LENDMN NBFI JSC AND ITS SUBSIDIARIES
(Incorporated in Mongolia)

Consolidated Audited Financial Statements
31 December 2024

CONTENTS

GENERAL INFORMATION

Chairman:	Boldbaatar O.
Members of Board of Directors:	Khos-Erdene B. Madono Katsuhiko. Uuganbayar Ts. Odmaa Ts. Enkh-Amgalan S.
Independent members of Board of Directors:	Borgil S. Jargalsuren J. Nergui S.
Registered address:	Pearl tower, Tourist street 34, 3rd khoroo, Chingeltei Discrict, Ulaanbaatar, Mongolia
Principal bankers:	Khan Bank JSC State Bank JSC Golomt Bank JSC XacBank JSC Trade and Development Bank of Mongolia JSC Capitron Bank LLC Transport and Development Bank Closed JSC M Bank Closed JSC Arig Bank LLC
Auditors:	Ernst & Young Mongolia Audit LLC Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of LendMN NBFI JSC

Opinion

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB").

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters (Cont'd.)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of loans and advances to customers</td></tr>
<tr><td>The impairment of loans and advances to customers is estimated by the Group's management through the application of judgement and use of highly subjective assumptions.

Due to significance of loans and advances to customers, representing over 91.8% of the Group's total assets as at 31 December 2024 and the related estimation uncertainty we considered impairment of loans and advances to customers as a key audit matter.

The impairment method is based on a forward-looking Expected Credit Loss ("ECL") approach. Elements of the ECL model requires significant estimates and assumptions, including:

• Staging of financial assets;
• Development of ECL models and the choice of inputs, including Probability of Default ("PD") and Loss Given Default ("LGD");
• Determination of the Exposure at Default ("EAD"), including the credit conversion factor for the undrawn loan commitments;
• Determination of associations between macroeconomic scenario, economic inputs, and the effect on inputs to the ECL calculation;
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model;
• Market value determination of collateral.

Relevant disclosures of the accounting policy and critical accounting estimates and judgements are included in Notes 2 and 4 to the consolidated financial statements, respectively.

Other relevant disclosures of loans and advances to the customers and related credit risk management are included in Notes 6, 12 and 21.3 to the consolidated financial statements, respectively.</td><td>For assessment of impairment allowance of loans and advances to customers as of 31 December 2024, our audit procedures included evaluating the methodologies, inputs and assumptions used by the Group in its ECL model in calculation of impairment of loans and advances to customers.

In evaluating the methodologies, we obtained an understanding of the Group's ECL model and management's basis for methodologies and assumptions applied. We considered the reasonableness of the model and compared to industry practices. We also considered the reasonableness of the assumptions applied and our evaluation including the assessment of basis for classification of exposures into the 3 stages, the appropriateness of the PD, LGD and EAD determination and the forward-looking macroeconomic variables incorporated in the model.

In testing the appropriateness of the stage classifications, we have tested the completeness of the aging report by agreeing the amounts in the aging report to the financial records. We also tested the adequacy of the aging information based on a random sampling selection basis by verifying the information against other supporting documents.

We compared the key inputs to the ECL model to the Group's internal available historical data, externally available industry, financial and economic data. Our testing included the followings:

• Tested the accuracy of internal data applied for the calculation of historical PD and LGD on a random selection basis;
• Checked the parameters to external data sources where available, including the macroeconomic variables used in multiple scenario analysis;
• Checked completeness of the EAD including the accuracy of the credit conversion factors to the historical data;
• Assessed the market value determination on loan with collateral; and</td></tr>
</table>

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INDEPENDENT AUDITOR'S REPORT (CONT'D.)

To the shareholders of LendMN NBFI JSC

Key Audit Matters (Cont'd.)

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers	
	• Evaluated the reasonableness of the qualitative factors applied in management's reassessment of its multiple macroeconomic scenario allocation. We also considered the consistency of judgement applied in the key inputs to the ECL model. We assessed the adequacy of the related disclosure in the notes to the consolidated financial statements.

Other Information included in the Annual Report

The Directors and executives are responsible for the other information. The other information comprises the other sections of the Annual Report but does not include the consolidated financial statements and our auditor's report thereon ("the Other Sections"), which are expected to be made available after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Other Sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd.)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the shareholders of the Group, as a body, in accordance with the audit requested by the shareholders in accordance with agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Ernst & Young Mongolia Audit LLC

ERNST & YOUNG MONGOLIA AUDIT LLC
Certified Public Accountants

MANDAKHBAYAR DORJBAT
Partner

Ulaanbaatar, Mongolia
Date: 6 February 2025

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd.)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the shareholders of the Group, as a body, in accordance with the audit requested by the shareholders in accordance with agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

ERNST & YOUNG MONGOLIA AUDIT LLC
Certified Public Accountants

Mandakhbayar Dorjbat
Partner

Ulaanbaatar, Mongolia
Date: 6 February 2025

	Notes	2024 MNT'000	2023 MNT'000
Interest and similar income	5	89,190,036	47,842,587
Interest and similar expense	5	(22,181,544)	(9,527,344)
Net interest and similar income		**67,008,492**	**38,315,243**
Credit loss expense	6	(8,198,662)	(2,684,956)
Net interest and similar income after allowance for impairment		**58,809,830**	**35,630,287**
Administrative and operating expenses	7	(12,318,753)	(10,223,598)
Other expenses, net	8	(363,817)	(35,966)
Profit before income tax		**46,127,260**	**25,370,723**
Income tax expense	9.1	(10,013,611)	(5,574,907)
Net profit for the year, representing total comprehensive income attributable to equity holders		**36,113,649**	**19,795,816**
		MNT	**MNT**
Earnings per share			
Equity holders of the parent			
Basic and diluted earnings per share	10	48.85	26.78

	Notes	2024 MNT'000	2023 MNT'000
ASSETS			
Cash and cash equivalents	11	12,706,074	7,885,968
Loans and advances to customers	12	231,727,567	123,462,373
Other assets	13	553,052	415,965
Prepayments		391,103	55,975
Intangible assets	14	754,673	355,542
Property and equipment	15	1,510,130	306,158
Right-of-use assets	16	3,432,748	945,652
Financial assets at FVPL		1,094,548	–
Deferred tax assets	9.3	180,977	41,318
TOTAL ASSETS		**252,350,872**	**133,468,951**
LIABILITIES			
Income tax payable	9.2	3,566,405	3,638,541
Lease liabilities	16	3,636,405	981,642
Borrowings	17	169,933,377	77,445,677
Asset-backed securities	18	–	4,798,243
Other liabilities	19	2,263,734	3,863,865
Deferred tax liability	9.3	19,776	9,044
TOTAL LIABILITIES		**179,419,697**	**90,737,012**
EQUITY			
Ordinary shares	20.1	10,756,859	10,756,859
Treasury shares	20.2	(2,337,547)	(2,337,547)
Other reserve	20.3	57,348	57,348
Retained earnings		64,454,515	34,255,279
TOTAL EQUITY		72,931,175	42,731,939
TOTAL LIABILITIES AND EQUITY		**252,350,872**	**133,468,951**

	Share capital MNT'000 Note 20.1	Treasury shares MNT'000 Note 20.2	Other reserve MNT'000 Note 20.3	Retained earnings MNT'000	Total equity MNT'000
At 1 January 2023	10,756,859	(2,337,547)	57,348	15,753,241	24,229,901
Net profit for year representing total comprehensive income for the year	–	–	–	19,795,816	19,795,816
Dividends paid (Note 20.1)	–	–	–	(1,293,778)	(1,293,778)
At 31 December 2023	**10,756,859**	**(2,337,547)**	**57,348**	**34,255,279**	**42,731,939**
Net profit for year representing total comprehensive income for the year	–	–	–	36,113,649	36,113,649
Dividends paid (Note 20.1)	–	–	–	(5,914,413)	(5,914,413)
`At 31 December 2024	**10,756,859**	**(2,337,547)**	**57,348**	**64,454,515**	**72,931,175**

	Notes	2024 MNT'000	2023 MNT'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		46,127,260	25,370,723
Adjustments to reconcile profit before tax to net cash flows:			
Interest expense on borrowings	5	21,064,144	8,493,425
Interest expense on asset-backed securities	5	788,160	940,822
Accretion of interest on lease liabilities	5, 16	329,240	93,097
Impairment on loans and advances to customers	6, 12	8,157,556	2,699,370
Impairment/(reversal) on undrawn commitments	6, 19	41,106	(14,414)
Depreciation of property and equipment and right-of-use assets	7	831,083	570,415
Amortisation of intangible assets	7	45,383	45,553
Unrealised foreign exchange loss/(gain), net	8	299,310	(223,852)
Gain on fair value changes of financial assets at FVPL	8	(89,889)	–
Loss on disposal of foreclosed assets	8	15,580	–
Loss on write-off of property and equipment	8, 15	29,418	3,950
Operating profit before working capital changes		**77,638,351**	**37,979,089**
Changes in operating assets and liabilities:			
Net increase in loans and advances to customers		(116,422,750)	(56,575,463)
Net decrease/(increase) in other assets		(131,047)	352,444
Net increase in prepayments		(335,128)	(10,538)
Net increase/(decrease) in other liabilities		(2,155,315)	1,265,774
Cash used in operations		**(41,405,889)**	**(16,988,694)**
Income tax paid	9.2	(10,115,736)	(2,704,705)
Income tax withheld by third parties	9.2	(98,938)	(2,418)
Interest portion of lease liabilities paid	16	(329,240)	(93,097)
Interest paid		(18,411,572)	(8,056,575)
Net cash flows used in operating activities		**(70,361,375)**	**(27,845,489)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in financial assets at FVPL		(1,004,659)	–
Proceeds from repayment on financial instruments		–	172,230
Purchase of intangible assets	14	(444,514)	–
Purchase of property and equipment	15	(1,388,431)	(99,137)
Net cash flows generated from/(used in) investing activities		**(2,837,604)**	**73,093**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bonds issued		20,304,199	8,705,967
Proceeds from loans		169,565,553	51,398,771
Proceeds from trust financing		111,577,773	32,054,150
Repayment of bonds issued		(3,580,628)	(7,500,000)
Repayment of loans		(122,725,192)	(35,041,154)
Repayment of trust financing		(85,928,111)	(17,441,233)
Repayment of asset-backed securities		(4,753,065)	–
Principal portion of lease liabilities paid		(529,995)	(440,106)
Dividends paid		(5,914,413)	(1,293,778)
Net cash flows generated from financing activities		**78,016,121**	**30,442,617**
Net increase in cash and cash equivalents		4,817,142	2,670,221
Effect of exchange rate changes on cash and cash equivalents		2,964	(1,834)
Cash and cash equivalents at beginning of the year	11	7,885,968	5,217,581
Cash and cash equivalents at the end of the year	11	**12,706,074**	**7,885,968**

		2024 MNT'000	2023 MNT'000
Operational cash flows from interest			
Interest received		85,404,552	47,970,615
Interest income	5	89,190,036	47,842,587
Non-cash transactions:			
Additions to ROU assets and lease liabilities	16	3,448,589	1,188,436
Early lease termination	16	(263,831)	(52,460)

Reconciliation of the liabilities arising from financing activities is shown below:

	Borrowings		Asset-backed securities	
	2024 MNT'000	2023 MNT'000	2024 MNT'000	2023 MNT'000
As at 1 January	77,445,677	44,225,863	4,798,243	4,679,661
Proceeds	301,447,525	92,158,888	–	–
Repayments	(212,233,931)	(59,982,387)	(4,753,065)	–
Interest expense during the year	21,064,144	8,493,425	788,160	940,822
Interest paid	(17,578,234)	(7,234,335)	(833,338)	(822,240)
Foreign exchange movement	(211,804)	(215,777)	–	–
As at 31 December	169,933,377	77,445,677	–	4,798,243

1 Corporate information

LendMN NBFI JSC (the "Company") is a joint stock company listed on the Mongolian Stock Exchange ("MSE") and incorporated and domiciled in Mongolia. The Company was listed on the MSE on 14 March 2018 and became a publicly traded company. The Company operates under a non-banking financial institution ("NBFI") with special license No. 1/493 issued by the Financial Regulatory Commission ("FRC") on 24 June 2015. The special license covers the permission for lending and online payment money transfer activities in Mongolia. On 20 March 2019, the Company obtained Trust service license and Factoring service license No. 45 issued by the FRC. On 23 May 2019, the Company obtained foreign currency transaction service license No 128 issued by the FRC.

Principal activity. The Company was established to provide 24/7 mobile phone based financial services to issue instant loans for under/unserved people using its LendMN technology developed by AND Systems Tech LLC, a fellow subsidiary incorporated in Mongolia. The LendMN technology is a fintech solution licensed by AND Systems Tech LLC. In 2018, the Company enhanced its operational scope by launching a new product, Lend Wallet, which is a digital wallet that enables customers to make various types of payments and financial transactions through the Lend Wallet application.

The ultimate parent company is AND Global Pte Ltd, a fintech company incorporated in Singapore.

On 3 July 2022, the Company established subsidiary LendMN Active SPC LLC. The principal activities of this subsidiary include purchasing loan pools from the Company and issuing asset-backed securities ("ABS") secured by those loans. The business activity of issuing ABS is a licensed activity in accordance with the Asset-Backed Securities Law of Mongolia. The subsidiary obtained the necessary special permit to issue ABS from the FRC on 4 August 2022. Following the maturity of the ABS in October 2024 and the subsequent transfer of the loan pools back to the Company, management has initiated plans for the liquidation of this subsidiary, which is anticipated to occur in 2025.

On 27 May 2024, the Company established a new subsidiary LendMN SME NBFI LLC. The purpose of this entity is to take over the consumer loans issued to owners of small and medium enterprises ("SMEs") that the Company introduced in 2024. As of the year-end, the operations of this subsidiary remained dormant.

The consolidated financial statements are presented in Mongolian Tugriks ("MNT"), and all values are rounded to the nearest thousands, unless otherwise stated.

The consolidated financial statements of the Group were authorised for issuance in accordance with the resolution of the Board of Directors on 6 February 2025.

2 Material accounting policies

Basis of preparation and statement of compliance. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which includes all IFRS, International Accounting Standards ("IAS") and Interpretations) as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis, except for financial assets designated at fair value through profit or loss ("FVPL") which have been measured at fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (including changes to the accounting policy as disclosed in Note 3).

Presentation of financial statements. The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 26.

Basis of consolidation. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. The Company consolidates subsidiaries when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

2 Material accounting policies (Cont'd.)

Basis of consolidation (Cont'd.)

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control to support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Company can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether the Company is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income, and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Group gains control until the date the Group ceases to control the subsidiaries.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of subsidiaries, without loss of control, is accounted for as an equity transaction. If the Group loses control over subsidiaries, it derecognises the related assets (including goodwill), liabilities, non-controlling interests, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

Going concern. The Group's management has assessed its ability to continue as a going concern and is satisfied that the Group has sufficient resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Financial instruments – Date of recognition. Financial assets and liabilities, except for loans and advances to customers and other receivables, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers and other receivables are recognised when funds are transferred to the customers' accounts.

Initial measurement of financial instruments. The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at fair value through profit or loss, transaction costs are added to, or subtracted from, this amount.

2 Material accounting policies (Cont'd.)

Initial measurement of financial instruments (Cont'd.)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Measurement categories of financial assets and liabilities. The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost,
- Fair value through other comprehensive income ("FVOCI"), or
- Fair value through profit or loss ("FVPL")

Financial instruments – Loans and advances to customers. the Group measures loans and advances to customers at amortised cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group determines its business model at the level that best reflects how it manages the financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

2 Material accounting policies (Cont'd.)

Financial instruments – Loans and advances to customers (Cont'd.).

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method ("EIR").

Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

Undrawn loan commitments are commitments under which the Group is required to provide a loan with pre-specified terms to the customer.

Financial liabilities – Debt issued and other borrowed funds. Debt issued and other borrowed funds are contractual obligations to local and foreign financial institutions.

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost using the EIR. The amortised cost of debt issued and other borrowed funds is calculated using EIR by taking into account any transaction costs related to the transaction.

An analysis of the Group's debt issued and other borrowed funds are disclosed in Note 17 and 18.

Derecognition of financial assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired.

Derecognition of financial liability. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

The effective interest method. Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR.

The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR.

2 Material accounting policies (Cont'd.)

Impairment of financial assets

The Group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments.

Definition of default. The Group considers a financial instrument defaulted and therefore stage 3 (impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Group considers bank balances and other receivables defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreement.

Overview of ECL method. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Whether a financial instrument's credit risk has increased significantly since initial recognition is determined by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on that, the financial assets are consolidated into Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI), as described below:

- Stage 1: When financial assets are first recognised, an allowance is based on 12mECLs. Stage 1 financial assets also include facilities where the credit risk has improved, and the financial assets has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, an allowance is based on the LTECLs. Stage 2 financial assets also include facilities, where the credit risk has improved, and the financial assets has been reclassified from Stage 3.
- Stage 3: Financial assets considered credit-impaired. An allowance is based on the LTECLs.
- POCI: Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

The Calculation of ECLs. The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, a best case, and a worst case). Each of these is associated with different PDs, EADs and LGDs, as set out in Note 21.3.

When estimating ECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. For outstanding loans and receivables as at 31 December 2024 and 2023, the ECL is presented together with the loans and receivables. For undrawn loan commitments, the ECL is recognised within Provisions.

2 Material accounting policies (Cont'd.)

Impairment of financial assets (Cont'd.)

Forward looking information. In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Monthly state household consumption,
- Monthly M2 - money supply,
- Monthly CPI (consumer price index),
- Change of monthly household consumption,
- Monthly unemployment rate,
- Monthly average salary,
- Monthly foreign investment,
- Monthly loan interest rate /MNT/,
- Silver price,
- Monthly Gini coefficient.

Collateral. The Group's main loan products and receivables, namely microloans, revolving loans and business loans, are not collateralised. Car loans, which represented 1.21 % of the Group's total loan portfolio as at 31 December 2024, are secured by the underlying cars purchased by borrowers.

Collateral, unless repossessed, is not recorded on the Group's statement of financial position. Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. Details of the impact of such credit enhancements are disclosed in Note 21.3.

To the extent possible, the Group uses active market data for valuing the assets held as collateral.

Write-offs. Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account in profit or loss for the period.

Cash and cash equivalents. Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments (primarily term deposits with banks) with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statements.

Property and equipment. The property and equipment owned by the Group is stated at cost less depreciation and provision for impairment, where required. Costs of minor repairs and maintenance are expensed when incurred. Costs of replacing major parts or components of premises and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income or expenses). Depreciation on items of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

2 Material accounting policies (Cont'd.)

Property and equipment (Cont'd.)

	Useful lives in years
Furniture, office equipment and vehicles	10 years
Computers and technical equipment	3 years
Office renovation	5 years

The residual value of an asset is the estimated amount that Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Leases. The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

After lease commencement, a lessee shall measure the right-of-use asset using a cost model. Under the cost model a lease asset is measured at cost less accumulated depreciation and accumulated impairment. The right-of-use asset is subject to impairment. Refer to section "Impairment of non-financial assets" and also Note 16 for Right-of-use assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Please refer to Note 16 for details.

2 Material accounting policies (Cont'd.)

Intangible assets. The Group's intangible assets have definite useful lives and primarily include capitalised licenses and service license.

Computer software licenses acquired are capitalised on the basis of the costs incurred to acquire and bring them to use. Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
LendMN technology licenses (Lending and wallet systems)	10 years

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the balance sheet date. The income tax charge comprises current tax and deferred tax and is recognised in the profit or loss unless it relates to transactions that are recognised in the same or a different period in other comprehensive income or directly in equity. Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Uncertain tax positions. The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest, and taxes other than on income are recognized based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Value added tax (VAT). Management has assessed that the Group has no VAT liabilities arising from non-financial services activities, while financial services activities (such as lending) are exempted from VAT based on Value Added Tax Law of Mongolia. Thus, the Group was not registered for VAT as at 31 December 2024 and 31 December 2023.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Other liabilities. Other liabilities are accrued when the counterparty has performed its obligations under the contract and are carried at amortised cost.

2 Material accounting policies (Cont'd.)

Income and expense recognition. Interest income and expense are recorded for financial instruments other than credit-impaired assets on accruals basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, negotiating the terms of the instrument and for processing transaction documents. LendMN fee income, charged on each loan disbursement, is also part of the effective interest rate although it is not called interest income.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3' in the ECL models, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset.

If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Share capital and reserves. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Own equity instruments that are reacquired ("treasury shares") are recognised using cost method and deducted from equity. No gain or loss is recognised in profit or loss on a purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

Foreign currency translation. The functional currency of the Group is a currency of the primary economic environment in which the entity operates. Thus, the Group's functional currency and presentation currency is the national currency of Mongolia, Mongolian Tugrik ("MNT").

Monetary assets and liabilities are translated into the Group's functional currency at the official exchange rate of the Bank of Mongolia ("BOM") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the Group's functional currency at year-end official exchange rates of the BOM are recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Offsetting. Financial assets and liabilities are offset and the net amount reported in the statements of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Staff costs and related contributions. Wages, salaries and other salary related expenses are recognised as an expense in the year in which the associated services are rendered by the Group's employees. Short term accumulating compensated absences such as paid annual leave are recognised when services rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur. As required by law, companies in Mongolia make contributions to the government pension scheme - Social Security and Health Insurance Fund. Such contributions are recognised as an expense in the profit or loss as incurred. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

2 Material accounting policies (Cont'd.)

Share-based payments. AND Global Pte Ltd (the ultimate parent company of the Group) granted equity settled share-based payments to key employee(s) of the Group. The fair value of these equity settled transactions is determined at grant date and is recognised as an employee expense in the statement of profit or loss, with the corresponding increase in equity, on a straight-line basis over the vesting period. Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of options that are likely to vest. Any adjustment from this revision is recognised in the statement of profit or loss with a corresponding adjustment to equity. The Group does not operate any cash-settled share-based payment schemes or share-based payment transactions with cash alternatives as defined in IFRS 2.

***Segment reporting*.** Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Earnings per share. Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case net of tax, if any) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Transactions with related parties. A related party is a person or entity that is related to the Group:

(a) A person or a close member of that person's family is related to a Group if that person:
- has control or joint control of the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group.

(b) An entity is related to a Group if any of the following conditions applies:
- The entity are members of the same Group (which means that each parent, subsidiaries and fellow subsidiaries is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. All material transactions and balances with the related parties are disclosed in the relevant notes to the consolidated financial statements and the detail is presented in Note 24.

3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the Amendments to IAS 7 and IFRS 7 – *Supplier Finance Arrangements* that became effective for annual periods beginning on or after 1 January 2024. The Group has assessed that these amendments do not have an impact on the financial statements of the Group.

3 Changes in accounting policies and disclosures (Cont'd.)

Standards issued but not yet effective

The Standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 21	*Lack of Exchangeability*[1]
IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]

[1] *Effective for annual periods beginning on or after 1 January 2025*
[2] *Effective for annual periods beginning on or after 1 January 2027*

4 Critical accounting estimates, and judgments in applying accounting policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment losses on loans and advances to customers. The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of the models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Staging of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

5 Net interest and similar income and segment information

During the years ended 31 December 2024 and 2023, the Group was engaged in a single business segment, which is issuing instant loans to individual borrowers, including owners of Small and Medium Enterprises (SMEs), rather than directly to the businesses themselves (see Note 12 for details). Information reported to the Group's chief decision maker for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented. As the Group's major operations and customers are located in Mongolia, no further geographical segment information is provided. There has been no single external customer that has contributed revenue exceeding 10% or more of the Group's revenue during the years ended 31 December 2024 and 2023.

	2024 **MNT'000**	**2023** **MNT'000**
Interest income calculated using the effective interest method		
Loans and advances to customers	88,635,336	47,812,710
Interest income on bank accounts	385,560	16,873
Corporate loans	169,140	13,004
Total interest and similar income	89,190,036	47,842,587

	2024 **MNT'000**	**2023** **MNT'000**
Interest expense calculated using the effective interest method		
Interest expense on borrowings	(21,064,144)	(8,493,425)
Interest expense on asset-backed securities	(788,160)	(940,822)
Interest accretion on lease liabilities (Note 16)	(329,240)	(93,097)
Total interest and similar expense	(22,181,544)	(9,527,344)

6 Credit loss expense

The table below shows the impairment charges/(reversals) on financial assets for the year recorded in profit or loss:

	2024 **MNT'000**	**2023** **MNT'000**
Credit loss expense on loans and advances to customers (Note 12.1)	8,157,556	2,699,370
Credit loss expense/(reversal) on undrawn commitments (Note 19)	41,106	(14,414)
	8,198,662	2,684,956

7 Administrative and operating expenses

	2024 MNT'000	2023 MNT'000
Staff costs	4,385,839	2,995,943
Professional services	2,651,655	2,665,743
LendMN system maintenance/service fees (Note 24)	2,123,539	2,222,570
Other administrative expenses	1,107,689	731,725
Depreciation of property and equipment and right-of use-assets (Notes 15 and 16)	831,083	570,415
Social security contributions	498,479	352,508
Advertising and marketing services	437,864	480,863
Bank charges	175,056	138,061
Maintenance expenses	62,166	20,217
Amortisation of intangible assets (Note 14)	45,383	45,553
	12,318,753	10,223,598

8 Other expenses, net

	2024 MNT’000	2023 MNT'000
Other income/(expenses), net:		
Gain on recovery of written-off loans	209,741	146,299
Gain on fair value changes of financial assets at FVPL	89,889	–
Realised foreign exchange gains/(losses), net	88,489	(80,740)
Other income	36,748	48,596
Loss on disposal of foreclosed assets (Note 13)	(15,580)	–
Loss on write-off of property and equipment (Note 15)	(29,418)	(3,950)
Unrealised foreign exchange gains/(losses), net	(299,310)	223,852
Other expenses	(444,376)	(370,023)
	(363,817)	(35,966)

9 Income tax

9.1 Income tax expense

Income taxes recorded in profit or loss for the year comprise the following:

	2024 MNT’000	2023 MNT’000
Current tax:		
Current income tax (Note 9.2)	10,168,629	5,530,518
Adjustments in respect of current income tax of previous year	(26,091)	–
Deferred tax:		
Relating to origination of temporary differences (Note 9.3)	(128,927)	44,389
	10,013,611	**5,574,907**

The Group provides for income taxes on the basis of its income for financial reporting purposes, adjusted for items which are not assessable or deductible for income tax purposes. The income tax rate for profits of the Group is 10% (2023: 10%) for the first MNT 6 billion (2023: MNT 6 billion) of taxable income and 25% (2023: 25%) on the excess of taxable income over MNT 6 billion (2023: MNT 6 billion) in accordance with Mongolian tax legislation.

9 Income tax (Cont'd.)

9.1 Income tax expense (Cont'd.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group are as follows:

	2024 MNT'000	2023 MNT'000
Profit before tax	46,127,260	25,370,723
Tax at statutory rate of 25% (2023: 25%)	11,681,815	6,342,681
Effect of expenses not deductible for income tax purpose	654,509	255,016
Effect of income subject to lower tax rate	(1,097,134)	(1,022,790)
Income tax credits	(1,199,488)	–
Adjustments in respect of current income tax of previous year	(26,091)	–
Income tax expense for the year	10,013,611	5,574,907

The effective income tax rate for the Group for the year ended 31 December 2024 is 21.7% (2023: 22.0%).

For the year ended 31 December 2024, the Group recognised a tax credit in accordance with Article 22 of the Corporate Income Tax Law.

9.2 Income tax payable

	2024 MNT'000	2023 MNT'000
At 1 January	3,638,541	815,146
Income tax expense for the year (Note 9.1)	10,142,538	5,530,518
Income tax paid during the year	(10,115,736)	(2,704,705)
Income tax withheld by third parties	(98,938)	(2,418)
At 31 December	3,566,405	3,638,541

9.3 Deferred tax balance

Deferred taxes relate to the following:

	Opening balance MNT'000	Recognised in profit or loss MNT'000 (Note 9.1)	Deferred tax asset/(liability) MNT'000
2024			
Unrealised foreign exchange loss/(gain), net	(9,045)	54,995	45,950
ROU asset depreciation and interest accretion	3,598	41,205	44,803
Accrued expenses	37,721	52,503	90,224
Fair value changes on financial assets at FVPL	–	(19,776)	(19,776)
	32,274	128,927	161,201
2023			
Unrealised foreign exchange loss/(gain), net	38,552	(47,597)	(9,045)
ROU asset depreciation and interest accretion	6,871	(3,273)	3,598
Accrued expenses	31,240	6,481	37,721
	76,663	(44,389)	32,274

10 Earnings per share

The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share are equivalent to the basic earnings per share.

	2024 MNT'000	2023 MNT'000
Profit or loss, representing total comprehensive income for the year (net of taxes) attributable to equity holders	36,113,649	19,795,816
Weighted-average number of ordinary shares for basic and diluted earnings per share	739,301,683	739,301,683

	2024 MNT	2023 MNT
Equity holders:		
Basic and diluted earnings per share	48.85	26.78

11 Cash and cash equivalents

	2024 MNT'000	2023 MNT'000
Cash on hand	878	295
Cash at bank	12,705,196	7,885,673
	12,706,074	7,885,968

Cash at bank balances are current accounts and short-term savings accounts placed in commercial banks and other financial institutions operating in Mongolia and are not collateralised. The carrying amount of cash and cash equivalents approximates fair value. Current accounts were placed at interest rates ranging between 0.0%-2.0%.

The Group estimated the expected credit loss on cash and cash equivalents in accordance with IFRS 9 as at 31 December 2024 and 2023. As most of the cash and cash equivalents are available on demand, the estimated expected credit loss was assessed to be insignificant. Therefore, the Group did not recognise the expected credit losses on cash and cash equivalents in its consolidated financial statements for the years ended 31 December 2024 and 2023.

12 Loans and advances to customers

	2024 MNT’000	2023 MNT’000
Consumer loans	240,373,524	123,659,805
Corporate loans	1,573,762	130,034
Car loans	2,973,484	5,339,456
Total loans and advances to customers	244,920,770	129,129,295
Allowance for impairment losses	(13,193,203)	(5,666,922)
Net loans and advances to customers at amortised cost	231,727,567	123,462,373

12 Loans and advances to customers (Cont'd.)

Based on the business model of the Group, most borrowers of the Group using the LendMN application are individuals who use loans to finance their short-term and mid-term financial needs.

Car loans are collateralised by the underlying vehicles purchased by the borrowers. In September 2024, the Group discontinued the car loan product.

In April 2023, the Group newly introduced a revolving loan product with credit limit ranging from MNT 5 million to MNT 50 million offered to finance the borrowers' mid-term financial needs. The loan is available only to borrowers with an excellent credit history with the Group for at least two years.

In February 2024, the Group launched a new business loan product tailored specifically to owners of SMEs. This loan product aims to address the financial needs of business owners by offering a flexible credit limit ranging from MNT 5 million to MNT 100 million. The loan eligibility criteria for borrowers are identical to those applied to revolving loans.

12.1 Impairment allowance for loans and advances to customers

The Group assesses impairment of loans in accordance with IFRS 9. Under the general approach, the Group classifies its loan portfolio into Stage 1, 2 and 3 as follows, and calculates the probability-weighted forward-looking PDs and LGDs separately for each stage. The details of calculation and policies about ECL allowances are explained in Note 21.3.
Stage 1: Loan portfolio on time + Loan portfolio past due less than 31 days
Stage 2: Loan portfolio past due by 31-90 days
Stage 3: Loan portfolio past due by more than 90 days

The table below shows credit quality of the total loan portfolio:

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
31 December 2024				
Performing loan	225,883,058	–	–	225,883,058
Non-performing loan	–	6,604,329	12,433,383	19,037,712
Total	225,883,058	6,604,329	12,433,383	244,920,770
31 December 2023				
Performing loan	119,732,242	–	–	119,732,242
Non-performing loan	–	3,751,139	5,645,914	9,397,053
Total	119,732,242	3,751,139	5,645,914	129,129,295

An analysis of changes in gross carrying amount and the corresponding ECL allowances in relation to the loan and advances to customers is as follows:

12 Loans and advances to customers (Cont'd.)

12.1 Impairment allowance for loans and advances to customers (Cont'd.)

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
Gross carrying amount at 1 January 2024	119,732,242	3,751,139	5,645,914	129,129,295
New assets originated or purchased	1,019,732,223	–	–	1,019,732,223
Assets derecognised or repaid	(897,241,040)	(5,967,059)	(101,374)	(903,309,473)
Transfer to Stage 2	(16,340,367)	16,340,367	–	–
Transfer to Stage 3	–	(7,520,118)	7,520,118	–
Write-offs	–	–	(631,275)	(631,275)
At 31 December 2024	225,883,058	6,604,329	12,433,383	244,920,770

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
Gross carrying amount at 1 January 2023	68,302,290	1,450,756	3,130,360	72,883,406
New assets originated or purchased	662,385,713	–	–	662,385,713
Assets derecognised or repaid	(585,755,920)	(12,295,033)	(7,759,297)	(605,810,250)
Transfer to Stage 2	(25,199,841)	25,199,841	–	–
Transfer to Stage 3	–	(10,604,425)	10,604,425	–
Write-offs	–	–	(329,574)	(329,574)
At 31 December 2023	119,732,242	3,751,139	5,645,914	129,129,295

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
ECL allowance at 1 January 2024	1,768,089	1,477,051	2,421,782	5,666,922
New assets originated or purchased	15,466,331	–	–	15,466,331
Assets derecognised or repaid	(8,869,600)	(2,328,482)	(54,783)	(11,252,865)
Transfer to Stage 2	(247,835)	247,835	–	–
Transfer to Stage 3	–	(3,212,456)	3,212,456	–
Impact on year end ECL of exposures transferred between stages and changes to inputs used for ECL calculations	(4,307,929)	6,526,355	1,725,664	3,944,090
Write-offs	–	–	(631,275)	(631,275)
At 31 December 2024	3,809,056	2,710,303	6,673,844	13,193,203

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
ECL allowance at 1 January 2023	1,012,025	536,485	1,748,616	3,297,126
New assets originated or purchased	10,045,122	–	–	10,045,122
Assets derecognised or repaid	(8,884,190)	(5,252,212)	(3,441,247)	(17,577,650)
Transfer to Stage 2	(380,891)	380,891	–	–
Transfer to Stage 3	–	(4,492,940)	4,492,940	–
Impact on year end ECL of exposures transferred between stages and changes to inputs used for ECL calculations	(23,977)	10,304,827	(48,953)	10,231,898
Write-offs	–	–	(329,574)	(329,574)
At 31 December 2023	1,768,089	1,477,051	2,421,782	5,666,922

12 Loans and advances to customers (Cont'd.)

12.1 Impairment allowance for loans and advances to customers (Cont'd.)

Movement analysis for impairment losses for loans and advances to customers is as follows:

	2024 MNT'000	2023 MNT'000
At 1 January	5,666,922	3,297,126
Charge for the year (Note 6)	8,157,556	2,699,370
Written off during the year	(631,275)	(329,574)
At 31 December	13,193,203	5,666,922

13 Other assets

	2024 MNT'000	2023 MNT'000
Other receivables	537,936	385,272
Foreclosed assets	11,000	15,080
Supply materials	4,116	15,613
	553,052	415,965

Movement analysis for foreclosed assets is as follows:

	2024 MNT'000	2023 MNT'000
At 1 January	15,080	–
Repossessed	100,000	71,230
Sold	(104,080)	(56,150)
At 31 December	11,000	15,080

Other receivables are unsecured, interest free and repayable on demand. The recoverability of other receivables was assessed with reference to the credit status of the debtors and the expected credit losses as at 31 December 2024 and 31 December 2023 were considered to be minimal.

Proceeds from the sale of foreclosed cars during the year amounted to MNT 88,500 thousand (2023: MNT 56,150 thousand) and the loss on the sale of such cars amounted to MNT 15,580 thousand (2023: nil) (see Note 8).

14 Intangible assets

	2024 MNT'000	2023 MNT'000
At cost		
At 1 January	610,818	610,818
Additions	444,514	–
At 31 December	1,055,332	610,818
Accumulated amortisation		
At 1 January	255,276	209,723
Charge for the year (Note 7)	45,383	45,553
At 31 December	300,659	255,276
Net carrying value	754,673	355,542

Intangible assets of the Group consist of licenses for the LendMN system's exclusive rights-of-use in the territory of Mongolia for lending activities and wallet transactions purchased from AND Systems Tech LLC, a fellow subsidiary. The lending application or the original platform was purchased in December 2016 from AND Systems Tech LLC, which has customer on-boarding, credit scoring, banking back-end, customer support and reporting modules and the LendMN Application. The one-time license fee for the LendMN system's exclusive right of use amounted to MNT 300,000 thousand.

The license agreements are not cancellable unless such is mutually agreed, or the Group no longer holds its lending licenses. Although the license period is for 50 years, the LendMN system is amortised over 10 years based on management's best estimate of the useful life of each license.

In August 2021, the Group contracted with AND Solutions Pte. Ltd, a related party incorporated in Singapore, to upgrade the existing LendMN system version to LendMN v2.0 with new modules for MNT 300,042 thousand. LendMN v2.0 is amortised over 10 years. Similarly, the Group paid for further upgrades to its mobile lending application and PLUS application to the same related party during 2024, which had costed MNT 231,396 thousand and MNT 213,118 thousand, respectively. Both upgrades are amortised over a period of 10 years.

15 Property and equipment

	Furniture, office equipment and vehicles MNT'000	Computers and equipment MNT'000	Office renovation MNT'000	Total MNT'000
At cost				
At 1 January 2024	276,211	423,981	214,080	914,272
Additions	188,835	189,879	1,009,717	1,388,431
Write-offs (Note 8)	(45,955)	(51,682)	(218,665)	(316,302)
Disposals	(45,597)	–	–	(45,597)
At 31 December 2024	373,494	562,178	1,005,132	1,940,804
Accumulated depreciation				
At 1 January 2024	94,676	304,948	208,490	608,114
Charge for the year (Note 7)	31,537	91,709	10,175	133,421
Write-offs (Note 8)	(17,467)	(50,752)	(218,665)	(286,884)
Disposals	(23,977)	–	–	(23,977)
At 31 December 2024	84,769	345,905	–	430,674
Net carrying amount	288,725	216,273	1,005,132	1,510,130
At cost				
At 1 January 2023	273,523	402,760	203,636	879,919
Additions	9,350	76,143	13,644	99,137
Write-offs (Note 8)	(6,662)	(54,922)	(3,200)	(64,784)
At 31 December 2023	276,211	423,981	214,080	914,272
Accumulated depreciation				
At 1 January 2023	67,081	294,959	144,409	506,449
Charge for the year (Note 7)	30,426	64,792	67,281	162,499
Write-offs (Note 8)	(2,831)	(54,803)	(3,200)	(60,834)
At 31 December 2023	94,676	304,948	208,490	608,114
Net carrying amount	181,535	119,033	5,590	306,158

There were no borrowing costs capitalised as part of property and equipment and no property and equipment was pledged for any of the Group’s liabilities.

During the year, the Group disposed of furniture and office equipment with a net book value of MNT 21,620 thousand at cost, therefore not resulting in any gain or loss on disposal.

16 Right-of-use assets and lease liabilities

The Group has numerous lease contracts for office space and parking lots, with lease terms ranging between 1 to 5 years.

During the year, the Group entered into a new lease contract for office space with a term of 5 years and subsequently terminated an existing office lease prior to the completion of its contract term.

The Group's obligations under the leases are secured by the lessor's title to the leased assets. Additionally, the Group is generally restricted from assigning or subleasing the leased assets without prior consent from the lessor.

The Group also has certain leases of parking lots with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2024 MNT'000	**2023 MNT'000**
At 1 January	945,652	217,592
Additions	3,448,589	1,188,436
Charge for the year (Note 7)	(697,662)	(407,916)
Early lease termination	(263,831)	(52,460)
At 31 December	3,432,748	945,652

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024 MNT'000	**2023 MNT'000**
At 1 January	981,642	285,772
Additions	3,448,589	1,188,436
Accretion of interest (Note 5)	329,240	93,097
Lease payments	(859,235)	(533,203)
Early lease termination	(263,831)	(52,460)
At 31 December	3,636,405	981,642
Current lease liabilities	379,159	285,772
Non-current lease liabilities	3,257,246	–

17 Borrowings

		2024 MNT'000	**2023 MNT'000**
Bonds	(i)	29,028,833	12,058,824
Loans	(ii)	78,274,912	28,920,602
Trust financing	(iii)	62,629,632	36,466,251
		169,933,377	77,445,677

17 Borrowings (Cont'd.)

i. On 4 April 2022, the Group publicly issued 31,000 units of bonds, each with a nominal value of MNT 100,000, bearing a 15% annual coupon rate with half-yearly coupon payments. These bonds were guaranteed by the ultimate parent company and matured on 3 April 2024.

   On 8 September 2023, the Group publicly issued 90,000 units of bonds, each with a nominal value of MNT 100,000, featuring an 18.0% annual coupon rate and quarterly coupon payments. These bonds are collateralised by the parent company's shares in the Group and are set to mature on 7 September 2025.

   In 2024, the Group issued 200,000 units of bonds, each with a nominal value of MNT 100,000, with an annual coupon rate ranging from 18.0% to 18.5%. The issuance has a 2-year term and is structured in 10 tranches.

ii. In 2021, the Group obtained subordinated debt amounting to MNT 2,845,000 thousand from its parent company AND Systems LLC with semi-annual interest payments at a rate of 14% per annum, maturing in 5 years.

   On 30 December 2022, the Group obtained a credit line of MNT 10,000,000 thousand from AND Systems LLC, with an annual interest rate of 18.0% and a maturity of 1 year. In October 2023, the terms of this credit line were amended, increasing the annual interest rate to 19.0% and extending the maturity to October 2025. In 2024, the credit line limit was increased from MNT 10,000,000 to MNT 20,000,000, with the maturity revised to October 2025. As of 31 December 2024, the credit line was fully drawn.

   On 20 October 2023, the Group obtained a credit line of USD 3,000,000 from AND Systems LLC, with an annual interest rate of 12.0% and a maturity of 2 years. As of 31 December 2024, USD 2,970,000 was drawn on this credit line.

   As at 31 December 2024, the Group had outstanding loans of MNT 36,679,317 thousand from local commercial banks, with varying interest rates and all maturing in 2025. These loans were collateralised by loans and advances to customers with a carrying amount of MNT 57,809,603 thousand, bank deposits of MNT 7,002,219 thousand and the parent company's bank deposits of MNT 1,687,925 thousand.

   Additionally, the Group had MNT 2,000,000 thousand (2023: MNT 3,000,000 thousand) in loans under short-term repo agreements with interest rates ranging at 16.0% to 20.0% per annum at year-end. These loans were collateralised by loans and advances to customers with a carrying amount of MNT 2,000,000 thousand (2023: MNT 3,000,000 thousand).

iii. As of 31 December 2024, the Group had MNT-denominated trust financing from third parties amounting to 35,723,935 thousand (2023: MNT 20,170,230 thousand), with interest payments made monthly, quarterly, or bi-annually at rates ranging from 15.0% to 23.0% (2023: 15.0% to 23.0%) per annum. The maturities of these financing arrangements range between 2 January 2025 and 7 March 2026.

   The Group also had USD 6,155 thousand (2023: USD 3,737 thousand) in trust financing from third parties, with interest payments made monthly, quarterly, or bi-annually at rates ranging from of 9.0% to 13.0% (2022: 8.0% to 13.0%) per annum, maturing between 2 January 2025 and 23 July 2026. Loans and advances to customers with a carrying amount of USD 3,360 thousand (2023: USD 2,400 thousand) were collateralised for this trust financing. These loans were collateralised by loans and advances with a carrying amount of MNT 11,492,040 thousand.

18 Asset-backed securities

	2024 MNT'000	2023 MNT'000
Asset-backed securities	–	4,798,243

On 18 October 2022, the Group publicly issued 48,500 units of asset-backed securities on the Mongolian Stock Exchange, each with a nominal value of MNT 100,000 and a coupon rate of 17.0% per annum, payable quarterly. The securities were secured by the Group's car loans. The ABS matured and were fully settled on 1 November 2024.

19 Other liabilities

	2024 MNT'000	2023 MNT'000
Other financial liabilities:		
Due to companies and individuals	937,346	3,024,303
Other payables	500,049	344,885
Total other financial liabilities	1,437,395	3,369,188
Other non-financial liabilities:		
Taxes payable other than income tax	712,988	422,432
Provision for undrawn commitments	113,351	72,245
Total other non-financial liabilities	826,339	494,677
Total other liabilities	2,263,734	3,863,865

Payables due to companies and individuals include payables of MNT 346,833 thousand (2023: MNT 1,310,015 thousand) due to related parties (see Note 24). The remaining balance accounts for payables due to partnering merchants and other parties.

In compliance with IFRS 9 standards, the Group calculated expected credit losses for undrawn commitments that are highly potential to become loan products. The movement in the provision for undrawn commitments is as follows:

	2024 MNT'000	2023 MNT'000
At 1 January	72,245	86,659
Reversal of impairment on undrawn commitments (Note 6)	41,106	(14,414)
At 31 December	113,351	72,245

20 Share capital and reserves

20.1 Share capital

The total authorised and issued share capital of the Company represents 800,000,000 ordinary shares (2023: 800,000,000) with par value of MNT 10 (2023: MNT 10). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

The immediate parent company of the Group is AND Systems LLC and the ultimate parent company is AND Global Pte Ltd, a company incorporated in Singapore.

20 Share capital and reserves (Cont'd.)

20.2 Share capital (Cont'd.)

The shareholders and their percentages of ownership are as follows:

	2024	2023
AND Systems LLC	75.0%	75.0%
Public	17.4%	17.4%
Treasury shares	7.6%	7.6%
	100.0%	100.0%

During the year, the Group declared and paid dividends of MNT 5,914,413 thousand (2023: MNT 1,293,778 thousand) to its shareholders.

20.3 Treasury shares

There were 60,698,317 shares (2023: 60,698,317 shares) held as treasury shares as at 31 December 2024. Excluding these shares, the total number of issued shares as at 31 December 2024 was 739,301,683 shares (2023: 739,301,683 shares).

20.4 Other reserve

In June 2018, AND Global Pte Ltd, the ultimate holding entity of the Group, granted share awards to the Group's key management personnel. The share award is accounted for as an equity-settled share-based payment transaction as the Group does not have an obligation to settle the award. The award was conditional upon continuous employment with the Group and achievement of non-market key performance indicators for the financial year ended 31 December 2018. No movement has been made in other reserve during the year of 2024.

21 Risk management disclosures

21.1 Introduction

The main risks inherent in the Group's operations are credit risk, liquidity risk and operational risk, all of which are controlled by the Group's Chief Executive Officer. The primary goal of risk management is to allocate capital to business segments commensurate with their risk/reward profiles and to maximise the Group's risk-adjusted return on capital through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The independent risk control process does not include business risks such as changes in the environment, technology, and industry. They are monitored through the Group's strategic planning process.

The Group has a risk management framework which is not designed to eliminate the risk but to optimise the risk and return trade off. The risk management framework in place is to ensure that:

i. Individuals who manage the risks clearly understand the requirement and measurement system.
ii. The capital allocation is consistent with the risk of exposures; and
iii. The Group's performance objectives are aligned with the risk appetite and tolerance.

21.2 Risk management structure

The Board of directors is responsible for the overall risk management approach and for approving the risk policy and the credit policy which specify risk appetite and tolerance. On 10 May 2018, the shareholder appointed a board of directors with 9 members and the most recent appointment was made on 30 March 2024. In October 2024, the Chief Executive Officer appointed a director of Risk Management Department whose main objective will be setting up the overall risk management structure of the Group. The internal audit procedure is being conducted by the Internal Audit team at And Global Pte Ltd, the ultimate parent of the Company.

21 Risk management disclosures (Cont'd.)

21.3 Credit risk

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

The Group has considered the Government of Mongolia, Financial Regulatory Commission, and the Bank of Mongolia's interventions in their ECL model based on the available information. With a GDP growth rate of 8% and inflation staying at 7.2 percent, the state budget's economic projection for 2025 was rather positive. However, the management team considered the state of the economy, including the high inflation driven on by the electric sector's liberation and increases in state budget spending. Thus, the Group continues to reflect such outlook in its ECL model and forward-looking factors are adjusted with the latest available data as of reporting date and for macroeconomic scenarios.

The Group has considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets, and these are considered to represent management's best assessment based on observable information. Markets, however, remain volatile and the recorded amounts remain sensitive to market fluctuations.

Impairment assessment

The main credit risk of the Group arises from loan losses from its lending activities. The credit risk can arise from 1) the credit limit approval process and 2) the handling of loan lifecycle after the loan disbursement. The credit risk from the credit limit approval process can arise from approval of an inappropriate credit amount with inappropriate fee level to a customer due to inaccurate credit scoring of the LendMN System's credit scoring module. The credit scoring of the Group is based on a machine learning algorithm that constantly improves its credit assessment accuracy based on its own historical credit data including late repayments and overdue status of past loans. The machine learning system based on deep learning technology instantly updates its credit scoring algorithm as more credit information is gathered by the system itself and adjusts the credit scoring algorithm prospectively.

Management of the Group sets the credit amount intervals and fee levels and the LendMN system makes the credit decision automatically and constantly updates its credit scoring algorithm. Management monitors the overdue loans based on the targeted percentage for each interval of overdue loan as to overdue more than 1 day, 30 days, 60 days, or 90 days.

The credit risk for the Group can also arise after the LendMN System's credit decision and the subsequent loan disbursements. The collection department together with the call center monitors the overdue loans daily by identifying any trends in the repayment behaviour of its customers. The collection department ensures that the overdue loan notification module of the LendMN System is operating as effective as possible and updates the notification module if a trend is noted in the repayment behaviour of its customers.

The call center supports the collection department by providing timely and accurate repayment guidance to customers under the direct supervision of the collection department.

Definition of default. The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on his contractual payments.

Probability of default. The probability of default (PD) is estimated based on historical loss experience, as adjusted for other factors described below.

21 Risk management disclosures (Cont'd.)

21.3 Credit risk (Cont'd.)

Impairment assessment (Cont'd.)

Forward-looking information. The Group uses its historical level of loan loss provision and considered the following forward-looking macro-economic factors to come up with a forward-looking probability-weighted PD:

- Monthly state household consumption,
- Monthly M2 - money supply,
- Monthly CPI (consumer price index),
- Change of monthly household consumption,
- Monthly unemployment rate,
- Monthly average salary,
- Monthly foreign investment,
- Monthly loan interest rate /MNT/,
- Monthly silver price,
- Monthly Gini coefficient.

To determine which macro-economic variables are the best predictors of the forward-looking PD for the Group's loan product, the Group ran a linear regression analysis on the monthly PD for the last 94 months against those macro-economic variables.

Exposure at default. The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the borrower's ability to increase its exposure while approaching default and potential early payments too.

Loss given default. With the exception of car loans, the Group calculated historical loss given default (LGD) on loans and advances to customers monthly on its historical loan data between March 2017 and December 2024 based on the following formula:

LGD = 1 – (Recovery of loans over 90 days / Any loan over 90 days)

The same regression analysis that was run on the historical PDs has been conducted on the historical 94 monthly LGDs.

Both the PD and LGD regression models passed the quantitative and qualitative thresholds: statistically significant coefficient at confidence level of 95%, adjusted R-square greater than 40% and P-value lower than 0.001.

The Group's approach in assessing LGD on car loans is different from other products in their portfolio due to such loans being secured by the underlying vehicles purchased by the borrowers.

The Group considered the recoverability rate of defaulted loans from the collateral vehicles and eventual sale of the vehicles. The Group calculated the present value of expected future cash inflows from the sale and calculated the weighted-average LGD rate. In estimating the future cash inflows, management collected market data on the vehicles matching the portfolio of the Group from the most broadly used commercial websites that are commonly used by valuation specialists in assessing the market value of properties and other assets on the Mongolian market.

Credit conversion factor. The credit conversion factor was estimated at 32.66% (2023: 46.07%) based on the average factor during the last 94-month (2023: 82-month) historical data.

21 Risk management disclosures (Cont'd.)

21.3 Credit risk (Cont'd.)

Impairment assessment (Cont'd.)

Significant increase in credit risk. The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the loan balance becomes overdue by 31+ days, where the loan will be classified to Stage 2. If the loan balance becomes overdue by 90 days, the Group considers a default has occurred and the loan will be classified to Stage 3.

Analysis of inputs to the ECL model. An overview of the approach to estimating ECLs is set out in Note 2 –Material *accounting policies* and in Note 4 – *Critical accounting estimates, and judgements in applying accounting policies*. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Bank of Mongolia, National Statistics Office etc.) and verifies the accuracy of inputs to the Group' ECL models including determining the weights attributable to the multiple scenarios.

Collateral and other credit enhancements

Car loans are collateralised by the underlying vehicles purchased by the borrowers.

The fair value of vehicles held as collateral by the Group on their car loan portfolio was MNT 6,545 million (2023: MNT 7,503 million) as at 31 December 2024.

Macroeconomic scenarios. As the Group uses multiple macroeconomic scenarios in its model, it periodcally updates its best case, base case and worst case scenarios. The Group calculated the final LGD and PD rates by assigning probability weights of 20%, 60%, and 20% (2023: 20%, 60%, and 20%) for the best case, base case and worst case scenarios, respectively. In order to determine the probability of each scenario to reflect the possible impacts management has taken into consideration various economic factors including the foreign currency exchange reserves, the exchange rate of the MNT against US dollar, current economic and political events, the performance of the mining sector of Mongolia and the State budget of 2025.

21 Risk management disclosures (Cont'd.)

21.4 Liquidity risk

The Group manages its liquidity risk with an objective of having sufficient funds to meet its increasing demand for loan disbursements and its payment obligations resulting from the day-to-day operations of the Group. The funding required to meet the demand for loan disbursements is obtained from related parties either in the form of equity or debt, or debt from third parties.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2024 and 31 December 2023 based on contractual undiscounted repayment obligations.

	On demand MNT'000	Less than 3 months MNT'000	3 to 6 months MNT'000	6 months to 1 year MNT'000	1 to 5 years MNT'000	Over 5 years MNT'000	Total undiscounted financial liabilities MNT'000
At 31 December 2024							
Undrawn commitments	8,491,805	–	–	–	–	–	8,491,805
Borrowings	3,047,239	15,319,264	39,570,647	105,932,858	25,199,673	–	189,069,681
Lease liabilities	–	232,823	232,823	516,172	4,458,779	–	5,440,597
Other liabilities	1,437,395	–	–	–	–	–	1,437,395
	12,976,439	15,552,087	39,803,470	106,449,030	29,658,452	–	204,439,478
At 31 December 2023							
Undrawn commitments	4,763,299	–	–	–	–	–	4,763,299
Borrowings	3,498,768	6,364,331	19,130,106	17,509,717	43,905,207	–	90,408,129
Asset-backed securities	45,178	142,311	198,783	5,245,308	–	–	5,631,580
Lease liabilities	–	102,510	133,692	297,000	1,377,992	–	1,911,194
Other liabilities	3,369,188	–	–	–	–	–	3,369,188
	11,676,433	6,609,152	19,462,581	23,052,025	45,283,199	–	106,083,390

Management expects that not all undrawn commitments will be drawn in a short period of time.

21 Risk management disclosures (Cont'd.)

21.5 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates or foreign exchange rates. The Group manages and monitors this risk element using sensitivity analyses.

21.6 Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from loans and advances to customers, and borrowings. The Group does not use hedge instruments to manage interest rate risk. The Group's exposures to interest rate risk for changes in interest rates primarily relates to the Group's fixed rate current accounts in the bank, loans and advances to customers and borrowings. As of the reporting date, the Group has not adopted sensitivity analysis to measure interest rate risk due principally to the fact that the Group has no significant floating interest rate financial assets and financial liabilities on financial reporting date.

21.7 Foreign currency exchange rate risk

The Group defines the foreign currency exchange rate risk as potential loss due to adverse changes in currency exchange rates and their implied volatility. The Group sets risk limits on the level of exposure by foreign currencies, which are monitored on a frequent basis against the approved risk appetite.

	2024		**2023**	
	Assets MNT'000	**Liabilities MNT'000**	**Assets MNT'000**	**Liabilities MNT'000**
Foreign currency-denominated	1,992,735	32,387,547	2,947,591	22,006,321

Foreign exchange sensitivity analysis. The Group is mainly exposed to the risk of fluctuations arising from currency exchange rates of USD and EUR. The following table details the Group's sensitivity to a 10% strengthening or weakening in the foreign currencies against the MNT. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rate. This analysis assumes all other risk variables remained constant.

Effect on profit before tax	**Changes**	**2024 MNT'000**	**2023 MNT'000**
USD	+/-10%	(3,039,488))/ 3,039,488	(1,905,881)/ 1,905,881
EUR	+/-10%	6,441/(6,441)	–

21.8 Operational risk

Operational risk is the probability of loss arising from system failure, human errors, fraud, or external events. When controls fail to perform, operational disabilities can cause damage to reputation, have legal or regulatory implications, and lead to financial loss. The Group cannot eliminate all operational risk, but through a dual control framework, segregation of duties between front-office and back-office functions, controlled access to systems, authorisation and reconciliation procedures, staff education and assessment processes, the Group seeks to manage operational risk and reduce it.

22 Contingencies and commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group may be received. On the basis of own estimates and internal professional advice, management is of the opinion that no material losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Tax legislation. Mongolian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The Mongolian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged by tax authorities. As a result, significant additional taxes, penalties, and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

The Mongolian tax legislation does not provide definitive guidance in certain areas, specifically in areas such as VAT, withholding tax, corporate income tax, personal income tax, transfer pricing and other areas. From time to time, the Group adopts interpretations of such uncertain areas that reduce the overall tax rate of the Group. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices. The impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

Management believes that its interpretation of the relevant legislation is appropriate, and the Group's positions related to tax and other legislation will be sustained. Management believes that tax and legal risks are remote at present. The management performs regular re-assessment of tax risk and its position may change in the future as a result of the change in conditions that cannot be anticipated with sufficient certainty at present.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Commitments to extend credit represent unused portions of authorised credit line in the forms of LendMN instant loans. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Group. The Group can be exposed to loss in an amount equal to the total unused credit commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The nominal gross value of undrawn credit commitments of the Group as of 31 December 2024 was MNT 8,491,805 thousand (31 December 2023: MNT 4,763,299 thousand).

23 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group has complied with all externally imposed capital requirements throughout 2024.

24 Related party transactions

Balances and transactions with related parties are disclosed below.

The key management compensations for 2024 and 2023 are presented below:

	2024 **MNT'000**	**2023** **MNT'000**
Salaries and bonus	672,490	384,091
Social and health insurance	83,140	47,596
	755,630	431,687

At 31 December 2024 and 2023, the outstanding balances with related parties were as follows:

	Notes	**2024** **MNT'000**	**2023** **MNT'000**
Loans to related parties – LendMN system	(i)	1,838,798	371,421
Subordinated debt received from parent company (Note 17)	(ii)	2,945,393	2,946,485
Loans from related parties (Note 17)	(ii)	30,057,750	13,831,662
Payables to related parties (Note 19)	(iii)	350,405	1,310,015
Wallet balances held by related parties	(iv)	614,182	1,389,145
Other receivables from related parties	(iv)	–	24,658

The income statement items with related parties for the year then ended 31 December 2024 and 2023 were as follows:

		2024 **MNT'000**	**2023** **MNT'000**
Interest income on loans to related parties – LendMN system	(i)	204,970	28,628
Interest expenses on subordinated debt and loans from related parties	(ii)	3,936,215	923,004
LendMN system maintenance fee (Note 7)	(iii)	2,551,933	2,222,570
Fee income on services provided to related parties	(v)	87,045	80,434
Internet service fees	(v)	28,800	23,690
Management service fees	(v)	720,000	700,000
Wallet service fees	(vi)	207,689	241,504

i. During the year, MNT 797,329 thousand (2023: MNT 1,016,600 thousand) of loans were drawn out through LendMN system by key management personnel of the Group and its immediate parent, of which MNT 694,397 thousand (2023: MNT 645,179 thousand) was repaid. Outstanding accrued interest receivable was MNT 2,871 thousand (2023: MNT 10,854 thousand).

   Additionally, a collateralised loan of MNT 1,500,000 thousand was drawn by related party ONDO LLC.

ii. In 2021, the Group obtained MNT 2,845,000 thousand of subordinated debt from its parent company AND Systems LLC with semi-annual interest payment at 14% p.a. and maturity in 5 years (see Note 17).

   On 30 December 2022, the Group obtained a credit line of MNT 10,000,000 thousand from AND Systems LLC with interest rate of 18.0% p.a. and maturity in 1 year, of which the Group had drawn MNT 1,000,000 thousand as at year-end. In October 2023, the above credit line conditions were amended with an increased interest rate of 19.0% p.a. and maturity in October 2025. The credit line was fully drawn as of 31 December 2024. In 2024, the Group extended the credit line limit from MNT 10,000,000 to MNT 20,000,000 and revised the maturity date to October 2025.

24 Related party transactions (Cont'd.)

On 20 October 2023, the Group obtained a credit line of USD 3,000 thousand from AND Systems LLC with an annual interest rate of 12.0% due to mature in 2 years. As at 31 December 2024, USD 2,970 thousand was drawn on the credit line.

iii. Effective from 1 July 2017, the Group signed a maintenance and service agreement with AND Systems Tech LLC for on-going maintenance of LendMN system. The monthly fee payable to AND Systems Tech LLC under this agreement is determined based on the number of lending transactions during a month and is payable on a monthly basis. In addition, on 1 November 2018, the Group signed an additional maintenance and service agreement with AND Systems Tech LLC for the wallet system's on-going maintenance and support services. The number of wallet transactions (excluding loan related transactions) are the basis of the fee calculation and payable on a monthly basis. In 2021, the Group signed an amendment maintenance and service agreement with AND Solutions Pte Ltd. and AND Systems Tech LLC for LendMN system's on-going maintenance and service and started to pay monthly maintenance service fee to AND Solutions Pte Ltd.

As at 31 December 2024, payables to related parties included MNT 319,201 thousand (2023: MNT 1,119,614 thousand) due to AND Solutions Pte Ltd for technical services received, as well as maintenance and licensing fees, MNT 10,309 thousand (2023: MNT 21,141) due to SuperUp Wallet LLC MNT 8,800 thousands due to ONDO LLC for internet services fee, MNT 8,523 thousands (2023: MNT 8,498 thousands) due to AND Systems, other payables due to Digital Mall LLC (2023: 160,762 thousand) was paid in 2024.

iv. The Group places cash in bank accounts held by fellow subsidiary SuperUp Wallet LLC to be used by SuperUp application users for purposes such as loan withdrawals or purchases on credit. The balances held by SuperUp Wallet LLC amounted to MNT 614,182 thousand as at 31 December 2024 (2023: MNT 1,389,145 thousand).

Other receivables due from SuperUp Wallet LLC (2023: MNT 24,658) was repaid in 2024.

v. Fees earned for services provided to related parties, including ONDO LLC and Digital Mall LLC, amounted to MNT 87,045 thousand (2023: MNT 80,434 thousand),

Fees incurred on internet services received from ONDO LLC amounted to MNT 28,800 thousand (2023: MNT 23,690 thousand) during the year. The Group receives management consulting services from its parent company AND Systems LLC. On 7 February 2023, a contract amendment was made, increasing the monthly management consulting service fee from MNT 40,000 thousand to MNT 60,000 thousand per month.

vi. Effective from 31 July 2020, the Group signed a Wallet Payment Service Agreement with SuperUp Wallet LLC. The monthly fee payable to SuperUp Wallet LLC under this agreement is determined based on the number of wallet transactions during the month and is payable on a monthly basis.

25 Fair value disclosure

For financial assets and financial liabilities that are liquid or have short term maturity (less than one year), it is assumed that the carrying amounts approximate to their fair value. Based on fair value assessments performed by the management, the estimated fair values of instruments with maturity more than one year approximate their carrying amounts as shown in the statement of financial position.

26 Maturity analysis of assets and liabilities

The table shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. See Note 21 for the Group's contractual undiscounted repayment obligations.

	Less than 12 months MNT'000	More than 12 months MNT'000	Total MNT'000
At 31 December 2024			
Financial assets			
Cash and cash equivalents	12,706,074	–	12,706,074
Other assets	542,052	–	542,052
Financial assets at FVPL	1,094,548	–	1,094,548
Loans and advances to customers	129,090,643	102,636,924	231,727,567
	143,433,317	102,636,924	246,070,241
Non-financial assets			
Prepayments	391,103	–	391,103
Other assets	11,000	–	11,000
Intangible assets	–	754,673	754,673
Property and equipment	–	1,510,130	1,510,130
Right-of-use assets	–	3,432,748	3,432,748
Deferred tax assets	–	180,977	180,977
	402,103	5,878,528	6,280,631
Total	143,835,420	108,515,452	252,350,872
Financial liabilities			
Other liabilities	1,437,395	–	1,437,395
Lease liabilities	379,159	3,257,246	3,636,405
Borrowings	143,324,749	26,608,628	169,933,377
	145,141,303	29,865,874	175,007,177
Non-financial liabilities			
Other liabilities	826,339	–	826,339
Income tax payable	3,566,405	–	3,566,405
Deferred tax liability	–	19,776	19,776
	4,392,744	19,776	4,412,520
Total	149,534,047	29,885,650	179,419,697
Net	(5,698,627)	78,629,802	72,931,175

26 Maturity analysis of assets and liabilities (Cont'd.)

	Less than 12 months MNT'000	More than 12 months MNT'000	Total MNT'000
At 31 December 2023			
Financial assets			
Cash and cash equivalents	7,885,968	–	7,885,968
Other assets	415,965	–	415,965
Loans and advances to customers	69,286,143	54,176,230	123,462,373
	77,588,076	54,176,230	131,764,306
Non-financial assets			
Prepayments	55,975	–	55,975
Intangible assets	–	355,542	355,542
Property and equipment	–	306,158	306,158
Right-of-use assets	–	945,652	945,652
Deferred tax assets	–	41,318	41,318
	55,975	1,648,670	1,704,645
Total	77,644,051	55,824,900	133,468,951
Financial liabilities			
Other liabilities	3,369,188	–	3,369,188
Asset-backed securities	4,798,243	–	4,798,243
Lease liabilities	289,733	691,909	981,642
Borrowings	44,245,353	33,200,324	77,445,677
	52,702,517	33,892,233	86,594,750
Non-financial liabilities			
Other liabilities	494,677	–	494,677
Income tax payable	3,638,541	–	3,638,541
Deferred tax liability	–	9,044	9,044
	4,133,218	9,044	4,142,262
Total	56,835,735	33,901,277	90,737,012
Net	20,808,316	21,923,623	42,731,939

27 Events after the end of reporting period

In January 2024, the Group obtained MNT 3,369,000 thousand and USD 300 thousand of trust financing from third parties at interest rates of 15.0%-21.0% and 9.0%-11.0% per annum, respectively, with maturities ranging between three months and one year.