

**PREMIUM NEXUS JSC**

**Consolidated Financial Statements**

**For the year ended 31 December 2024**

(With Independent Auditors' Report Thereon)

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## Management's Responsibility Statement

The Group's management is responsible for the preparation of the financial statements.

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


The Group's management has responsibility for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and which enable it to ensure that the financial statements comply with the requirements set out in Notes 2 to 6 thereto.

The Group's management also has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Group's management consider that, in preparing the financial statements including explanatory notes, it has used appropriate policies, consistently applied and supported by reasonable and prudent judgment and estimates, and that all applicable accounting standards have been followed.

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

  
Gankhuyag.A  
Chief Executive Officer

  
Bat-Erdene G.  
Chief Financial Officer



Date: 10 April 2025



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## Independent Auditors' Report

To: The Shareholders and Board of Directors of Premium Nexus JSC

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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





## Key Audit Matters, Continued

### Revenue recognition

Refer to Note 25 to the consolidated financial statements and the accounting policies in Note 3.

Area of focus	How our audit addressed the area of focus
<p>Whilst revenue recognition and measurement are not complex for the Group, there may be a deliberate, systematic misrepresentation of sales revenue due to the high degree of competition in the retail industry, especially revenue recognition over sub-franchise stores and sales to end customer for certain components.</p> <p>As a publicly listed entity in the securities market, the Group is under pressure on its financial performance from both inside and outside stakeholders. Consequently, there might be pressure to meet performance targets. This could lead to a high inherent risk relating to occurrence of the revenue, specially relates to the existence of sub-franchise stores and sales to end customer for certain components.</p> <p>Due to these factors, we have considered revenue recognition over sub-franchise stores and sales to end customer for certain components to be a key audit matter relevant to our audit of the consolidated financial statements.</p>	<p>Our audit procedures over revenue included, among others:</p> <ul style="list-style-type: none"><li>- We have assessed selected controls which management has in place over the sales and revenue recognition process over sub-franchise stores, focusing on controls over the existence and accuracy of revenue recognition.</li><li>- We have performed audit procedures over sales between the Group and sub-franchise stores by sending confirmation letters to the owners of sub-franchise stores.</li><li>- We performed audit procedures over sales between certain components of the Group and its customers by sending confirmation letters.</li><li>- We have conducted inquiries of management and those charged with governance, relating to instances of fraudulent revenue recognition and any relevant significant unusual transactions during the year.</li><li>- We have assessed the appropriateness of accounting policy for revenue recognition and comparing with the applicable accounting and reporting standards.</li></ul>



## **Other Information**

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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





## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements, Continued

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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements, Continued

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

The engagement partner on the audit resulting in this independent auditors' report is Cho Sang Yong, and the General Director of the audit firm is Soyolmaa Gungaanyambuu.



Signed by:

Soyolmaa Gungaanyambuu  
General Director

Approved by:

Sang-Yong Cho  
Partner

This report is effective as at 10 April 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any. Furthermore, this report is intended solely for the use of the shareholders of the Group. To the fullest extent permitted by law, we do not assume responsibility towards or accept liability to any other party in relation to the contents of this report.



**Premium Nexus JSC**  
**Consolidated Statements of Financial Position**

<i>In thousands of MNT</i>	<b>Notes</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	118,133,460	84,451,983
Right-of-use assets	10	60,568,629	50,532,242
Intangible assets and goodwill	11	39,774,043	5,744,456
Finance lease receivables	12	10,031,970	8,238,816
Loan issued	13	47,049	-
Prepayments	15	2,580,879	770,655
Trade and other receivables	16	2,381,209	2,160,078
Deferred tax assets	31	1,985,220	1,426,574
<b>Total non-current assets</b>		<b>235,502,459</b>	<b>153,324,804</b>
<b>Current assets</b>			
Loan issued	13, 36	27,599	2,000,000
Inventories	14	47,194,508	28,250,029
Prepayments	15	7,326,359	1,761,313
Trade and other receivables	16, 36	10,329,858	3,675,977
Cash and cash equivalents	17, 36	10,431,533	2,980,585
Finance lease receivables	12, 36	3,119,136	1,502,377
<b>Total current assets</b>		<b>78,428,993</b>	<b>40,170,281</b>
<b>TOTAL ASSETS</b>		<b>313,931,452</b>	<b>193,495,085</b>
<b>EQUITY</b>			
Share capital	18	111,425,203	81,776,864
Share premium	18	45,757,916	13,820,503
Other equity		318,731	318,731
Accumulated deficit		(63,586,419)	(110,184,780)
<b>Equity attributable to owners of the Group</b>		<b>93,915,431</b>	<b>(14,268,682)</b>
Non-controlling interest		8,873,378	-
<b>TOTAL EQUITY</b>		<b>102,788,809</b>	<b>(14,268,682)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term lease liabilities	10	64,535,185	56,622,145
Long-term borrowings	19, 36	23,389,243	33,882,015
Government grants	20	498,904	-
Other long-term liabilities		1,834,721	709,269
Contract liabilities	24	43,388	117,781
Deferred tax liabilities	31	4,598,558	259,675
<b>Total non-current liabilities</b>		<b>94,899,999</b>	<b>91,590,885</b>
<b>Current liabilities</b>			
Lease liabilities	10, 36	17,695,275	12,079,710
Borrowings	19, 36	24,733,230	19,969,946
Government grants	20	627,087	-
Other taxes payable	22	2,138,926	1,669,598
Trade and other payables	23, 36	66,899,736	81,166,900
Contract liabilities	24	1,457,762	1,245,531
Current income tax payable		2,690,628	41,197
<b>Total current liabilities</b>		<b>116,242,644</b>	<b>116,172,882</b>
<b>TOTAL LIABILITIES</b>		<b>211,142,643</b>	<b>207,763,767</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>313,931,452</b>	<b>193,495,085</b>

The accompanying notes on pages 5 to 49 are an integral part of these consolidated financial statements.

**Premium Nexus JSC**  
**Consolidated Statements of Profit or Loss and Other Comprehensive Income**

<i>In thousands of MNT</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
Revenue	25	598,378,660	390,496,597
Cost of sales	26	(518,272,786)	(393,362,620)
<b>Gross profit/(loss)</b>		<b>80,105,874</b>	<b>(2,866,023)</b>
General, administrative and selling expenses	27	(34,803,106)	(17,130,606)
Impairment loss on financial assets	16	(566,913)	(37,447)
Other gains, net	28	21,864,014	3,054,660
Other income		628,384	17,070
<b>Operating profit/(loss)</b>		<b>67,228,253</b>	<b>(16,962,346)</b>
Finance costs	29	(19,438,179)	(17,506,483)
Finance income	30	2,562,377	1,136,615
<b>Profit/(loss) before income tax</b>		<b>50,352,451</b>	<b>(33,332,214)</b>
Income tax (expense)/benefit	31	(2,949,957)	625,911
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>47,402,494</b>	<b>(32,706,303)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>47,402,494</b>	<b>(32,706,303)</b>
<b>Attributable to:</b>			
Equity holders of the parent		46,598,361	(32,706,303)
Non-controlling interest	34	804,133	-
		<b>47,402,494</b>	<b>(32,706,303)</b>
Earnings/(loss) per ordinary share for profit/(loss) from continuing operations attributable to the owners of the Group, basic and diluted (in MNT per share)	32	42	(40)

The accompanying notes on pages 5 to 49 are an integral part of these consolidated financial statements.

**Premium Nexus JSC**  
**Consolidated Statements of Changes in Equity**

<i>In thousands of MNT</i>	Notes	Share capital	Share premium	Other equity	Accumulated deficit	Total	Non-controlling interest	Total equity
<b>Balance at 1 January 2023</b>	18	<b>81,776,864</b>	<b>13,820,503</b>	<b>318,731</b>	<b>(77,478,477)</b>	<b>18,437,621</b>	-	<b>18,437,621</b>
Loss for the year		-	-	-	(32,706,303)	(32,706,303)	-	(32,706,303)
<b>Balance at 31 December 2023</b>	18	<b>81,776,864</b>	<b>13,820,503</b>	<b>318,731</b>	<b>(110,184,780)</b>	<b>(14,268,682)</b>	-	<b>(14,268,682)</b>
Profit for the year		-	-	-	46,598,361	<b>46,598,361</b>	804,133	<b>47,402,494</b>
Issue of ordinary shares		29,648,339	32,020,206	-	-	<b>61,668,545</b>	2,367,049	<b>64,035,594</b>
Acquisition of subsidiaries with NCI	33, 34	-	-	-	-	-	5,702,196	<b>5,702,196</b>
Transaction cost		-	(82,793)	-	-	<b>(82,793)</b>	-	<b>(82,793)</b>
<b>Balance at 31 December 2024</b>	18	<b>111,425,203</b>	<b>45,757,916</b>	<b>318,731</b>	<b>(63,586,419)</b>	<b>93,915,431</b>	<b>8,873,378</b>	<b>102,788,809</b>

The accompanying notes on pages 5 to 49 are an integral part of these consolidated financial statements.



**Premium Nexus JSC**  
**Consolidated Statements of Cash Flows**

<i>In thousands of MNT</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>			
Profit/(loss) before income tax		50,352,451	(33,332,214)
Adjustments for:			
Depreciation	9	19,174,982	14,670,795
(Losses)/gain on disposals of property, plant and equipment, net	28	(7,492)	27,867
Write-off of property, plant and equipment	9	105,233	161,633
Amortisation of intangible assets	11	1,282,756	1,136,540
Amortisation of government grants	20	375,324	-
Impairment loss on financial assets	16	566,913	37,447
Depreciation of ROU assets	10	12,649,118	11,749,379
Gain on disposals of ROU assets	28	(1,899,749)	(1,722,713)
Foreign exchange differences	28	(45,856)	22,417
Gain on disposals of investments	28	-	(342,907)
Gain on bargain purchase	28	(19,476,657)	-
Finance income	30	(2,562,377)	(1,136,615)
Finance costs	29	18,861,121	17,255,606
		<b>79,375,767</b>	<b>8,527,235</b>
Changes in working capital:			
Inventories	14	(14,263,111)	3,588,344
Prepayments	15	(4,521,123)	1,551,938
Trade and other receivables	16	(1,516,398)	394,541
Other tax payables	22	178,483	802,118
Trade and other payables	23	11,919,789	3,195,250
Contract liabilities	24	1,202,403	495,894
<b>Cash generated from operating activities</b>		<b>72,375,810</b>	<b>18,555,320</b>
Interest paid for borrowings	21	(7,025,530)	(6,805,263)
Income taxes paid		(1,014,039)	(39,769)
Interest paid for lease liabilities	21	(11,916,941)	(10,292,530)
Interest received		2,172,877	895,085
<b>Net cash generated from operating activities</b>		<b>54,592,177</b>	<b>2,312,843</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	9	(36,332,729)	(34,958,873)
Proceeds from disposals of equipment	9	1,169,846	2,387,444
Purchase of intangible assets	11	(1,821,912)	(245,255)
Proceeds from disposals of intangible assets	11	-	119,925
Receipt from finance lease receivables	10	2,418,645	816,716
Proceeds from sale of subsidiary	28	1,034,381	342,907
<b>Net cash used in investing activities</b>		<b>(33,531,769)</b>	<b>(31,537,136)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		2,367,049	30,000,000
Proceeds from borrowings	21	63,371,715	31,827,300
Repayments of borrowings	21	(66,526,553)	(23,105,377)
Payments of finance lease liabilities	21	(13,085,709)	(8,797,770)
Proceeds of loan receivable		400,000	(2,000,000)
<b>Net cash generated from/(used in) financing activities</b>		<b>(13,873,498)</b>	<b>27,924,153</b>
Effect of exchange rate changes on cash and cash equivalents		(135,962)	-
Net (decrease)/increase in cash and cash equivalents		7,586,910	(1,300,140)
<b>Cash and cash equivalents at the beginning of year</b>	17	<b>2,980,585</b>	<b>4,280,725</b>
<b>Cash and cash equivalents at the end of the year</b>	17	<b>10,431,533</b>	<b>2,980,585</b>

The accompanying notes on pages 5 to 49 are an integral part of these consolidated financial statements.