Inventories	12	2,737	2,020
Total current assets		**18,726,232**	**17,864,869**
Non-current assets			
Property and equipment	13	1,229,171	584,300
Intangible assets	14	505,973	216,070
Long-term investments	15	1,250,000	-
Right-of-use assets	16.1	-	39,774
Deferred tax assets	19	-	58,712
Total non-current assets		**2,985,144**	**898,855**
Total assets		**21,711,376**	**18,763,724**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts and other payables	17	2,662,101	1,277,368
Lease liabilities	16.2	-	617
Dividends payable	20.2	3,697,783	-
Unearned revenue	18	-	1,800
Total current liabilities		**6,359,884**	**1,279,785**

Consolidated statement of financial position *(continued...)*

In thousand MNT	Note	Balance as of 31 December 2024	Balance as of 31 December 2023
Non-current liabilities			
Deferred tax liabilities	19	71,575	-
Lease liabilities	18.2	-	36,372
Total non-current liabilities		**71,575**	**36,372**
Total liabilities		**6,431,459**	**1,316,157**
Capital and reserve	**20**		
Share capital	20.1	4,284,927	4,425,440
Additional paid-in capital	20.3	3,554,513	4,653,188
Retained earnings (loss)	20.4	7,440,477	8,368,939
Total equity		**15,279,917**	**17,447,567**
Total liabilities and equity		**21,711,376**	**18,763,724**

The consolidated statements of financial position were approved on .... 2025 by:

The accompanying notes on pages 4 to 41 is an integral part of these consolidated statement of financial position.

A. Battamir
Chairman of the Board of Directors

Date: 2025-03-24

G. Erdenemunkh
Chief Executive Officer

Date: ....

B. Enkhbold
Chief Financial Officer

Date: ....

Kh. Amarjargal
Chief Accountant

Date: ....

Consolidated statement of profit or loss and other comprehensive income

In thousand MNT	Note	2024	2023
Revenue	21	26,231,629	13,237,510
Cost of revenue	22	(12,051,045)	(6,041,015)
Gross profit		**14,180,584**	**7,196,495**
Sales and marketing expenses	23	(805,563)	(564,484)
General and administrative expenses	24	(1,941,549)	(1,698,693)
Other income	25	-	1,210,184
Other expenses	26	(45,307)	(161,084)
Operating Results		**11,388,165**	**5,982,418**
Financial income	27	1,677,294	414,802
Financial expenses	28	(1,703)	(12,897)
Gain (loss) on disposal of fixed assets	29	(3,622)	74
Foreign exchange translation losses	30	(13,528)	(4,184)
Profit before tax		**13,046,606**	**6,380,232**
Income tax expense	31	(3,020,452)	(684,069)
Profit after tax		**10,026,154**	**5,696,163**
Profit (loss) after tax from discontinued operations		-	-
Net profit for the period		**10,026,154**	**5,696,163**
Other comprehensive income			
Revaluation reserve		-	-
Total other comprehensive income		-	-
Of which:			
Attributable to parent company shareholders		-	-
Total comprehensive income		**10,026,154**	**5,696,163**
Basic earnings (loss) per share		54	31

The accompanying notes on pages 4 to 41 is an integral part of these consolidated statement of profit or loss and other comprehensive income.

Consolidated statement of changes in equity

In thousand MNT	Note	Share capital	Additional paid-in capital	Retained earnings (loss)	Total
Balance at 1 January 2023		3,501,000	-	2,668,161	**6,169,161**
Error in changes to accounting policy calculations		-	-	4,615	**4,615**
Adjusted balance		**3,501,000**	-	**2,672,776**	**6,173,776**
Profit for the reporting year	20.4	-	-	5,696,163	**5,696,163**
Changes in equity	20.1; 20.3	924,440	4,653,188	-	**5,577,628**
Balance at 31 December 2023		**4,425,440**	**4,653,188**	**8,368,939**	**17,447,567**
Changes in equity (1)	20.3; 20.1	(140,513)	(1,098,675)	-	**(1,239,188)**
Profit for the reporting year	20.4	-	-	10,026,154	**10,026,154**
Declared dividends	20.2	-	-	(10,954,616)	**(10,954,616)**
Balance at 31 December 2024		**4,284,927**	**3,554,513**	**7,440,477**	**15,279,917**

Consolidated statement of cash flows

In thousand MNT	Note	2024	2023
Cash flows from operating activities			
Total cash inflow		**29,286,589**	**14,678,301**
Proceeds from sales of goods, provision of services	21	27,842,043	13,761,946
Proceeds from insurance indemnification	8	233	35
Taxes reclaimed		-	47,795
Other cash inflow		1,444,313	868,526
Total cash outflow		**20,491,648**	**11,709,895**
Paid to employees	23; 24	1,558,489	1,279,772
Social insurance contributions	17	414,988	340,015
Acquisition of inventory	12	8,518	9,472
Operating expenses	24	20,994	-
Payments for fuel, transportation, and spare parts	24	392	157
Payments to tax authorities	17	5,300,248	1,668,328
Payments for insurance		-	2,813
Other cash outflows		13,188,019	8,409,338
Net cash flows from operating activities		**8,794,941**	**2,968,406**
Cash flow from investing activities			
Total Cash Inflows		**1,975,402**	**4,452,375**
Income from sale of investments	10	414,630	3,992,456
Repayment of loans and cash advances given to others	27	267,021	46,916
Interest income received	27	1,228,103	413,003
Dividends received		65,648	-
Total Cash Outflows		**3,609,439**	**3,882,164**
Payments for acquisition of fixed assets	13	1,287,015	81,032
Payments for acquisition of intangible assets	14	100,000	-
Payments for acquisition of investments	10; 15	2,215,904	3,653,247
Loans and advances given to others	9	6,520	147,885
Net cash flows from investing activities		**(1,634,037)**	**570,211**

Consolidated statement of cash flows *(continued…)*

In thousand MNT	Note	2024	2023
Cash flow from financing activities			
Total cash inflow		**103,026**	**8,747,874**
Proceeds from loans and debt securities issued	10	103,026	10
Proceeds from issuance of shares and other equity securities		-	8,747,864
Total cash outflow		**6,613,110**	**136,283**
Payments for financial lease liabilities	16.2	38,041	136,283
Dividends paid	20; 8	6,575,069	-
Net cash flows from financing activities		**(6,510,084)**	**8,611,591**
Foreign exchange differences	30	2,959	(3,748)
Total net cash flows		**653,778**	**12,146,460**
Opening balance of cash and cash equivalents	8	**13,999,820**	**1,853,360**
Closing balance of cash and cash equivalents	8	**14,653,598**	**13,999,820**

The accompanying notes on pages 4 to 41 is an integral part of these consolidated statement of cash flows.

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

Notes to Consolidated Financial Statements

1. Nature of operations and general background

Innovation Investment JSC was established as a limited liability group in accordance with the laws of Mongolia by the Founder's Resolution No. 01 dated April 20, 2017.

The Group's main activities consist of information technology operations, software operations, data processing operations, and hardware operations.

The Group operates under the following special licenses:

- According to Order No. A/291 dated November 29, 2019 by the Governor of the Bank of Mongolia, the subsidiary company "KKTT" LLC holds Special License No. 05 to conduct "Processing operations related to payment card services"
- According to Order No. A-139 dated June 11, 2021 by the Governor of the Bank of Mongolia, the Group received a 4-year license to conduct "Mobile banking processor operations".

Group Structure

Below are the subsidiary companies included in Innovation Investment JSC's consolidated financial statements:

Name of subsidiary	Country of incorporation	Principal activity	Percentage of ownership held as at 31 December 2024
KKTT LLC	Mongolia	Software operations	100%
Digital Merchant Services LLC	Mongolia	Information technology operations	100%

2. General information, statement of compliance with IFRS and going concern assumption

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements for the year ended 31 December 2024 (including comparatives) were approved and authorised for issue by the management of the entity on .... 2025.

Going concern

According to IAS 1, management is required to assess whether there are issues that could raise doubts about the entity's ability to continue as a going concern for at least 12 months beyond the reporting period. This assessment should take into consideration a wide range of factors including current and expected profitability, loan repayment schedules, potential financing sources, and the ability to continue operations.

There are no significant uncertainties related to events or conditions that would raise doubts about the Group's ability to continue as a going concern.

3. New or revised Standards or Interpretations

3.1. New Standards adopted as at 1 January 2024

There are pronouncements that are effective from January 1, 2024, which are not expected to have a significant impact on the Group's financial performance and financial position.

Other Standards and amendments that are effective for the first time in 2024 (for an entity with a December 31, 2024 year-end) and could be applicable to the Group are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on the financial statements in the period of initial application and therefore the disclosures have not been made.

3.2. Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

Management does not anticipate a significant impact on the financial statements due to these standards and amendments, which are presented below:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore the disclosures have not been made.

IASB has issued amendments to some standards and their interpretations which are not yet effective as of date of approval of financial statements and the Group has not followed those standards and amendments in advance.

Management intends to incorporate all such changes into the group's accounting policies on or after the effective date. Amendments that were not required to be complied for the current period are not presented as notes and such amendments have no material impact on financial statements.

4. Material accounting policies

4.1. Basis of preparation

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of properties, investments, and other financial instruments.

4.2. Basis of consolidation

The Group has consolidated the financial statements of the parent company and its subsidiaries for the year ended December 31, 2024. The financial reporting year for all subsidiaries ends on December 31, 2024. In preparing the consolidated financial statements, all intercompany balances, transactions, and any unrealized gains arising from internal transactions are eliminated. When eliminating unrealized losses from intercompany asset sales from group consolidation, the asset is tested for impairment for group reporting purposes. If the accounting policies adopted by subsidiaries differ from group policies, adjustments are made to align with group policies.

Profits or losses and other comprehensive income of newly acquired or disposed subsidiaries are recognized from the effective date of acquisition or disposal.

The Group allocates total comprehensive income and losses of subsidiaries between owners and non-controlling interests in proportion to their ownership stakes.

4.3. Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

4.4. Investments in Associates and Joint Ventures

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of investments in associates and joint ventures is recorded as increased or decreased by the Group's share of their profits or losses and other comprehensive income, after adjustments for any differences in accounting policies.

4.5. Foreign exchange translation

Functional and presentation currency

The consolidated financial statements are presented in Mongolian tugrik (MNT), which is also the functional currency of the parent Group.

Foreign currency transactions and balance

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange announced by the Central Bank of Mongolia prevailing on the dates of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Mongolia prevailing on the reporting date, which is MNT 3,420.25 for 1 US dollar as of 31 December 2024 (31 December 2023: MNT 3,410.69 for 1 USD).

Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date), except for non-monetary items carried at fair value that are denominated in foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement and retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity.

4.6. Cash and Cash Equivalents

For the purpose of preparing the consolidated cash flow statement, cash equivalents include highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Group classifies investments as cash equivalents if they are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4.7. Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Classification and initial measurements of financial assets

Except for those account receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs.

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI)

In the periods presented, the Group does not have any financial assets categorized as FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets
Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held withing a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets are measured at amortized cost less impairment after initial recognition. Interest is calculated using the effective interest rate method. Initial impairment and subsequent adjustments are recognized in profit or loss.

Financial assets at fair value through profit or loss (FVTPL)

Changes in fair value of financial assets that do not meet the criteria for measurement at amortized cost or fair value through other comprehensive income are recognized in profit or loss.

In specific cases, financial assets may be designated to be measured at fair value through profit or loss. For instance, at initial recognition, the Group may choose to measure financial assets that would otherwise be measured at amortized cost or fair value through other comprehensive income at fair value through profit or loss.

Such designation is made only when it eliminates or significantly reduces an accounting mismatch.

This option does not need to be applied to all similar transactions. Rather, it is an available option when it provides more relevant information.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective is "hold to collect" the associated cash flows and sell, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the "expected credit loss (ECL) model".

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, accounts receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and,
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2).
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

"12 month expected credit losses" are recognized for the first category while "lifetime expected credit losses" are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Accounts and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These represent expected shortfalls in contractual cash flows, considering the probability of default at any point during the financial instrument's lifetime. When calculating expected credit losses using the provision matrix, the Group utilizes its historical experience, external factors, and forward-looking information.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, account and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.8. Inventories

Inventories are reported at the lower of cost and net realizable value. The cost of inventory is based on the weighted average principle and includes the cost of purchasing the inventory and all costs incurred in bringing it to its current location and condition. Net realizable value is calculated from the selling price of the inventory in the normal course of business minus the cost of inventory assembly and selling expenses.

4.9. Prepaid expense/Prepayment

Expenses paid in advance before being recognized as expenses for the reporting period shall be recorded as prepaid expenses under the assets section of the statement of financial position. Such expenses will be absorbed into the corresponding expenses of the next reporting period.

Prepayments for acquisition of goods and other items are accounted to prepaid expense.

4.10. Property and equipment

Furniture, IT equipment and other equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Buildings and IT equipment also include leasehold property held under a finance lease.

Financial lease assets are recorded in the same manner as buildings and computer equipment.

Depreciation is charged to profit or loss or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the individual assets. Depreciation begins when the asset becomes available for use. The useful life of the asset is determined as follows.

Property and Equipment Classification	Useful Life for Financial Purposes	Useful Life for Tax Purposes
Furniture and Fixtures	10 years	10 years
Computers and its accessories	2 years	2 years
Other	10 years	10 years

4.11. Other intangible assets

Intangible assets include assets such as software and special licenses.

Externally acquired intangible assets are recorded at cost on the date of acquisition. Cost is measured as the amount of cash paid, the market value of assets given, the present value of liabilities incurred, or in the case of share issues, the market value of the opinions received.

For internally generated intangible assets, all costs except research and development expenses are capitalized as part of the intangible asset's cost.

Intangible assets may be acquired through exchange for shares or other non-monetary assets. In such cases, the cost of the intangible asset is measured using either the market value of the assets transferred or the market value of the intangible asset, whichever is more reliably determinable.

Subsequent measurement

All finite-lived intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The useful life of intangible assets is:

Software	2 years
Other	for the duration of their validity period

Subsequent maintenance costs related to software and brand names are recognized as expenses.

Gains or losses arising from the disposal of intangible assets are recognized as the difference between the sales price and carrying amount and are recorded in profit or loss under other income and expenses.

4.12. Impairment testing of intangible assets and property and equipment

For impairment assessment purposes, assets are divided at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

4.13. Lease

The Group as a Lessee

Lease agreements are typically entered into with renewal options. Office lease agreements have a term of 1 year, and data centre/server hosting lease agreements also have a term of 1 year. The Group does not enter into sale and leaseback transactions.

The Group assesses whether a contract is or contains a lease at inception of the contract. If the contract transfers the right to control the use of a specified asset in return for payment, the contract is a lease or includes a lease.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in its separate statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The calculation of the lease liability includes fixed payments, variable payments based on an index or rate, and other payments that are determined to be due at the end of the lease term.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is recalculated to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is recalculated, an adjustment is made to the related right-of-use asset, and if the right-of-use asset is no longer outstanding, an adjustment is made to profit or loss.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

In the statement of financial position, the right-to-use assets are expressed as fixed assets, and lease liabilities are expressed as accounts and other payables.

Subsequent measurement

The useful lives of use-of-right assets is determined by the lower of similar assets in contract terms or equity. Estimation of material residual value and useful life of assets must be made at updated at least once a year.

Gains and losses arising from writing-off and decommissioning of fixed assets are determined by the difference between the asset's sale and book value, and the gains and losses are recognized as profit and loss.

4.14. Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

A treasury stock or reacquired stock is stock which is bought back by the issuing group, reducing the amount of outstanding stock on the open market.

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Dividends are recognized as a liability in the period in which they are declared. See **Note 20**.2

4.15. Revenue recognition

The Group's revenue consists of the following:

1. QPAY commission revenue
2. QR code connection fee revenue

To determine whether to recognise revenue, the Group follows a 5-step process in accordance with IFRS 15 "Revenue from Contracts with Customers":

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Commission revenue is recognised when the end user makes a payment using the QR code sticker, at the time the commission is received from the payment transaction.

Connection fee revenue is recognised after the QPAY system connection and QR code stickers have been installed according to the tripartite agreements with commercial banks and merchant organisations.

4.16. Cost and expenses

Cost of sales is recognized and presented in the financial statements in correlation with the sales revenue.

Selling and marketing expenses, general and administrative expenses, and other expenses are presented at their total amounts.

4.17. Employee short-term benefits

Short-term benefits

Short-term employee benefits including paid annual leaves shall be recognized at the amount undiscounted in benefit and other duty accounts.

Short-term employee benefits are benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services and include:

- salaries and bonuses;
- paid annual leaves and paid temporary disability leaves;
- non-cash benefits

Paid absences

The expected cost of short-term employee benefits in the form of paid absences is recognized as follows:

(a) In the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences.
(b) In the case of non-accumulating paid absences, when the absences occur

4.18. Provisions, contingent assets and contingent liabilities

Other payments, such as lawsuits, loss contracts, or other payments, are recognized as provisions when the obligation arises as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably measured.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Reimbursement from third parties for expenditure that is recognized as a provision is recognized as a separate asset when, and only when, it is virtually certain that the reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the related provision.

No liability is recognised if an outflow of economic benefits as a result of present obligations is not probable. The conditions arising, except for the fact that the outflow of economic benefits is small, are disclosed in the financial statements as contingent liabilities.

4.19. Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The net amount of deferred tax assets and deferred tax liabilities is presented only when the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: (a) the same taxable entity; or (b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.2.0. *Significant management judgement in applying accounting policies and estimation uncertainty*

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses. Management's judgments, estimates and assumptions may differ from actual results.

Significant management judgements

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on these consolidated financial statements:

Recognition of deferred tax assets

The recognition of deferred tax assets is based on an assessment of the probability that deferred tax losses and deductible temporary differences will be recovered against future taxable profit. The impact of legal and economic restrictions and uncertainties within the tax environment is also evaluated and considered.

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided below.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Business Combination

Management uses valuation techniques to determine the fair value of the assets and liabilities arising from business combinations. The fair value of contingent consideration, for example, depends on the outcome of many variables, including the future profitability of the acquired group.

Fair value measurement

Management uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Leases – determination of the appropriate discount rate to measure lease liabilities

The Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

5. Investment in subsidiaries

5.2. Composition of the Group

This consolidated financial statement includes the following subsidiaries:

Subsidiary	Ownership percentage %	Domicile	Date of incorporation	Industry sector
KKTT LLC	100%	Mongolia	2010	Qpay commission
Digital Merchant Services LLC	100%	Mongolia	2019	QR connection fee

There were no newly acquired or established subsidiaries during the reporting period.

5.3. Key judgements and assumptions

The table below summarizes the Group's financial information:

For KKTT LLC:

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Current assets	12,405,643	8,268,297
Non-current assets	4,885,208	1,533,140
Total assets	**17,290,851**	**9,801,437**
Current liabilities	5,641,687	1,162,816
Non-current liabilities	65,468	24,515
Total liabilities	**5,707,155**	**1,187,332**
Equity attributable to owners of the parent	3,746,000	1,000
Non-controlling interest	-	-

In thousand MNT	2024	2023
Revenue	23,468,441	11,709,985
Profit attributable to owners of the parent	-	-
Profit attributable to non-controlling interest	-	-
Total profit for the year	**9,224,591**	**4,919,471**
Other comprehensive income for the year (attributable to owners of the parent)	-	-
Total comprehensive income attributable to owners of the parent	-	-
Total comprehensive income attributable to non-controlling interest	-	-

In thousand MNT	2024	2023
Net cash from operating activities	8,345,877	4,662,298
Net cash used in investing activities	(1,686,510)	(999,850)
Net cash from (used in) financing activities	(2,431,717)	(43,791)
Net cash inflow	4,227,847	3,623,895

For Digital Merchant Services LLC:

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Current assets	2,081,502	2,139,659
Non-current assets	14,083	30,718
Total assets	**2,095,585**	**2,170,377**
Current liabilities	772,700	68,989
Non-current liabilities	37	11,857
Total liabilities	**772,737**	**80,846**
Equity attributable to owners of the parent	10,000	10,000
Non-controlling interest	-	-

In thousand MNT	2024	2023
Revenue	2,763,188	1,527,525
Profit attributable to owners of the parent	-	-
Profit attributable to non-controlling interest	-	-
Total profit for the year	**2,133,317**	**1,179,533**
Other comprehensive income for the year (attributable to owners of the parent)	-	-
Total comprehensive income attributable to owners of the parent	-	-
Total comprehensive income attributable to non-controlling interest	-	-

In thousand MNT	2024	2023
Net cash from operating activities	1,879,346	1,053,200
Net cash used in investing activities	(155,994)	604,243
Net cash from (used in) financing activities	(2,137,722)	(92,465)
Net cash inflow	(414,370)	1,564,978

5.4. Subsidiaries derecognised during the reporting period

The Group did not derecognise any subsidiaries during the reporting period.

6. Restatement of financial statements

Following the detection of an error, the Group applies changes in accounting policies and corrections of prior period errors retrospectively. This involves restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities, and equity for the earliest prior period presented. The financial statements are presented as if the corrected information had been recognized in the prior period. Consequently, the relevant adjustments for each period presented are included within the financial statements for that period.

7. Financial assets and liabilities

7.1. Classification of financial assets and financial liabilities

Note 4.7 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

At 31 December 2024

In thousand MNT	Amortised cost	FVTPL	Financial assets at FVOCI	Total
Financial assets				
Account and other receivables *	2,993,916	-	-	**2,993,916**
Cash and cash equivalents	14,653,598	-	-	14,653,598
Other financial assets	944,832	-	-	944,832
Total financial assets	**18,592,347**	-	-	**18,592,347**
Financial liabilities				
Account and other payables *	1,410,069	-	-	**1,410,069**
Total financial liabilities	**1,410,069**	-	-	**1,410,069**

* Account and other receivables/payables include only financial assets presented.

At 31 December 2023

In thousand MNT	Amortised cost	FVTPL	Financial assets at FVOCI	Total
Financial assets				
Account and other receivables	1,830,787	-	-	**1,830,787**
Cash and cash equivalents	13,999,820	-	-	**13,999,820**
Other financial assets	1,924,531	-	-	**1,924,531**
Total financial assets	**17,755,138**	-	-	**17,755,138**
Financial liabilities				
Account and other payables	898,667	-	-	898,667
Total financial liabilities	**898,667**	-	-	**898,667**

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Cash and cash equivalents	583	765
Bank current account balances		
- MNT	5,077,534	4,830,959
- USD	62,754	32,228
Short-term deposits		
- MNT	8,585,840	8,216,287

- USD	926,888	919,581
Total cash and cash equivalents	**14,653,598**	**13,999,820**

*Term deposits placed in commercial banks (up to 3 months) **

In thousand MNT	Currency	At 31 December 2024			
		Start Date	Maturity Date	Interest rate (annual)	Amount
Khan Bank	MNT	2021/07/09	2025/07/09	7.2%	124,568
Khan Bank	MNT	2023/12/22	2024/12/20	16.0%	19
Khan Bank	MNT	2024/05/10	2024/06/09	10.0%	47,848
Trade and Development Bank	MNT	2024/12/30	2025/12/30	15.5%	2,900,000
M bank	USD	2024/07/30	2025/01/30	3.7%	926,888
Khan Bank (KKTT LLC)	MNT	2024/04/18	2024/07/16	12.5%	13,405
Khan Bank (KKTT LLC)	MNT	2024/06/14	2025/06/13	15.0%	2,500,000
Trans bank (KKTT LLC)	MNT	2024/12/26	2025/12/25	18.0%	2,000,000
M bank (DMS LLC)	MNT	2024/12/30	2025/01/30	11.5%	1,000,000
Total					**9,512,728**

The above term deposits have been placed with commercial banks with 1–12-month terms and annual interest rates ranging from 3.7-18 percent.

In accordance with Resolution No. 23/14, approved during the Shareholders Meeting of Innovation Investment JSC on June 21, 2023, the company has outlined a detailed plan for the utilization of funds raised from the public. A total of 4,950,000.0 thousand MNT has been allocated and placed in deposit accounts, with the intention of utilizing these funds in 2025 and 2026 for their designated purposes. This includes:

- 2,500,000 thousand MNT in KKTT LLC's Khan Bank deposit account,
- 2,450,000.0 thousand MNT placed in XAC Bank's deposit account by Innovation Investment JSC to be used for investment activities according to the medium-term plan.

9. Account and other receivables

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Accounts receivable (1)	2,444,663	1,427,598
Receivables from employees (2)	268,441	317,927
Tax receivable	-	14,332
Social insurance contribution receivable	2,019	249
Other receivables	295,117	97,844
Total accounts and other receivables	**3,010,240**	**1,857,950**

(1) The increase in accounts receivable by 1,017,065.0 thousand MNT is attributable to the growth in the number of merchant establishments, the volume of transactions, and the average transaction value.

10. Short-term financial assets

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Short-term financial assets	944,832	1,924,531
Total	**944,832**	**1,924,531**

Other short-term financial assets consist of a fixed-income securities portfolio balance of 744,832 thousand MNT held by the subsidiary KKTT LLC with "Invescore Capital Securities" LLC, and an investment of 200,000 thousand MNT made by Digital Merchant Services LLC under an "Investment Agreement" with "Easy Investment Assurance" LLC dated August 20, 2024, with a 2% net monthly return and a six-month term.

11. Prepaid expenses/Prepayments

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Prepaid reimbursement	114,825	80,548
Total prepaid expenses/prepayments	**114,825**	**80,548**

Movement of prepaid expenses/prepayments is as follows:

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Opening balance	80,548	330,842
Addition	2,757,944	4,216,932
Deduction (recognized as assets)	(2,723,667)	(4,467,226)
Total prepaid expenses/prepayments	**114,825**	**80,548**

12. Inventories

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Supply material	2,737	2,020
Total inventories	**2,737**	**2,020**

13. Property and equipment

In thousand MNT	Machinery, equipment	Furniture and fixtures	Computers and peripherals	Total
Cost				
Balance at 31 December 2022	**97,000**	**58,869**	**721,555**	**877,023**
Additions	-	3,020	97,961	100,981
Disposals	-	550	44,707	45,257
Balance at 31 December 2023	**97,000**	**61,339**	**774,408**	**932,747**
Additions	-	26,155	885,308	911,463

Disposals	-	9,329	22,221	31,550
Balance at 31 December 2024	**97,000**	**78,165**	**1,637,495**	**1,812,660**
Accumulated depreciation				
Balance at 31 December 2022	**19,166**	**9,998**	**153,385**	**182,547**
Additions	9,695	5,976	195,106	210,776
Disposals	-	170	44,707	44,876
Balance at 31 December 2023	**28,861**	**15,804**	**303,784**	**348,447**
Additions	9,721	7,708	245,113	262,542
Disposals	-	5,707	21,793	27,500
Balance at 31 December 2024	**38,582**	**17,805**	**527,104**	**583,489**
Carrying amount				
Balance at 31 December 2023	**68,139**	**45,535**	**470,624**	**584,300**
Balance at 31 December 2024	**58,418**	**60,360**	**1,110,391**	**1,229,171**

No property and equipment of the Group were pledged as security at the reporting date.

Due to the expansion of the Group's operations and the increase in staffing structure, KKTT LLC purchased computers and related accessories and server equipment for 885,308 thousand MNT, and furniture and fixtures for 26,155 thousand MNT.

The Group calculates and reports depreciation expenses for tax and financial purposes in accordance with its accounting policy documentation. The increase in depreciation expense during the reporting period is attributable to the purchase of computers and related accessories, furniture and fixtures.

14. Intangible assets

In thousand MNT	Computer software	Copyrights	Special licenses	Other intangible assets	Total
Cost					
Balance at 31 December 2022	**164,860**	**24,091**	**20,000**	**36,847**	**245,798**
Additions	-	-	-	-	-
Disposals					
Balance at 31 December 2023	**164,860**	**24,091**	**20,000**	**36,847**	**245,798**
Additions	90,909	-	-	235,518	**326,427**
Disposals					
Balance at 31 December 2024	**255,769**	**24,091**	**20,000**	**272,365**	**572,225**
Accumulated amortisation					
Balance at 31 December 2022	**272**	-	**11,476**	-	**11,748**
Additions	540	-	6,854	10,586	**17,980**
Balance at 31 December 2023	**812**	-	**18,330**	**10,586**	**29,728**
Additions	542	-	25,362	10,620	**36,524**
Balance at 31 December 2024	**1,354**	-	**43,692**	**21,206**	**66,252**
Carrying amount					
Balance at 31 December 2023	164,048	24,091	1,670	26,261	**216,070**

Balance at 31 December 2024	254,415	24,091	(23,692)	251,159	**505,973**

Other intangible assets increased by 235,518 thousand MNT due to the acquisition of a software package related to the TeraBit server at KKTT LLC.

Special licenses:

The Group has met the requirements stipulated in the Central Bank/Bank of Mongolia Law, the National Payment System Law, and other legislation, and has therefore recognized as intangible assets the expenses related to obtaining a special license for payment card processing operations issued to its subsidiary "KKTT" LLC under the President of the Bank of Mongolia's Order No. A/291 of 2019, and a special license for mobile banking processor operations under the President of the Bank of Mongolia's Order No. A/139 of 2021.

Copyright:

The Group has recognized the expenses related to acquiring the copyright for QR code information exchange software as intangible assets. This recognition is in accordance with Order No. A/51 of 2016, issued by the Director of the Intellectual Property Office of Mongolia.

15. Long-term investments

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Additions	1,250,000	-
Other movements	-	-
Total long-term investments	**1,250,000**	**-**

- On April 5, 2024, KKTT LLC purchased asset-backed securities with an annual interest rate of 18.5% issued by "Micro ABS Loyalty TZK" LLC, totalling 1,000,000 thousand MNT, through open trading on the Mongolian Stock Exchange. On October 9, 2024, the company received payment for asset-backed securities amounting to 250,000 thousand MNT, resulting in a balance of 750,000 thousand MNT at the end of the reporting period.
- On August 23, 2024, KKTT LLC purchased 5,000 ICAB asset-backed securities issued by "Invescore Capital Securities" LLC, each with a nominal value of 100 thousand MNT, totalling 500,000 thousand MNT.

16. Lease

16.1. *Right-of-use assets*

In thousand MNT	Office	Equipment building	Total
Carrying amount			
Balance at 1 January 2023	**247,583**	**51,979**	**299,562**
Additions	-	33,930	33,930
Deductions	-	-	-
Balance at 31 December 2023	**247,583**	**85,909**	**333,492**
Additions	-	34,247	34,247
Deductions	247,583	120,156	367,739
Balance at 31 December 2024	**-**	**-**	**-**
Depreciation and impairment			
Balance at 1 January 2023	**132,271**	**39,230**	**171,501**

Additions	99,047	24,077	123,124
Deductions	208	699	907
Balance at 31 December 2023	**231,110**	**62,608**	**293,718**
Additions	16,473	19,160	35,633
Deductions	247,583	81,768	329,351
Balance at 31 December 2024	-	-	-
Carrying amount at 31 December 2023	**16,473**	**23,301**	**39,774**
Carrying amount at 31 December 2024	-	-	-

16.2. *Lease liabilities*

Lease liabilities are presented in the consolidated statement of financial position as follows:

In thousand MNT	**Balance as of 31 December 2024**	**Balance as of 31 December 2023**
Current	-	617
Non-current	-	36,372

The following table presents the Group's right-of-use assets by underlying asset class:

Type of Right-of-Use Asset	**Number of Leased Assets**	**Lease Term**	**Number of Leases with Extension Options**	**Number of Leases with Purchase Options**	**Number of Leases with Variable Payment Terms**	**Number of Leases with Termination Options**
Data centre services	1	3 years	1	-	-	-
Physical servers	1	2 years	1	-	-	-
Information and communications	1	2 years	1	-	-	-
Shuren office building	1	3 years	1	-	-	1

17. Account and other payables

In thousand MNT	**Balance as of 31 December 2024**	**Balance as of 31 December 2023**
Account payables (1)	1,361,785	805,801
Salary payables	47,186	37,543
Corporate income tax payable	462,494	223,656
Personal income tax payable	358,651	1,439
Value added tax payable	427,639	208,713
Social insurance contributions payable	3,249	393
Interest payable	-	23
Accrued Salaries and Wages	1,117	-
Total account and other payables	**2,662,101**	**1,277,368**

(1) In accordance with its agreement with a commercial bank, the Group has calculated and recorded the portion of QPAY commission revenue payable to the commercial bank based on the terms and conditions specified in the agreement.

18. Unearned revenue

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Opening balance	1,800	-
Additions	14,550,266	15,036,621
Less (recognized as revenue)	14,552,066	15,034,821
Total	-	**1,800**

19. Deferred tax assets / liabilities

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Opening balance	58,712	(4,615)
Correction of accounting error	-	4,615
Deferred tax asset recognized in profit or loss	(68,076)	68,076
Deferred tax liability recognized in profit or loss	(62,211)	(9,364)
Closing balance	**(71,575)**	**58,712**

The deferred income tax for the year ended December 31, 2024, is as follows:

In thousand MNT	Balance at 1 January 2024	Recognized in Other Comprehensive Income	Recognized in Profit or Loss	Balance at 31 December 2024
Deferred tax assets				
Interest receivables	62,224	-	(62,224)	-
Account payables	5,672	-	(5,672)	-
Unearned revenue	180	-	(180)	-
Total deferred tax assets	**68,076**	-	**(68,076)**	-
Deferred tax liabilities				
Cash assets	-		(1,105)	(1,105)
Interest receivables	(1,309)	-	1,300	(9)
Prepaid expenses	(8,054)	-	(9,096)	(17,150)
Fixed assets	-	-	(53,310)	(53,310)
Total deferred tax liabilities	**(9,364)**	-	**(62,211)**	**(71,575)**
Net – deferred tax asset/(liability)	**58,712**	-	**(130,288)**	**(71,575)**

The deferred income tax for the year ended December 31, 2023, is as follows:

In thousand MNT	Balance at 1 January 2023	Change in accounting estimate	Recognized in Profit or Loss	Balance at 31 December 2023
Deferred tax assets				
Interest receivables	-	-	62,224	62,224
Prepaid expense	-	-	-	-
Account payables	-	-	5,672	5,672
Unearned revenue			180	180
Total deferred tax assets	-	-	**68,076**	**68,076**
Deferred tax liabilities				

Interest receivables	-	-	(1,309)	(1,309)
Prepaid expense	4,615	(4,615)	(8,054)	(8,054)
Account payables	-	-	-	-
Total deferred tax liabilities	-	-	**(9,364)**	**(9,364)**
Net – deferred tax asset/(liability)	-	-	**58,712**	**58,712**

20. Capital and reserve

20.1. Share capital /charter capital/

Shares	**2024**	**2023**
Ordinary shares		
Total number of ordinary shares (in units)	184,889,160	184,889,160
Nominal value per ordinary share (in MNT)	25	25
Total ordinary shares (in MNT)	**4,622,229**	**4,622,229**
Treasury shares		
Number of treasury shares (in units)	(13,492,062)	(7,871,542)
Nominal value per treasury share (in MNT)	25	25
Total treasury shares (in MNT)	**337,302**	**196,789**
Total share capital	**4,284,927**	**4,425,440**

The Group's share capital as of 31 December 2024, consists of 184,889,160 ordinary shares with a nominal value of 25 MNT each.

As of 1 January 2024, the subsidiary KKTT LLC owned 7,871,542 shares of the parent company.

As of 31 December 2024, the subsidiary "KKTT" LLC owns 13,492,062 shares of the parent company, and this investment is eliminated against the parent company's equity in the group consolidation and presented as treasury shares.

The information about the Group's shareholders is shown in the table below. The structure of major shareholders at the end of the reporting period is as follows:

In thousand MNT	**Domicile**	**Ownership percentage**	**Share capital**
Domestic shareholders:			
NCD Group LLC	Mongolia	27.45%	1,268,918
Unimedia Solutions LLC	Mongolia	8.42%	389,000
Mogul LLC	Mongolia	8.27%	382,047
KKTT LLC	Mongolia	7.30%	337,302
iCore Partners LLC	Mongolia	7.11%	328,782
Cover Hill LLC	Mongolia	0.74%	34,250
Invescore Capital Securities LLC	Mongolia	0.55%	25,646
Progress Capital Securities LLC	Mongolia	0.54%	25,000
National Privatization Fund Joint Investment Fund	Mongolia	0.51%	23,801
Shandas Impex LLC	Mongolia	0.48%	22,222
Bers Finance NBFI LLC	Mongolia	0.48%	22,222
	Mongolia	61.86%	2,859,191

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

Shagdarsuren ENKHBAYAR	Mongolia	10.00%	462,223
Batzorig CHULUUNSUKH	Mongolia	4.81%	222,507
Damdinsuren DAVAA	Mongolia	3.37%	155,998
Javkhlan TSOGTBAYAR	Mongolia	0.93%	42,790
Otgonbayar ENKHMUNKH	Mongolia	0.48%	22,357
Otgonbileg ODMAA	Mongolia	0.48%	22,222
		20.08%	928,097
Other (Public)	Mongolia	**4.71%**	**217,642**
Total		**86.64%**	**4,004,930**
Foreign shareholders:			
"Rentrax" LLC	Japan	5.61%	259,334
"Global Trust Networks" JSC	Japan	1.40%	64,835
"NOB" LLC	Japan	1.40%	64,835
		8.42%	389,005
Okoshi MASANORI	Japan	2.13%	98,625
Ichiki TAKAHIRO	Japan	1.40%	64,835
Ichitani SHOICHIRO	Japan	1.40%	64,835
		4.94%	228,295
Total		**13.36%**	**617,300**
Grand total		**100%**	**4,622,229**

20.2. *Dividends payable*

By Resolution No. 02/02 "On Distribution of Dividends" dated February 15, 2024, the Board of Directors of Innovation Investment JSC determined the dividend per share to be distributed to the Company's shareholders from the 2023 year-end net profit at 21.63 MNT, and decided to distribute 4,000,000 thousand MNT, representing 70.2% of the company's 2023 net profit, to shareholders in cash. On April 15, 2024, dividends amounting to 3,546,061.1 thousand MNT were distributed after deducting the relevant taxes.

By Resolution No. 05/14 dated 4 December 2024, the Board of Directors determined that the dividend per share to be distributed to the Group's shareholders from the net profit of the first half of 2024 would be 20 MNT. Consequently, the Board decided to distribute 3,697,783.2 thousand MNT, representing 70.1% of the Group's net profit for the first half of 2024, to the Group's shareholders in cash. On 25 December 2024, dividends amounting to 3,438,616.4 thousand MNT were distributed after deducting the relevant taxes.

By Resolution No. 05/30 dated February 07, 2025, the Board of Directors determined the dividend per share to be distributed to the Group's shareholders from the net profit of the second half of 2024 at 20 MNT, and decided to distribute 3,697,783 thousand MNT, representing 77.8% of the Group's net profit for the second half of 2024, to the Group's shareholders in cash. This has been reported in the dividends payable item in the consolidated statement of financial position.

20.3. *Additional paid-in capital*

Additional paid-in capital represents the amount paid in excess of the nominal value of shares. If shares are sold below their nominal value, the resulting loss is reported as a negative amount in the share premium account. As of 1 January 2024, the subsidiary KKTT LLC owned 7,871,542 shares of the parent company.

As of 31 December 2024, the subsidiary "KKTT" LLC owns 13,492,062 shares of the parent company, and this investment is eliminated against the parent company's equity in the group consolidation and presented as treasury shares. In accordance with the relevant accounting treatment, 1,098,675 thousand MNT attributable to the reporting year has been deducted from share premium.

20.4. *Retained earnings*

This represents the accumulated capital since the beginning of operations. It increases by the amount of net profit earned during the reporting period.

21. Revenue

In thousand MNT	2024	2023
Commission income (1)	26,114,448	13,152,901
Connection fees	117,181	84,609
Total	**26,231,629**	**13,237,510**

(1) The commission income has increased due to the growth in the number of merchant organizations using QPAY by subsidiaries KKTT LLC and Digital Merchant Services LLC.

The breakdown of the Group's revenue by recognition characteristics is as follows:

At 31 December 2024

In thousand MNT	Consulting	Services	Wholesale	Other	Total
Revenue recognized at a point in time (delivery point)	-	26,231,629	-	-	26,231,629
Revenue recognized over time	-	-	-	-	-
Total	-	**26,231,629**	-	-	**26,231,629**

At 31 December 2023

In thousand MNT	Consulting	Services	Wholesale	Other	Total
Revenue recognized at a point in time (delivery point)	-	13,237,510		-	13,237,510
Revenue recognized over time	-	-	-	-	-
Total	-	**13,237,510**		-	**13,237,510**

22. Cost

In thousand MNT	2024	2023
Salaries	804,422	663,980
Social insurance contributions	100,498	82,678
Other expenses (1)	11,146,125	5,294,357
Total cost	**12,051,045**	**6,041,015**

(1) Bank operator and messaging cost expenses related to the QPAY service of the subsidiaries KKTT LLC and Digital Merchant Services LLC.

23. Sales and marketing expenses

In thousand MNT	2024	2023
Postal and communication expenses	1,546	1,259
Employee salary expenses	407,416	214,960
Social insurance contributions paid by the entity	50,347	26,619
Business trip expenses	26,188	72,326
Professional services expenses	100	211
Marketing and promotion expenses	319,965	249,109
Total	**805,563**	**564,484**

24. General and administrative expenses

In thousand MNT	2024	2023
Employee salary expenses	718,834	736,038
Social insurance contributions paid by the entity	69,698	93,976
Taxes, fees, and duties expenses	12,155	7,561
Business trip expenses	6,131	8,712
Office supplies expenses	4,501	4,220
Postal and communication expenses	4,834	5,170
Professional service expenses	227,748	197,078
License fees	46,580	23,489
Training expenses	13,663	13,126
Insurance expenses	-	2,813
Repair expenses	15	-
Utilities expenses	19,886	-
Depreciation and amortization expenses	317,871	350,972
Rental expenses	230,979	29,674
Cleaning service expenses	2,881	2,505
Transportation expenses	362	11,078
Reception/entertainment expenses	72,395	44,101
Marketing and promotion expenses	8,435	38,043
Supply materials expenses	4,018	6,558
Employee welfare expenses	8,542	7,852
Employee meal expenses	56,351	46,928
Human resources operation expenses	54,088	66,282
Bank service charges	1,193	710
Other expenses	38,391	1,808
Total	**1,941,549**	**1,698,693**

25. Other income

In thousand MNT	2024	2023
Other income	-	1,210,184
Total	**-**	**1,210,184**

26. Other expenses

In thousand MNT	2024	2023
Professional service expenses	-	133
Supply material expenses	74	132
Test transactions and other expenses	401	200
Reception and entertainment expenses	-	53
Donation expenses	-	1,500
Bad debt expenses	29,028	23,156
Other expenses	15,804	135,460
Marketing and promotion expenses	-	450
Total	**45,307**	**161,084**

27. Financial income

Financial income comprises the following:

In thousand MNT	2024	2023
Interest income from cash and cash equivalents	1,608,189	414,802
Dividend income	69,105	-
Total	**1,677,294**	**414,802**

28. Financial expense

Financial expense consists of the following:

In thousand MNT	2024	2023
Interest expense on finance lease liabilities	1,703	12,898
Total	**1,703**	**12,898**

29. Gain (loss) on sale of fixed assets

In thousand MNT	2024	2023
Gain (Loss) on sale of fixed assets	(3,622)	74
Total gain (loss) on sale of fixed assets	**(3,622)**	**74**

30. Loss from foreign currency translation adjustment

In thousand MNT	2024	2023
Unrealized gain on exchange differences	12,954	37,594
Loss on exchange differences	26,018	41,758
Unrealized loss on exchange differences	464	-
Total foreign currency exchange gain (loss)	**(13,528)**	**(4,164)**

31. Income tax expense

In thousand MNT	2024	2023

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

Income tax for the reporting year	1,412,724	699,069
Deferred tax (refer to **Note 19**)	130,288	(58,712)
Income tax calculated at a special rate	1,477,440	41,480
Foreign taxes paid that were not deducted from payable taxes	-	2,231
Total	**3,020,452**	**684,069**

Profit before tax (under IFRS)	13,046,606	6,380,232
Taxable income at special rates	(1,677,295)	(414,803)
Non-Deductible Expenses for Taxable Income	45,858	162,357
Deductible temporary differences (taxable temporary differences) arising during the period relating to assets	(1,028,208)	(99,680)
Deductible temporary differences (taxable temporary differences) arising during the period relating to liabilities	-	680,756
Taxable income at the standard rate	**10,386,961**	**6,708,863**

Tax rate	10%-25%	10%-25%

Tax expense for the period		
Current income tax at the standard rate	1,412,724	699,069
Tax expense at special rate - 10%	1,477,441	41,481
Foreign taxes paid that were not deducted from payable taxes	-	2,231
Deferred tax expense	130,288	(58,712)
Total income tax expense	**3,020,452**	**684,069**

When preparing the consolidated financial statements, the dividend income from the subsidiaries KKTT LLC and Digital Merchant Services LLC was eliminated through offsetting entries. As a result, the taxable income appears lower due to the removal of this income at the specified ownership percentage.

32. Related party transactions

An entity is considered a related party of the Group, if the Group has the ability to control or exercise significant influence, directly or indirectly, over the financial and operating decisions of the other party. Additionally, for the purpose of preparing financial statements, related parties are also defined as those entities that are under common control with the Group or where the aforementioned relationship exists in reverse.

Related parties can be individuals or other entities. The Group has related party relationships with the following entities and individuals:

Subsidiary Name	Country of Incorporation	Ownership Percentage as of December 31, 2024	Ownership Percentage as of December 31, 2023
KKTT LLC	Mongolia	100%	100%
Digital Merchant Services LLC	Mongolia	100%	100%

Related Party Name	Domicile	Relationship	Transaction type
KKTT LLC	Mongolia	Subsidiary	Intercompany settlement
Digital Merchant Services LLC	Mongolia	Subsidiary	Intercompany settlement
NCD Group LLC	Mongolia	Shareholder	
Damdinsuren Davaa	Mongolia	Shareholder	Salaries and bonuses
Shagdarsuren Enkhbayar	Mongolia	Shareholder	

"Unimedia Solutions" LLC	Mongolia	Shareholder	Services
"iCore Partners" LLC	Mongolia	Shareholder	-
"Rentrax" JSC	Japan	Shareholder	-
Batzorig Chuluunsukh	Mongolia	Shareholder, Regular Member of the Board of Directors	Salaries and bonuses
"Mogul" LLC	Mongolia	Shareholder	-
Masanori Okoshi	Japan	Shareholder	-
"NOB" LLC	Japan	Shareholder	-
"Global Trust Networks" JSC	Japan	Shareholder	-
Shoichiro Ichitani	Japan	Shareholder	-
Takahiro Ichiki	Japan	Shareholder	-
U. Naranbaatar	Mongolia	Regular Member of the Board of Directors	-
G. Khatanbold	Mongolia	Regular Member of the Board of Directors	-
U. Munkhzul	Mongolia	Regular Member of the Board of Directors	-
A. Battamir	Mongolia	Chairman of the Board of Directors	-
B. Ankhbold	Mongolia	Regular Member of the Board of Directors	-
D. Ganzorig	Mongolia	Independent Member of the Board of Directors	
T. Dashtseren	Mongolia	Independent Member of the Board of Directors	
Sh. Uyanga	Mongolia	Independent Member of the Board of Directors	
"IT Zone" LLC	Mongolia	Related Party with Shareholders	Procurement

32.1. *Controlling Relationships*

The Group is controlled by Mr. A. Battamir, the Chairman of the Group's Board of Directors. The Group's parent company is "Innovation Investment" JSC, a legal entity registered in Mongolia, located at NM Centre, 8th Floor, Mahatma Gandhi Street, 15th Khoroo, Khan-Uul District. In 2023, the parent company successfully completed an IPO, and during the reporting period, it distributed dividends in accordance with a resolution of the Board of Directors and publishes its financial statements for public use.

32.2. *Transactions with the Parent Company*

As of 31 December 2024, the Group had intercompany balances with its subsidiaries, "KKTT" LLC and "Digital Merchant Services" LLC, and the following transactions occurred. These include:

As at 31 December 2024, "KKTT" LLC had a receivable balance of 50,000.0 thousand MNT from the parent company and a receivable balance of MNT 5,500.0 thousand MNT from Digital Merchant Services LLC.

Eliminating entries have been made in the Group's consolidated financial statements in accordance with IFRS to account for the above transactions.

32.3. *Transactions with key management personnel and close family members*

Key management of the Group are the executive members of board of directors and members of the executive council, and their close family members. Key management personnel remuneration includes the following expenses:

In thousand MNT	2024	2023
Salaries	767,399	479,468
Total	**767,399**	**479,468**

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

33. Contingent liabilities

There are no contingent liabilities related to legal claims brought against the Group during the reporting period.

34. Financial instrument risk

The Group's key accounting policies and methods used for recognition criteria, basis for recognizing revenue and expense, and financial assets, liabilities and equity by category are summarized in **Note** Error! Reference source not found..

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

34.1. Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Additionally, credit risk arises from cash and cash equivalents and deposits held at banks and financial institutions.

Foreign currency sensitivity

The majority of the Group's transactions are denominated in Mongolian Tugrik (MNT). Exposure to foreign currency exchange risk arises primarily from the Group's foreign sales and purchases that are originally denominated in US Dollars.

The carrying amounts of the financial assets and liabilities denominated in foreign currencies that are subject to currency risk are shown below. These amounts have been translated into Mongolian Tugrik at the closing exchange rates for reporting to management:

Category	USD	EUR	Other
Balance at 31 December 2024			
Financial assets			
- Cash and cash equivalents	989,642	-	-
Financial liabilities			
- Account and other payables	-	-	-
Total exposure	**989,642**	-	-
Balance at 31 December 2023			
Financial assets			
- Cash and cash equivalents	951,809	-	-
Financial liabilities			
- Account and other payables	-	-	-
Total exposure	951,809	-	-

Other price risks

The Group is exposed to equity price risk arising from investments in publicly traded equity securities as well as investments in subsidiaries such as KKTT LLC and Digital Merchant Services LLC.

As for the publicly traded equity securities, the market price was 215 MNT in 2024 (compared to MNT 235 in 2023), with an average fluctuation of 20 MNT. This level of volatility can be taken into consideration when estimating how changes in market prices may affect the profit or loss and equity as of the reporting date.

34.2. Credit risk analysis

Credit risk represents the risk that the Group will incur a financial loss if counterparties fail to discharge their contractual obligations. The Group's exposure to this risk arises from its various financial instruments, such as trade receivables and term deposits. The following table shows the maximum exposure to credit risk for the carrying amounts of financial instruments.

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Financial assets at carrying amount		
- Cash and term deposits at bank	14,653,016	13,999,055
- Account receivables	2,444,663	1,427,598

Current account at bank

The Group manages its credit risk exposure on cash balances by placing deposits with major reputable banks and financial institutions.

The credit ratings for the Group's demand and time deposits held at banks, as assessed by Moody's Investors Service and Standard & Poor's, are as follows:

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
B3	14,653,016	13,999,055
No rating	-	-
Total	**14,653,016**	**13,999,055**

Account receivables

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit loss (bad debt expense) for all account receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the account receivables have been assessed on a collective basis as they possess shared credit risk characteristics. These receivables are grouped by the number of days past due.

At 31 December 2024

In thousand MNT	Account receivables days past due				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate %	-	3%	5%	8%-10%	-
Carrying amount	2,444,663	-	-	-	2,444,663
Lifetime expected credit loss	-	-	-	-	-

At 31 December 2023

In thousand MNT	Account receivables days past due				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate %	-	3%	5%	8%-10%	-

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

Carrying amount	1,427,598	-	-	-	1,427,598
Lifetime expected credit loss	-	-	-	-	-

34.3. Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations.

The Group policy is to run a prudent liquidity management policy by means of holding sufficient cash and bank balances, as well as highly liquid assets for making all operational and debt service-related payments when those becomes due. The Group did not have any non-derivative financial liabilities with repayment on demand as of the reporting date.

The Group considers the expected cash flows of financial assets in assessing and managing liquidity risk, particularly regarding sources of funds and the recoverability of accounts receivable.

35. Fair value measurement

Financial assets and financial liabilities measured at fair value in the financial statement are grouped into three levels of a fair value hierarchy. These three categories are based on the importance of the inputs used to measure fair value.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: For assets and liabilities, the methodology for determining fair value, either directly (price) or indirectly (derived from price), using available data, is applied at Level 2;

Level 3: Determine fair value without relying on available market data (unusable data). Management uses fair value levels to classify financial instruments.

At 31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	14,653,599	-	**14,653,599**
Accounts and other receivables	-	2,993,916	-	**2,713,104**
Other financial assets	-	944,832		**944,832**
Total financial assets	-	**18,592,346**	-	**18,592,346**
Financial liabilities				
Accounts and other payables	-	1,410,069	-	**1,410,069**
Total financial liabilities	-	1,410,069	-	**1,410,069**

At 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	13,999,820	-	**13,999,820**
Accounts and other receivables	-	1,830,787	-	**1,830,787**
Other financial assets	-	1,924,531	-	**1,924,531**
Total financial assets	-	**17,755,138**	-	**17,755,138**
Financial liabilities				
Accounts and other payables	-	**898,667**	-	**898,667**

35.1. *Fair value measurement of non-financial assets*

The level within the fair value hierarchy for non-financial assets is shown in the following table:

At 31 December 2024	Level 1	Level 2	Level 3	Total
Non-financial assets				
Property and equipment	-	-	1,229,171	**1,229,171**
Intangible assets	-	-	505,973	**505,973**
Right-of-use assets	-	-	-	-
Total	-	-	1,735,144	**1,735,144**

At 31 December 2023	Level 1	Level 2	Level 3	Total
Non-financial assets				
Property and equipment	-	-	584,300	**584,300**
Intangible assets	-	-	216,070	**216,070**
Right-of-use assets	-	39,774		**39,774**
Total	-	39,774	800,370	**840,144**

Management has determined that there were no material changes in the fair value of the identifiable assets acquired and the liabilities assumed between the acquisition date and the reporting date.

36. Capital management policies and procedures

The objective of the Group's capital management policy is to ensure the Group's ability to continue as a going concern.

Based on the relevant risk level of the products and services, the appropriate return will be provided to the shareholders by optimally setting their prices.

Management will assess the group's capital requirements to create an efficient financial structure to avoid financial dependency. The Group manages the capital structure and makes adjustments based on changes in economic conditions and risk characteristics of assets.

To create and adjust the capital structure, the group will make adjustments to the dividends paid to shareholders, return shareholders' funds, issue new shares, and sell assets to reduce the Group's debt.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

In thousand MNT	Balance as of 31 December 2024	Balance as of 31 December 2023
Total equity	15,279,917	17,447,567
Less: Cash and cash equivalents	(14,653,598)	(13,999,820)
Capital	**626,319**	**3,447,747**
Total equity	15,279,917	17,447,567
Add: Loan	-	-
Add: Leasing liabilities	-	36,989
Overall financing	**15,279,917**	**17,484,556**
Capital-to-overall financing ratio	4%	**20%**

For the year ended 31 December 2024 (expressed in thousand MNT unless otherwise specified)

37. Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the 31 December 2024 reporting date and the date of authorisation.

38. Translation

These financial statements are prepared and submitted both in Mongolian and English languages. In the event of discrepancies between the Mongolian and English versions, the Mongolian version shall prevail.

39. Authorisation of financial statements

The financial statements for the year ended December 31, 2024, were approved by management on .... 2025.

A. Battamir Chairman of the Board of Directors Date: 2025-03-24.	G. Erdenemunkh Chief Executive Officer Date: ....
B. Enkhbold Chief Financial Officer Date:	Kh. Amarjargal Chief Accountant Date: ....