PKF - IAS

MONGOLIAN BILLION TREE FUND

(Registered Fund in Mongolia)

Audited Financial Statements
For the Year Ended December 31, 2025

Ulaanbaatar 2026

MONGOLIAN BILLION TREE FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

FUND INFORMATION

ESTABLISHMENT DECISION	MONGOLIAN BILLION TREE FUND was established pursuant to the Decree No. 58 dated October 4, 2021, of the President of Mongolia, which initiated the 'Billion Tree' national movement and instructed the Government to take relevant actions. In accordance with Government Resolution No. 350 dated November 17, 2021, measures to be implemented within the framework of the movement for the period of 2021-2030 were approved. The Fund's charter was approved on March 25, 2022, and it was officially registered in the state registry on March 29, 2022.
CERTIFICATE	State Registration Number – 9081010319 Registration Number – 6844073
MAIN ACTIVITIES	Support the Billion Tree National Movement by implementing policies, projects, and programs focused on environmental conservation, climate change adaptation, and land degradation prevention, while fostering collaboration with organizations that share similar objectives.
BOARD MEMBERS	Shagdarsuren Z. /Chairman of board/ Medree B. /Board member/ Munkhtuya R. /Board member/ Uurtsaikhbaatar B. /Board member/ Anar E. /Board member/ Bolortuya B. /Board member/ Enkhtuya O. /Independent board member/
THE CHIEF EXECUTIVE OFFICER	BAYARMAA B.
OFFICIAL ADDRESS	Mongolia, Ulaanbaatar, Sukhbaatar district, 1st khoroo, Park Place office, 9th floor, #904
AUDITORS	PKF-IAS AUDIT LLC Certified Public Accountants

MANAGEMENT REPRESENTATION LETTER

As the Chief Executive Officer of the MONGOLIAN BILLION TREE FUND, Bayarmaa. B., and the Financial Manager, Gereltsetseg.G., we are responsible for the accurate preparation of the financial statements of the fund as of December 31, 2025, as presented on pages 5-33 of this report, in accordance with the International Financial Reporting Standards (IFRS). We acknowledge our responsibilities regarding these financial statements and confirm that they have been prepared in full compliance with IFRS, the Accounting Law of Mongolia, and the relevant regulations approved by the Minister of Finance under Order No. 386, issued in 2017, titled 'Approval of Form Guidelines.

The financial statements of the MONGOLIAN BILLION TREE FUND for the year ended December 31, 2025, have been approved for public presentation.

BAYARMAA BAYARBAATAR	GERELTSETSEG GUNAAJAV
THE CHIEF EXECUTIVE OFFICER	CHIEF ACCOUNTANT

Ulaanbaatar, Mongolia

Date: March 26, 2026

PKF - IAS

PKF-IAS AUDIT LLC

#701, Down Town building,
Jamiyan Gun street -18/1,
1st khoroo, Sukhbaatar district-14240,
Ulaanbaatar, Mongolia

Email: info@pkf.mn

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD MEMBERS OF MONGOLIAN BILLION TREE FUND

Opinion

We have audited the accompanying financial statements of MONGOLIAN BILLION TREE FUND (hereinafter 'the Fund'), which comprise the Statement of Financial Position as at December 31, 2025, and the Statement of Financial Performance, Statement of Changes in Net Assets, and Statement of Cash Flows for the year then ended, and the financial statements disclosures, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs"), the Accounting Law established in alignment with IFRS, and the guidelines approved by the Minister of Finance under Order No. 386 issued in 2017, titled 'Approval of Form Guidelines'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Management is responsible for the preparation and fair presentation of the financial statements, ensuring that they present fairly, in all material respects, in accordance with IFRSs. This responsibility includes establishing and maintaining internal controls necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management and Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the 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 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other matters

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

PKF-IAS AUDIT LLC

7071297 CTA5376 9025010254

Oyungerel G.
Executive director

PKF-IAS AUDIT LLC
Certified Public Accountants

Ulaanbaatar, Mongolia
Date: March 26, 2026

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

MONGOLIAN BILLION TREE FUND

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2025

(in MNT)

DESCRIPTION	NOTES	12/31/2024	12/31/2025
ASSETS			
Current assets			
Cash and cash equivalents	5	9,721,617,981.93	10,584,519,704.39
Account receivables	6	916,635,721.00	-
Tax and Social Health Insurance receivables	7	818,176.35	3,792,420.88
Other receivables	8	-	2,454,705.92
Inventories	9	-	135,000.00
Prepaid expenses / estimation	10	416,734,975.00	47,588,080.00
Total current assets		**11,055,806,854.28**	**10,638,489,911.19**
Non-current assets			
Property, plant and equipments	11	45,465,524.00	92,442,340.38
Depreciation of Property, plant and equipments	11	(16,052,899.46)	(29,062,524.04)
Intangible assets	12	5,687,000.00	4,620,000.00
Amortization of Intangible assets	12	-	-
Investments and Other assets	13	-	4,217,262,500.00
Total non-current assets		**34,099,824.54**	**4,285,262,316.34**
TOTAL ASSETS		**11,089,906,678.82**	**14,923,752,227.53**
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities			
Account payables	14	-	-
Tax payables	15	10,341,029.33	-
Total current liabilities		**10,341,029.33**	**-**
Non-current liabilities			
Total non-current liabilities		**-**	**-**
TOTAL LIABILITIES		**10,341,029.33**	**-**
NET ASSETS			
Retained earnings		11,079,565,649.49	14,923,752,227.53
TOTAL NET ASSETS		**11,079,565,649.49**	**14,923,752,227.53**
TOTAL NET ASSETS AND LIABILITIES		**11,089,906,678.82**	**14,923,752,227.53**

The accompanying notes are an integral part of the financial statements.

MONGOLIAN BILLION TREE FUND

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2025

(in MNT)

DESCRIPTION	NOTES	2024	2025
OPERATING INCOME			
Donation income	16	10,077,365,267.00	10,142,290,532.68
Interest income	16	1,193,323,332.81	1,258,376,413.42
Other income	16	38,345.02	2,190,119,087.32
TOTAL OPERATING INCOME		**11,270,726,944.83**	**13,590,786,033.42**
OPERATING EXPENSES			
Gifts, Donations, and Assistance		-	-
Program Implementation Expenses	17	654,330,543.10	5,201,889,711.21
Project Implementation Expenses	18	7,088,178,634.61	2,828,598,020.84
General Administrative expenses	19	**791,333,655.37**	**906,022,616.54**
Wages and salaries		329,116,871.88	486,517,501.40
Social health insurance		40,462,134.46	60,857,425.53
Repair and Maintenance expenses		2,384,000.00	10,580,400.00
Utility expenses		209,000.00	9,752,176.06
Rent expenses		42,375,000.00	73,042,100.00
Business travel expenses		22,067,470.62	31,741,701.43
Transportation expenses		401,840.00	21,097,850.00
Depreciation expenses		17,318,804.77	23,870,324.58
Advertising expenses		105,940,638.20	8,001,940.00
Postage and Telecommunication expenses		9,855,959.87	5,957,912.47
Fuel expenses		1,205,577.00	554,000.00
Interest expense		-	5,556,164.38
Other Expenses		219,996,358.57	168,493,120.69
TOTAL OPERATING EXPENSES		**8,533,842,833.08**	**8,936,510,348.59**
OPERATING EARNINGS		**2,736,884,111.75**	**4,654,275,684.83**
NON-OPERATING GAIN AND LOSS		(119,193,357.91)	(127,338,644.11)
Foreign Exchange Gains (Losses)	20	(138,975.38)	(1,501,002.71)
Tax expenses	21	119,332,333.29	125,837,641.40
CURRENT EARNINGS		**2,617,690,753.84**	**4,526,937,040.72**

The accompanying notes are an integral part of the financial statements.

MONGOLIAN BILLION TREE FUND

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

(in MNT)

DESCRIPTION	Retained earnings	Total
BALANCE AT 31 DECEMBER 2023	**8,461,874,895.65**	**8,461,874,895.65**
Adjustments Resulting from Changing an Accounting Policy or the Amount of a Correction of a Prior Period Error	-	-
ADJUSTED BALANCE	**8,461,874,895.65**	**8,461,874,895.65**
Current year earnings	2,617,690,753.84	2,617,690,753.84
BALANCE AT 31 DECEMBER 2024	**11,079,565,649.49**	**11,079,565,649.49**
Adjustments Resulting from Changing an Accounting Policy or the Amount of a Correction of a Prior Period Error	-	-
ADJUSTED BALANCE	**11,079,565,649.49**	**11,079,565,649.49**
Prior period adjustment	(682,750,462.68)	(682,750,462.68)
Current year earnings	4,526,937,040.72	4,526,937,040.72
BALANCE AT 31 DECEMBER 2025	**14,923,752,227.53**	**14,923,752,227.53**

The accompanying notes are an integral part of the financial statements.

MONGOLIAN BILLION TREE FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

(in MNT)

DESCRIPTION	2024	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts (+)	**9,211,753,477.33**	**12,915,118,662.98**
Funds received from projects and programs	-	-
Donations	9,165,605,142.00	10,371,300,195.00
Other Revenues	46,148,335.33	2,543,818,427.98
Cash Paid (-)	**8,959,840,423.38**	**9,037,063,944.51**
Wages and Salaries	277,768,235.90	428,162,299.07
Health and Social Insurance fee	76,299,724.09	106,739,651.17
Payments for purchase of inventory	-	2,060,478.00
Utilities	48,576,563.04	55,088,539.48
Fuels, Transportation and Spare parts	19,669,081.30	17,612,091.00
Inventory Acquisition	8,400,317,239.41	8,236,075,652.61
Interest paid	-	5,556,164.38
Taxes and Fees	136,947,671.64	185,769,068.80
Insurance	261,908.00	-
Net Cash Flow from Operating Activities	**251,913,053.95**	**3,878,054,678.47**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Receipts (+)	-	-
Proceeds from sale of long-term assets	-	-
Cash Paid (-)	**27,641,124.00**	**4,275,032,816.38**
Non-Current Assets Acquisition	27,641,124.00	57,770,316.38
Acquisition of investments	-	4,217,262,500.00
Net Cash Flow from Investing Activities	**(27,641,124.00)**	**(4,275,032,816.38)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Receipts (+)	**1,190,285,628.69**	**2,008,376,412.56**
Bank loan	-	750,000,000.00
Interest Income	1,190,285,628.69	1,258,376,412.56
Cash Paid (-)		**750,000,000.00**
Loan repayments	-	750,000,000.00
Net Cash Flow from Financing Activities	**1,190,285,628.69**	**1,258,376,412.56**
Foreign Exchange Difference	94,975.38	(1,503,447.79)
TOTAL NET CASH FLOW	**1,414,652,534.02**	**862,901,722.44**
Opening Balance of Cash and Cash Equivalents	8,306,965,447.91	9,721,617,981.93
Ending Balance of Cash and Cash Equivalents	9,721,617,981.93	10,584,519,704.39

The accompanying notes are an integral part of the financial statements

1. FUND INFORMATION

1	Fund Name	MONGOLIAN BILLION TREE FUND
2	Fund Registration Number	6844073
3	Date of Establishment of the Fund	March 25, 2022
4	Fund's Operational Scope	Support the Billion Tree National Movement by implementing policies, projects, and programs focused on environmental conservation, climate change adaptation, and land degradation prevention, while fostering collaboration with organizations that share similar objectives.
5	Fund's Address and Location	Mongolia, Ulaanbaatar, Sukhbaatar District, 1st Khoroo, Park Place Office, 9th Floor, #904

BOARD MEMBERS

Shagdarsuren Z. /Chairman of board/
Medree B. /Board member/
Munkhtuya R. /Board member/
Uurtsaikhbaatar B. /Board member/
Anar E. /Board member/
Bolortuya B. /Board member/
Enkhtuya O. /Independent board member/

2. BASIS FOR PREPARATION OF THE REPORT

Compliance Statement

The financial statements of the Mongolian Billion Tree Fund have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued and enforced by the International Accounting Standards Board (IASB), as well as the Accounting Law and the guidelines approved by the Minister of Finance under Order No. 386 issued in 2017, titled 'Approval of Form Guidelines'.

Measurement Basis

The financial statements have been prepared based on historical cost accounting, except for financial instruments measured at fair value. .

Reporting Currency

The financial statements are presented in the official currency of Mongolia, the Mongolian Tugrug (MNT), as it is the reporting currency for organizations operating in Mongolia.

Going concern

The financial statements have been prepared based on the going concern principle..

The financial statements have been prepared based on the going concern principle.

The preparation of financial statements in accordance with IFRS requires management to apply accounting policies and make estimates, assumptions, and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates..

Valuation assessments and key assumptions are regularly reviewed. Changes in accounting estimates are recognized in the reporting periods in which the changes occur and in future periods that may be affected.

There are no uncertainties in the application of accounting policies or estimates that would have a material impact on the financial figures presented in the financial statements.

Presentation of Financial Statements

The fund presents the items in the statement of financial position in order of liquidity.

Assets and liabilities are offset and presented at net amounts in the statement of financial position only when legally permitted, when the recognized amounts are intended to be settled on a net basis, or when assets are realized and liabilities are settled simultaneously. Unless required or permitted by an accounting standard or interpretation, or specifically disclosed in the fund's accounting policies, income and expenses are not presented on a net basis in the statement of profit or loss.

Income and expenses are not offset in the statement of profit or loss and other comprehensive income unless required or permitted by an accounting standard or interpretation and specifically disclosed in the Fund’s accounting policies.

3. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

General Purpose, Policies, and Operations

Management holds ultimate accountability for the Fund's rik management framework and is responsible for establishing and developing its core policies.

Management's core goal is to implement risk-reduction policies while ensuring they do not unduly restrict the Fund's financial or operational agilityThrough its operations, the fund may be exposed to the following risks:

a) Credit risk

b) Market risk

  i) Interest rate risk

  ii) Foreign currency risk

  iii) Other market price risk

c) Liquidity risk

Like all other businesses, the company could be exposed to risk arising from the use of financial leverage. This note explains the company's risk management policies, the processes to manage these risks, and the methods used to measure them.

Unless otherwise stated in this note, the company's susceptibility to financial leverage risks, the objectives, policies, and processes aimed at managing these risks, and the policies applied to measure them have not materially changed compared to previous years.

(i) Key Financial Instruments

The company uses the following key financial instruments that generate financial leverage risks:

- Cash and cash equivalents
- Accounts and other receivables
- Financial assets
- Accounts and other payables
- Interest-bearing liabilities

(ii) Financial Instruments Measures at Fair Value

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term in nature, so their carrying values are close to their fair values.

3. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

a) Credit risk

Credit risk refers to the risk of financial loss to the fund if a customer or business partner in a financial instrument fails to meet their contractual obligations. As of the reporting date, management does not expect any losses from customers failing to meet their obligations. The maximum exposure to credit loss for all financial assets that do not meet the impairment requirements is reflected in their carrying amount.

b) Market risk

The fund is exposed to market risk due to the use of interest-bearing, tradable, and foreign currency-denominated financial instruments. This risk arises from fluctuations in the fair value or future cash flows of financial instruments caused by changes in interest rates (interest rate risk), foreign exchange rates (foreign exchange risk), or other market factors (other price risks).

(i) Interest Rate Risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates.

(ii) Foreign Exchange Risk

Foreign exchange risk refers to the risk of fluctuations in the value of financial instruments due to changes in foreign exchange rates. This risk arises when future transactions, recognized assets, or liabilities are denominated in currencies other than the Mongolian Tugrik.

(iii) Other Market Price Risks

The company does not hold any debt or equity instruments to profit from market price fluctuations, so it is not considered exposed to market price risks.

c) Liquidity Risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting its financial obligations as they fall due. It is the risk that the Fund may face challenges in settling its financial liabilities on time.

Within the framework of its liquidity risk management, the fund maintains sufficient cash and cash equivalents to meet its working capital requirements.

Liquidity risk depends on the Fund's ability to manage its cash flows.

Given that the fund's cash flows and cash balances are at adequate levels, it is considered unlikely to face liquidity risk in the near term.

4. ACCOUNTING POLICY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Initial recognition and subsequent measurement)

a) Cash and cash equivalents

Cash and cash equivalents include cash in banks, deposits held at calls with banks, and other short-term, highly liquid investments with original maturities of three months or less. Cash equivalents are short-term, highly liquid assets readily convertible to known amounts of cash and subject to an insignificant risk of change in value. (refer to Note 5)

b) Account receivables and Other receivables

Accounts receivable refers to the amount of money the fund is entitled to receive from buyers or related parties for goods sold, products supplied, and services rendered as part of its core operations. Payments for goods or services provided on credit are recorded in the accounts receivable ledger until they are collected.

Receivables that have arisen outside the core operations and are not included in the above classifications, with a duration of one year, are presented under the Other Receivables account.

Account receivables and ither receivables are measured at their net realizable value, the amount expected to be received in cash, net of any allowance for doubtful receivables.

This category also includes overpayments of corporate income tax (CIT), value-added tax (VAT), other taxes, fees, and social insurance contributions as of the end of the reporting period. The amounts of tax and social insurance receivables at the end of each quarter and year are equal to the amounts confirmed by the tax and social insurance authorities. (refer to Note 6,7,8)

c) Financial assets

Financial assets include deposits with maturities of 3 months to 1 year, short-term debt securities, and equity investments.

d) Inventories

The cost of inventories includes all costs of purchase, conversion costs, and other costs incurred in bringing the inventories to their present location and condition. Inventories are measure at the lower of cost and net realizable value. Net realizable value is calculated at the end of each reporting period.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. (refer to Note 9)

(i) Cost of Inventory

Inventories are initially recognized at cost. The cost of inventory comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

(ii) Costs of Purchase

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling, and other costs directly attributable to the acquisition of finished goods, materials, and services. Trade discounts, rebates, and other similar items are deducted in determining the costs of purchase.

4. ACCOUNTING POLICY (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Initial recognition and subsequent measurement)

d) Inventories (continued)

(iii) Costs of Conversion

The costs of conversion of inventories include costs directly related to the units of production, such as direct labor. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation of factory buildings, equipment, and right-of-use assets, maintenance costs, and the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or almost directly, with the volume of production, such as indirect materials and indirect labor.

The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production may be used if it approximates normal capacity. The amount of fixed overhead allocated to each unit of production is not increased as a consequence of low production or idle plant. Unallocated overheads are recognized as an expense in the period in which they are incurred. In periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

A production process may result in more than one product being produced simultaneously. This is the case, for example, when joint products are produced or when there is a main product and a by-product. When the costs of conversion of each product are not separately identifiable, they are allocated between the products on a rational and consistent basis. For example, the allocation may be based on the relative sales value of each product either at the stage in the production process when the products become separately identifiable, or at the completion of production. Most by-products, by their nature, are immaterial. When this is the case, they are often measured at net realizable value and this value is deducted from the cost of the main product. As a result, the carrying amount of the main product does not differ materially from its cost.

e) Prepaid expenses/advances

Prepaid expenses (e.g., insurance, rent) recognized and recorded before they are incurred are classified as prepaid expenses under the assets section of the financial statements. Such expenses are allocated to the relevant expenses in the subsequent reporting periods. Advances paid for the purchase of inventory or other items are classified as prepaid advances. (refer to Note 10)

4. ACCOUNTING POLICY (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Initial recognition and subsequent measurement)

f) Foreign currency transactions

Foreign currency transactions are recorded in Mongolian Tugrik at the exchange rate on the date of the transaction.

Monetary items in the financial statements are translated at the closing exchange rate at the end of the reporting period. The profit and loss statement recognizes all exchange differences arising from the settlement or conversion of monetary items.

Non-monetary items initially recorded in foreign currency at historical cost are translated using the historical exchange rate at the time of acquisition.

Exchange rates of 1 (one) USD and EUR are:

	USD
2024.12.31	3420.25
2025.12.31	3,556.66

g) Property, plant and equipments

Property, plant, and equipment are recognized at their initial cost. The cost of PPE includes the purchase price, import duties, non-refundable purchase taxes, and any other costs incurred to bring the asset to its intended location and condition for use.

If the major components of an asset have different useful lives, they are separated and classified individually.

Subsequent costs are capitalized only when it is probable that they will result in increased future economic benefits, such as extending the useful life or improving the performance of the asset beyond its original standard of performance.

Gains or losses arising from the disposal of Property Plant Equipment are determined by comparing the net sale price with the asset's carrying amount (remaining cost) and are recognized in the profit or loss statement.

The cost of replacing or substituting components of machinery and equipment is recognized as an asset when the component is expected to provide future economic benefits and its cost can be measured reliably.

Routine maintenance costs for Property Plant Equipment are recognized as expenses in the income statement for the reporting period in which they are incurred. (refer to Note 11)

(i) Depreciation of Fixed Assets

Property, plant and equipments are depreciated using the straight-line method over their useful lives. Depreciation expenses are recognized in the detailed income statement. The useful lives of fixed assets are as follows.

- Furnitures and fixtures — 10 years
- Computers and accessories — 2 years

4. ACCOUNTING POLICY (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Initial recognition and subsequent measurement)

h) Intangible assets

Intangible assets are recognized if it is probable that they will generate future economic benefits and the cost can be reliably measured. They are measured at historical cost, which includes directly attributable costs necessary to prepare the asset for its intended use.

Subsequent costs are capitalized if they increase the asset's useful life, productivity, or economic benefits. ((refer to Note 12)

(i) Amortization

Intangible assets with finite useful lives are amortized using the straight-line method over their useful lives. Amortization expenses are recognized in the detailed income statement. The useful lives of intangible assets are as follows.

- Software 2 years

i) Leased Assets

The Fund defines a lease as a contract, or part of a contract, that conveys the right to use a specific asset for a period of time in exchange for consideration. This assessment is performed by evaluating the economic substance of the arrangement, regardless of whether the contract takes the legal form of a lease.

Classification of Right-of-Use (ROU) Assets of the Fund

- Leases are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of the asset
- A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the asset

At the commencement of the lease term, finance leases that transfer substantially all the risks and rewards incidental to ownership are recognized at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the Statement of Profit or Loss.

Leased assets are depreciated over their useful lives. Where there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the useful life and the lease term.

4. ACCOUNTING POLICY (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Initial recognition and subsequent measurement)

j) Recognition of Financial Assets and Financial Liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Fund recognizes a financial asset or a financial liability in its financial statements only when it becomes a party to the contractual provisions of the instrument, thereby acquiring a legal right to receive cash or assuming a legal obligation to pay cash.
These include cash, receivables, loans, securities, and transactions involving the trading of financial instruments such as foreign exchange forwards, swaps, and other similar contracts or arrangements

Financial instruments are initially measured at fair value. Financial assets are classified and recorded based on their measurement basis. The choice of measurement category depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the instrument.

Financial assets are classified into the following measurement categories:

1. Measured at Amortized Cost
2. Measured at Fair Value through Other Comprehensive Income (FVOCI)
3. Measured at Fair Value through Profit or Loss (FVTPL)

Financial instruments are classified into three categories: financial assets, financial liabilities, and equity instruments.

A financial liability (debt instrument) refers to a contractual obligation to repay a debt in accordance with the terms agreed upon with the lender and the specified maturity date. This includes contractual obligations to transfer financial assets and other similar agreements or arrangements.

An equity instrument refers to any contract or similar arrangement that does not constitute a financial liability.

k) Derecognition of Financial Assets and Financial Liabilities

(i) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; or
- The Fund has transferred substantially all the risks and rewards of ownership of the asset; or
- The Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Fund has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, but has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Fund's continuing involvement in the asset. In this case, the Fund also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Entity has retained.

4. ACCOUNTING POLICY (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Initial recognition and subsequent measurement)

l). Derecognition of Financial Assets and Financial Liabilities (Continued)

(ii) **Financial Liabilities**

The Fund's financial liabilities include borrowings, derivative financial liabilities, interest payable, accounts payable, and other liabilities.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires.

When 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 the derecognition of the original financial liability and the recognition of a new financial liability. (Refer to Notes 14 and 15).

m) Fair Value of Financial Instruments

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.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Entity.

The price used to measure the fair value of an asset or a liability is based on the assumption that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate the highest and best use of the asset, or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed are categorized within the fair value hierarchy, described as follows, based on the inputs used in the valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Unobservable inputs for the asset or liability that are not based on observable market data.

4. ACCOUNTING POLICY (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Initial recognition and subsequent measurement)

m) Fair Value of Financial Instruments (Continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Fund recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

n) . Impairment of Financial Assets

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more 'loss events' that occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

An asset or a cash-generating unit (CGU) is considered impaired when its carrying amount exceeds its recoverable amount. In such cases, the carrying amount of the asset is reduced to its recoverable amount.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

(i) Financial assets measured at amortized cost

For financial assets measured at amortized cost, the entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and then individually or collectively for financial assets that are not individually significant.

If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

When there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Entity, the loan is written off together with the associated allowance for credit losses. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the statement of profit or loss.

4. ACCOUNTING POLICY (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Initial recognition and subsequent measurement)

n) Impairment of Financial Assets (continued)

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The carrying amount of the asset shall be reduced through an allowance account, and the amount of the loss shall be recognized in the statement of profit or loss.

Interest income shall continue to be accrued on the reduced carrying amount and shall be calculated using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Such interest income shall be recognized in profit or loss.

o) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

p) Recognition of Revenue and Expenses

The Fund recognizes revenue when it transfers goods or services to a customer and the customer obtains control of those goods or services. Revenue is recognized when the goods are delivered or the services are rendered.

Revenue is recognized when the goods are delivered or the services are rendered.

(i) Sale of Goods and Services

- It is probable that the economic benefits associated with the transaction will flow to the Fund;
- The Fund has transferred to the buyer the significant risks and rewards of ownership of the goods or services;
- The amount of revenue can be measured reliably;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Revenue from Contracts with Customers

Revenue from contracts with customers during the reporting period is identified and recognized using the following steps:

- Identify the contract with a customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price
- Recognize revenue

Contract revenue includes the initial agreed amount and any variations or incentive payments, provided that it is highly probable that a significant reversal will not occur and the amounts can be measured reliably.

4. ACCOUNTING POLICY (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Initial recognition and subsequent measurement)

p) Recognition of revenue and expenses

The Fund has recognized and measured the following types of revenue at the fair value agreed upon in the contract. (Refer to Note 16

1. Membership Contributions and Tax Revenue;
2. Project and Program Revenue; and;
3. Other income;

Membership Contributions and Tax Revenue: Income received from contracted members.

Project and Program Revenue: Income received from project partners and members for actively implemented projects during the reporting period.

Other income: Other income aside from the aforementioned revenues, including interest income from deposits, management service income, and consulting service income.

q) Recognition of Costs and Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Costs and expenses are recognized on an accrual basis and measured at their actual amounts in alignment with revenue recognition. Contract costs consist of costs that relate directly to the specific contract and other costs that are attributable to contract activity in general and can be allocated to the contract. (Refer to Notes 17, 18, and 19)

During the reporting period, the fund categorizes expenses incurred to sustain its core operations as follows,

1. Gift, Donation, and Assistance Expenses: Contributions and aid provided to individuals and organizations, including expenses incurred in delivering such support;
2. Program Implementation Expenses: Direct and indirect costs incurred in implementing programs;
3. Project Implementation Expenses: Direct and indirect costs incurred in project execution, reported in accordance with the project contract; and
4. General Administrative Expenses: Expenses Related to Operations.

r) Net assets and statement of changes in net assets

(i) Equity

Total resources under the control of the non-profit organization are classified as restricted and unrestricted, and presented in the statement of financial position. Restricted resources refer to assets whose use is limited by donor-imposed or legal restrictions. Unrestricted resources refer to assets that are fully at the disposal of the non-profit organization.

(ii) Statement of Changes in Equity

The Statement of Changes in Equity shall present a two-year comparison of any changes in the entity's equity, including the Fund's reserves, asset revaluation surpluses, foreign currency translation reserves, and accumulated results (retained earnings).

4. ACCOUNTING POLICY (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Initial recognition and subsequent measurement)

п) Relatede parties transactions

Related parties include entity and individuals that are connected to the fund in the following ways:

(a) An individual connected to the fund or their close relatives:

- (i) has established sole or joint control over the fund;
- (ii) has significant influence over the fund
- (iii) one of the key executive officers of the fund.

(b) An entity is considered related to the fund if any of the following conditions are met:

- (i) An entity that provides post-employment benefits to employees of the fund or entities related to the fund is considered a related party. If the fund implements such a program, the employees receiving support also qualify as related parties.
- (ii) An entity is controlled solely or jointly by an individual identified in section (a).
- (iii) An individual identified in section (a) (i) has significant influence over the entity or is one of its key executive officers (or a key executive of the entity's parent entity).

5. CASH AND CASH EQUIVALENTS

(In MNT)

Cash and cash equivalents		12/31/2024		12/31/2025	
		Currency	In MNT	Currency	In MNT
Cash on hand	MNT		622,032.63		-
Cash held in banks	MNT		588,448,239.25		439,971,070.67
Cash held in banks	USD		11,936,310.86		24,164,943.91
Subtotal			**601,006,582.74**		**464,136,014.58**
Cash equivalents					
Bank Deposits *	MNT		9,120,611,399.19		10,120,383,689.81
Amount			**9,120,611,399.19**		**10,120,383,689.81**
Total			**9,721,617,981.93**		**10,584,519,704.39**

The fund's bank accounts are not subject to any restrictions or freezes.

*** Detailed Information on Bank Deposits:**

(in MNT)

Name of Banks	12/31/2024	12/31/2025
Arig Bank	-	-
Golomt Bank	1,000,000,000.00	1,000,000,000.00
Capitron Bank	1,000,500,000.00	1,000,500,000.00
M Bank	1,120,000,000.00	0.00
State Bank	2,000,111,399.19	1,000,010,068.49
Khan Bank	2,000,000,000.00	1,000,000,000.00
Xac Bank	1,000,000,000.00	0.00
Trade and Development Bank	1,000,000,000.00	6,119,873,621.32
Total	**9,120,611,399.19**	**10,120,383,689.81**

6. ACCOUNT RECEIVABLES

(in MNT)

DESCRIPTION	12/31/2024	12/31/2025
Account receivables	4,875,596.00	-
Donation	911,760,125.00	-
Total	**916,635,721.00**	-

7. TAX AND SOCIAL HEALTH INSURANCE RECEIVABLES

(in MNT)

DESCRIPTION	12/31/2024	12/31/2025
Social health insurance	818,176.35	-
Personal income tax	-	3,792,420.88
Total	**818,176.35**	**3,792,420.88**

8. OTHER RECEIVABLES

(in MNT)

DESCRIPTION	12/31/2024	12/31/2025
Receivables from employees	-	2,454,705.92
Total	-	**2,454,705.92**

9. INVENTORIES

(in MNT)

DESCRIPTION	12/31/2024	12/31/2025
Supplies in use	-	135,000.00
Total	**-**	**135,000.00**

Three fire extinguishers were recorded and reported under the 'Supplies in Use' account.

10. PREPAID EXPENSES

(in MNT)

DESCRIPTION	12/31/2024	12/31/2025
Prepaid Expenses - Project Financing*	412,734,975.00	47,588,080.00
Prepaid Expenses	4,000,000.00	-
Total	**416,734,975.00**	**47,588,080.00**

The balance of MNT 47,588,080 reported in the 'Prepayments' account represents the remaining budget financing from the previous year, which relates to four legal entities that have not yet issued their e-barimt

* Prepaid Expenses – Detailed Breakdown of Project Financing:

(in MNT)

Project Implementers	12/31/2024	12/31/2025
"Sumt tugul" some members are fully liable partnership	6,835,000.00	-
Mongolian University of Life Sciences - School of Agroecology	1,458,000.00	1,458,000.00
"UBT Garden" LLC	229,000,000.00	-
Mongolian University of Science and Technology - Forest Training	7,534,000.00	7,534,000.00
"Oijuulaltiin shine uy" NPO	22,872,000.00	22,872,000.00
"Erdeniin lavai" some members are fully liable partnership	29,430,000.00	-
"Tsetserleg ar mandal" LLC	13,827,000.00	-
"Binder-Oi" Interdistrict Forestry Unit	20,800,000.00	-
"Midanok logistic" LLC	15,724,080.00	15,724,080.00
"Khuvsgul ermuun och" LLC	15,255,000.00	-
"Shilmuust modnii tugul" LLC	14,999,895.00	-
"Chandmani kharkhiraa" LLC	15,000,000.00	-
Interdistrict Forestry Unit of Ömnögovi Province	20,000,000.00	-
Total	**412,734,975.00**	**47,588,080.00**

11. PROPERTY, PLANT AND EQUIPMENTS

(in MNT)

DESCRIPTION	Furnitures	Computers and other parts	Total
PROPERTY, PLANT AND EQUIPMENTS /COST/			
Balance at 31 December 2023	6,164,400.00	23,449,100.00	29,613,500.00
Acquisition	5,060,000.00	20,865,124.00	25,925,124.00
Decreased	-	2,382,900	2,382,900
Balance at 31 December 2024	11,224,400.00	41,931,324.00	53,155,724.00
Written off	-	8,690,000.00	8,690,000.00
Balance at 31 December 2024	**11,224,400.00**	**33,241,324.00**	**44,465,724.00**
Acquisition	31,597,224.00	23,665,092.38	55,262,316.38
Decreased	-	7,285,700.00	7,285,700.00
Balance at 31 December 2025	**42,821,624.00**	**49,620,716.38**	**92,442,340,38**
ACCUMULATED DEPRECIATION			
Balance at 31 December 2023	646,156.64	9,809,638.05	10,455,794.69
Charge for the year	955,179.00	13,331,925.77	14,287,104.77
Decreased	-	-	-
Balance at 31 December 2024	1,601,335.64	23,141,563.82	24,742,899.46
Written off	-	8,690,000.00	8,690,000.00
Balance at 31 December 2024	**1,601,335.64**	**14,451,563.82**	**16,052,899.46**
Charge for the year	2,208,928.29	18,086,396.29	20,295,324.58
Decreased	-	7,285,700.00	7,285,700.00
Balance at 31 December 2025	**3,810,263.93**	**25,252,260.11**	**29,062,524.04**
NET BOOK VALUE			
Balance at 31 December 2023	5,518,243.36	13,639,461.95	19,157,705.31
Balance at 31 December 2024	**9,623,064.36**	**18,789,760.18**	**28,412,824.54**
Balance at 31 December 2025	**39,011,360.07**	**24,368,456.27**	**63,379,816.34**

12. INTANGIBLE ASSETS

(in MNT)

DESCRIPTION	Software	Other Intangible assets	Total
INTANGIBLE ASSETS /COST/			
Balance at 31 December 2023	6,600,000.00	858,000.00	7,458,000.00
Acquisition	-	1,716,000.00	1,716,000.00
Decreased	-	-	
Balance at 31 December 2024	**6,600,000.00**	**2,574,000.00**	**9,174,000.00**
Acquisition	2,508,000.00		2,508,000.00
Decreased			
Balance at 31 December 2025	**9,108,000.00**	**2,574,000.00**	**11,682,000.00**
ACCUMULATED AMORTIZATION			
Balance at 31 December 2023	594,000.00	357,500.00	951,500.00
Charge for the year	1,320,000.00	1,215,500.00	2,535,500.00
Decreased			
Balance at 31 December 2024	**1,914,000.00**	**1,573,000.00**	**3,487,000.00**
Charge for the year	2,574,000.00	1,001,000.00	3,575,000.00
Decreased	-	-	-
Balance at 31 December 2025	**4,488,000.00**	**2,574,000.00**	**7,062,000.00**
NET BOOK VALUE			
Balance at 31 December 2023	6,006,000.00	500,500.00	6,506,500.00
Balance at 31 December 2024	4,686,000.00	1,001,000.00	5,687,000.00
Balance at 31 December 2025	4,620,000.00	-	4,620,000.00

13. INVESTMENTS AND OTHER ASSETS

(in MNT)

DESCRIPTION	12/31/2024	12/31/2025
Investmens in Securities	-	4,217,262,500.00
Total	**-**	**4,217,262,500.00**

In accordance with the Board of Directors' Resolution No. UZ25040409 dated April 2, 2025, an investment was made by purchasing 3,833,875 shares of 'CGF' LLC at a price of MNT 1,100 per share. To fulfill its objectives as stated in Article 2.1 of its Charter, the Fund submitted an official explanation to the auditors via letter No. 26/30 dated March 20, 2026, stating that the shares were acquired based on a majority vote of the Board members

14. ACCOUNT PAYABLES

(in MNT)

DESCRIPTION	12/31/2024	12/31/2025
Account payables	-	-
Total	**-**	**-**

15. TAX PAYABLES

(in MNT)

DESCRIPTION	12/31/2024	12/31/2025
Personal Income Tax	10,341,029.33	-
Total	**10,341,029.33**	**-**

16. OPERATING INCOME

(in MNT)

DESCRIPTION	2024	2025
Donation income *	10,077,365,267.00	10,142,290,532.68
Interest Income**	1,193,323,332.81	1,258,376,413.42
Other Income***	38,345.02	2,190,119,087.32
Total	**11,270,726,944.83**	**13,590,786,033.42**

Revenue earned during the reporting period has been disaggregated and presented by each category of income.

16. DONATION INCOME

(in MNT)

Bank	Source of Income	2024	2025	Fluctuation	Percentage
Arig Bank	BoM Governor A-161	45,844,394.00	44,123,490.00	96.2%	0.4%
Bogd Bank	BoM Governor A-161	57,972,030.00	46,732,770.00	80.6%	0.5%
Golomt Bank	BoM Governor A-161	2,485,000,020.00	2,252,356,320.00	90.6%	21.9%
Capitron Bank	BoM Governor A-161	108,919,680.00	105,130,200.00	96.5%	1.0%
M Bank	BoM Governor A-161	195,087,660.00	279,028,590.00	143.0%	2.8%
State Bank	BoM Governor A-161	1,712,393,010.00	1,488,184,440.00	86.9%	14.7%
Trans Bank	BoM Governor A-161	14,261,700.00	12,683,880.00	88.9%	0.1%
NI Bank	BoM Governor A-161	98,340.00	186,570.00	182.9%	0.002%
Khan Bank	BoM Governor A-161	2,669,201,670.00	2,668,666,470.00	99.98%	26.3%
Xac Bank	BoM Governor A-161	1,158,934,080.00	1,126,029,430.00	97.2%	11.1%
TDB Bank	BoM Governor A-161	1,609,806,078.00	1,436,424,600.00	89.2%	14.2%
A-10-586 document	Low-value	9,661,065.00	-	-	-
Sumya 2024/10/21	Donation	10,185,540.00	-	-	-
Adjusted Revenue*		-	682,750,462.68	-	6.7%
Total		**10,077,365,267.00**	**10,142,290,532.68**	**100.6%**	**100.0%**

** Revenue of MNT 682,750,462.68 was recognized and recorded in 2024; however, it was not reported in the tax returns as the corresponding e-barimt was not generated at that time. This was corrected in 2025 by issuing the e-barimt and reporting the amount in the tax filings.*

16. INTEREST INCOME **

(in MNT)

Bank	Source of Income	2024	2025	Fluctuation	Percentage
TDB Bank	Interest on current accounts	20,564,319.43	32,150,221.57	156.3%	2.6%
M Bank	Interest on current accounts	776,241.57	119,332.60	15.4%	0.009%
State Bank	Interest on current accounts	2,566,233.80	1,713,997.97	66.8%	0.136%
Trans Bank	Interest on current accounts	17,073.34	2,390.81	14.0%	0.000%
Golomt Bank	Savings Account	138,245,595.23	214,561,643.83	155.2%	17.1%
M Bank	Savings Account	43,527,698.63	85,315,068.48	196.0%	6.8%
Arig Bank	Savings Account	166,306,733.39	-	-	-
Capitron Bank	Savings Account	47,073,229.90	142,476,404.08	302.7%	11.3%
State Bank	Savings Account	156,352,422.38	311,805,537.38	199.4%	24.8%
Khan Bank	Savings Account	322,444,646.39	175,890,410.96	54.5%	14.0%
Xac Bank	Savings Account	99,856,975.21	132,572,912.60	132.8%	10.5%
TDB Bank	Savings Account	190,289,971.76	161,768,493.14	85.0%	12.9%
Trans Bank /9000086599/	Savings Account	2,235,616.44	-	-	-
Current income tax expense	Recognized as revenue	3,066,575.34	-	-	-
Total		**1,193,323,332.81**	**1,258,376,413.42**	**105.5%**	**100.0%**

16. OTHER INCOME ***

(in MNT)

№	Customer Name, Contract Number		Revenue Indicator	Revenue amount	Percentage
1	Oin Khurem LLC -2886464	cont.no: 943	Tree planting activities	382,500,000.00	17.5%
2	Oi Bayasakh LLC -2742306	cont.no: 944	Tree planting activities	405,000,000.00	18.5%
3	Agro Forest LLC -6170579	cont.no: 945	Tree planting activities	486,000,000.00	22.2%
4	Bugant Nandin LLC -3737373	cont.no: 946	Tree planting activities	810,000,000.00	37.0%
	Khan Bank **№943,№944,№945,№ 946**		**amount**	**2,083,500,000.00**	**95.1%**
5	KHAN BANK (2693321) cont.no: 943 У70%		Management services	97,230,000.00	4.4%
6	APU LLC (2702673) cont.no: 25/38 20251157		Tree planting activities	9,132,750.00	0.4%
7	Other Income		Transaction reward	256,337.32	0.0%
	Total			**2,190,119,087.32**	**100.0%**

17. PROGRAM IMPLEMENTATION EXPENSES

(in MNT)

DESCRIPTION	2024	2025
5 main operations	6,939,094,557.65	5,134,385,554.21
Travel, Transportation, and other related Expenses	45,225,538.20	2,181,550.00
Business Meeting and Event Expenses	2,013,700.00	-
Marketing and Promotion Expenses	69,487,200.00	64,722,800.00
Consulting Service Expenses	15,765,978.76	-
Fuel Expenses	-	599,807.00
Stationary	16,591,660.00	-
Total	**7,088,178,634.61**	**5,201,889,711.21**

18. PROJECT IMPLEMENTATION EXPENSES

(in MNT)

DESCRIPTION	2024	2025
Expenses Related to Tree Planting Events and Activities	476,340,483.71	2,727,193,824.35
Travel, Transportation, and other related Expenses	162,891,159.39	32,461,185.00
Marketing and Promotion Expenses	10,160,000.00	40,436,000.00
Business Meeting Expenses	4,938,900.00	-
Consulting Service Expenses	-	17,132,004.49
Fuel Expenses	-	11,375,007.00
Total	**654,330,543.10**	**2,828,598,020.84**

19. GENERAL AND ADMINISTRATIVE EXPENSES

(in MNT)

DESCRIPTION	2024	2025	Fluctuation	Percentage
Wages and salaries	329,116,871.88	486,167,048.40	47.7%	53.7%
Social health insurance	40,462,134.46	60,857,425.53	50.4%	6.7%
Repair and Maintenance Expenses	2,384,000.00	10,580,400.00	343.8%	1.2%
Utility Expenses	209,000.00	9,752,176.06	4566.1%	1.1%
Rent Expenses	42,375,000.00	73,042,100.00	72.4%	8.1%
Business trip	22,067,470.62	31,741,701.43	43.8%	3.5%
Transportation	401,840.00	21,097,850.00	5150.3%	2.3%
Depreciation	17,318,804.77	23,870,324.58	37.8%	2.6%
Advertising	105,940,638.20	8,001,940.00	-92.4%	0.9%
Postage and Telecommunication	9,855,959.87	5,957,912.47	-39.6%	0.7%
Fuel Expenses	1,205,577.00	554,000.00	-54.0%	0.1%
Benefit	-	350,453.00	-	0.04%
Interest Expenses	-	5,556,164.38	-	0.6%
Other Expenses *	219,996,358.57	168,493,120.69	-23.4%	18.6%
Total	**791,333,655.37**	**906,022,616.54**	**14.5%**	**100.0%**

19. DETAILED BREAKDOWN OF OTHER EXPENSES*

(in MNT)

DESCRIPTION	2024	2025	Fluctuation	Percentage
Cleaning service	1,920,000.00	-	-	-
Bank fees	757,221.44	354,953.63	-53.1%	0.2%
Stationary	3,260,990.00	2,552,700.00	-21.7%	1.5%
Employee Health Check-up	2,630,000.00	955,000.00	-63.7%	0.6%
Office supplies	3,722,443.00	8,617,259.00	131.5%	5.1%
Business Meeting	18,759,444.00	3,069,760.00	-83.6%	1.8%
Board Meeting and Operational	3,237,653.80	13,168,517.96	306.7%	7.8%
Professional Services	26,215,000.00	79,305,471.83	202.5%	47.1%
Study Tour	112,734,998.06	42,440,779.00	-62.4%	25.2%
Insurance	-	125,338.00	-	0.1%
Forum participation costs	-	9,329,539.85	-	5.5%
Human Resources	-	3,623,015.12	-	2.2%
Other Expenses	46,758,608.27	4,950,786.30	-89.4%	2.9%
Total	**219,996,358.57**	**168,493,120.69**	**-23.4%**	**100.0%**

20. FOREIGN EXCHANGE GAIN AND LOSSES

(in MNT)

DESCRIPTION	2024	2025
Realized foreign exchange gain and losses :	(4,634.13)	2,048.66
Unrealized foreign exchange gain and losses:	143,609.51	(1,503,051.37)
Total	**138,975.38**	**(1,501,002.71)**

21. TAX EXPENSES

(in MNT)

DESCRIPTION	2024	2025
Tax expenses for the reporting year	119,332,333.29	125,837,641.40
Total	**119,332,333.29**	**125,837,641.40**

22. RELATED PARTIES DISCLOSURES

(in MNT)

Name	Relation	Jurisdiction	Description
Shagdarsuren Z.	Chairman of the Board	Mongolia	Legal Consultant of the Mongolian Bankers Association
Medree B.	Board Member	Mongolia	President of the Mongolian Bankers Association
Munkhtuya R.	Board Member	Mongolia	CEO of Khan Bank PLC
Uurtsaikhbaatar B.	Board Member	Mongolia	CEO of Capitron Bank PLC
Anar E.	Board Member	Mongolia	Director of the Payment and Settlement Department of the Bank of Mongolia
Bolortuya B.	Board Member	Mongolia	-
Enkhtuya O.	Independent Board Member	Mongolia	Consultant for The Nature Conservancy (International NGO)

23. TRANSACTIONS BETWEEN RELATED PARTIES

(in MNT)

Name	Relation	2024	2025
Shagdarsuren Z.	Chairman of the Board	13,564,545.60	9,482,701.00
Medree B.	Board Member	3,526,416.00	3,840,000.00
Munkhtuya R.	Board Member	3,448,656.00	3,840,000.00
Uurtsaikhbaatar B.	Board Member	3,448,656.00	3,840,000.00
Anar E.	Board Member	3,448,656.00	3,840,000.00
Bolortuya B.	Board Member	2,171,376.00	3,840,000.00
Enkhtuya O.	Independent Board Member	3,526,416.00	3,840,000.00
Total		**33,134,721.60**	**32,522,701.00**

24. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Subsequent events after the reporting period refers to favorable and unfavorable events occurring between the end of the reporting period and the date when the financial statements are approved for issuance. These events may impact financial reporting, requiring disclosure or adjustment based on accounting standards.

No adjusting or non-adjusting subsequent events occurred between the financial statement date and the approval date for Mongolian Billion Tree Fund as of December 31, 2025.

25. GOING CONCERN

The ability of the Mongolian Billion Tree Fund to continue operations has been assessed, and it has been concluded that the Fund has sufficient resources to sustain its business in the foreseeable future. There are no material risks or uncertainties that could raise doubts about the Fund's ability to continue its operations. In such cases, the management prepares the financial statements of the Mongolian Billion Tree Fund based on the going concern principle. Management believes that there is sufficient and appropriate evidence to support the application of the going concern principle as reasonable.

26. TRANSLATION

These financial statements have been prepared in both Mongolian and English. In the event of any discrepancies in meaning or content between the Mongolian and English versions, the Mongolian version shall prevail.