

**General information
for the year ended 31 December 2023**

Company name Monos Foods JSC

State registration number 9010002005

Nature of activities The Company's principal business activities are the production of juice, beverages, sweets, pellets, tea, soft capsule commodities, and foreign trade.

Shareholders:	Number of shares	Percentage of ownership
Khurelbaatar.L	286,198,433	70.00%
Tsetsenzorig.Ts	14,284,706	3.49%
Ganzorig.Ts	14,120,665	3.45%
Anand.Kh	10,929,975	2.67%
Tumenjargal.A	5,996,176	1.47%
Erdenechimeg.L	4,630,628	1.13%
Punsalmaa.B	4,466,005	1.09%
Others	68,223,840	16.69%
	408,850,428	100%

Executive management

Chief Executive Officer	Otgondari.A
Chief Financial Officer	Delgermaa.Ts
Chief Operating Officer	Todrol.P

The Board of Directors

Chairman	Anand.Kh
Independent member	Gantulga.B
Independent member	Lkhagvasuren.O
Independent member	Enkhtuvshin.D
Member	Khurelbaatar.L
Member	Battogtokh.Ch
Member	Otgondari.A
Member	Solongo.Kh
Member	Tsetsegbadam.Ts
Corporate Secretary	Tsagaankhuu.N

Permanent address Monos Foods JSC
Room 205-2, Chinggis ave,
Khan-Uul district, Khoroo-2
Ulaanbaatar, Mongolia

Auditor "BDO Audit" LLC
Room 1502, Level 15, Union Building-B,
Paris Street, Naryn Zam-62,
Sukhbaatar District, Khoroo-1,
Ulaanbaatar, Mongolia

**Statement of Management's Responsibility
For the preparation and approval of financial statements
for the year ended 31 December 2023**

The following statements, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report set out on pages 3-7, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the financial statements of Monos Foods JSC ('The Company') for the year ended 31 December 2023.

The management is responsible for the preparation of the financial statements that present fairly, the financial position of the Company at 31 December 2023, financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ('IFRS') the Accounting Law of Mongolia, and in consistence with the accounting rules and regulations for company set by authorized institutions.

The financial statements of the Company for the year ended 31 December 2023 were authorized for issuance by the Company management.

  ANAND.KH Chairman of BOD	 OTGONDARI. A. Chief Executive Officer	 DELGERMAA. TS Chief Financial officer
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Date: 10 April, 2024

Ulaanbaatar, Mongolia

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Monos Foods JSC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Monos Foods Joint Stock Company (the Company), which comprise of:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended; and
- notes to the financial statements, including including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and its financial performance and its 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT *(continued)*

Key Audit Matters	Audit Response
<p>1 Government Grants</p> <p>In the framework of Parliament Resolution No. 36 of 2022 "About to take actions to Ensure Food Supply and Security", the company received concessional loans of MNT 18 billion for investment purposes of non-current assets and a loan of MNT 12 billion for working capital on preferential terms from the Ministry of Food, Agriculture and Light Industry in the reporting year. Because of the complexity of the initial and subsequent measurement of loans received under this concessional loan agreement, and the unique nature of government grants, these transactions were identified as a key audit matter.</p> <p>As of December 31, 2023, the amount of the loan measured at amortized cost is MNT 23,550,500 thousand (2022: Nil).</p> <p>As of December 31, 2023, the amount of deferred government grant income recognized in the financial statements is MNT 6,449,500 thousand (2022: Nil).</p> <p>Refer to Note 12 and 24 to the accompanying financial statements.</p>	<p>Concerning revenue recognition from government grants, and fair value measurement and recognition of the concessional loans:</p> <ul style="list-style-type: none"> ▪ Checked whether the criteria for government grants were met based on the criteria set by the government and their fulfillment; ▪ Recalculated the initial fair value of the loan; ▪ Checked whether the amortization of deferred government grant income is accurately recorded in the profit and loss and in other comprehensive income statements.
<p>2 Revaluation of Property, Plant and Equipment</p> <p>At the end of the reporting year, the company's revaluation of the assets with the carrying value of MNT 10,670,162 thousand in the class of buildings and equipment included in the Property, Plant and Equipment of the Financial Statement was performed by an external, independent and professional appraiser in which a revaluation surplus of MNT 2,216,467 thousand (after tax) was recognized. Due to the estimation uncertainty arising from the unobservable inputs used in the fair value calculation, and the complexity of the valuation methodology and calculation, it was considered as a key audit matter.</p> <p>Refer to Note 20 to the accompanying financial statements.</p>	<p>We have engaged an audit expert with knowledge and experience in valuation methodologies, traded capital markets, and unobservable inputs to obtain reasonable evidence related to property and equipment revaluation.</p>

INDEPENDENT AUDITOR'S REPORT *(continued)*

Key Audit Matters

Audit Reponse

3 Recognition and Cost of Assets under construction

The company started the construction of a new MFC 2.0 plant in 2022 and actively continued construction in 2023, which aims to triple the production capacity of health-promoting products. At the end of the reporting year, the total cost of MNT 22,936,773 thousand was recorded in the construction-in-progress account. We considered the cost of assets under construction as a key audit matter due to the complexity of the calculation of the cost of capitalized interest.

We analyzed the accumulated costs within the project by each type of cost and checked the eligibility criteria for capitalization of the project cost and the reasonableness of the calculation of the capitalized borrowings cost t the cost of assets under construction.

Refer to Note 20 to the accompanying financial statements.

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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

INDEPENDENT AUDITOR'S REPORT *(continued)*

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 in accordance with IFRS Accounting Standards and for such internal control as management determines is 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.



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Date : 2024 .04. 10

MONOS FOODS JSC

Statement of financial position (continued)
as at 31 December 2023

	Note	At 31 December 2023 MNT'000	At 31 December 2022 MNT'000
Non-current liabilities			
Loans and borrowings	24	29,025,580	4,671,201
Deferred government grants	14; 24	6,449,500	-
Lease liabilities	21	157,211	-
Deferred tax liabilities	14	213,518	-
Total non-current liabilities		35,845,809	4,671,201
Total liabilities		55,330,286	19,216,894
Equity			
Share capital	26	2,318,182	2,318,182
Paid in capital	26	6,835,733	6,835,733
Revaluation reserve	20	2,508,104	410,914
Retained earnings		10,344,161	7,725,833
Total Equity		22,006,180	17,290,662
Total Equity and Liabilities		77,336,466	36,507,556

Anand.Kh
Chairman of BOD



The notes set out on pages 14-74 form an integral part of these financial statements.

MONOS FOODS JSC

Statement of changes in equity
for the year ended 31 December 2023

	Share Capital MNT'000	Paid in capital MNT'000	Revaluation reserve MNT'000	Retained earnings MNT'000	Total MNT'000
Balance at 01 January 2023	2,318,182	6,835,733	410,914	7,725,833	17,290,662
Profit for the year	-	-	-	3,480,290	3,480,290
Other comprehensive income for the year	-	-	2,216,467	-	2,216,467
Total comprehensive income for the year	-	-	2,216,467	3,480,290	5,696,757
Realization of revaluation surplus	-	-	(119,277)	119,277	-
Dividend paid	-	-	-	(981,240)	(981,240)
Balance at 31 December 2023	2,318,182	6,835,733	2,508,104	10,344,161	22,006,180
Balance at 01 January 2022	2,318,182	6,835,733	451,941	5,315,170	14,921,026
Profit for the year	-	-	-	3,187,338	3,187,338
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,187,338	3,187,338
Realization of revaluation reserve	-	-	(41,027)	41,027	-
Dividend paid	-	-	-	(817,702)	(817,702)
Balance at 31 December 2022	2,318,182	6,835,733	410,914	7,725,833	17,290,662



 Ahmad:Kh
 Chairman of BOD

MONOS FOODS JSC

Statement of cash flows
for the year ended 31 December 2023

	Note	2023 MNT'000	2022 MNT'000
Cash flows from operating activities			
Profit for the year		3,480,290	3,187,337
<i>Adjustments:</i>			
Income tax expense	15	437,089	441,581
Depreciation of property, plant and equipment	20	1,239,415	1,113,498
Amortization of intangible assets	22	111,760	108,462
Amortization of right of use assets	21	121,943	57,634
Unrealized loss/(gain) on foreign exchange rate	12	18,602	(23,657)
Loss on inventory write-off	11	143,786	137,649
Impairment of Inventory	13	18,361	15,159
Gain on sale of property, plant and equipment	13	-	(11,364)
Loss on disposal of Property, Plant and Equipment	13	3,285	1,430
Gain on write off of right of use assets	13	-	(8,191)
Interest income	12	(11,025)	-
Loan interest expense	12	598,125	634,425
Lease interest expense	21	32,364	13,936
Cash generated before changes in working capital		6,193,995	5,667,899
(Increase)/Decrease in inventories		2,712,986	(2,095,658)
(Increase)/Decrease in trade and other receivables		(352,746)	(821,977)
Increase/(Decrease) in trade and other payables		(48,192)	1,748,416
Increase/(Decrease) in contract liabilities		(10,246)	30,947
(Increase)/Decrease in prepayments		(1,909,310)	(948,549)
Cash generated from operations		6,586,487	3,581,078
Income tax paid	14	(714,566)	(235,227)
Net cash generated from operating activities		5,871,921	3,345,851

Table continues to the next page

MONOS FOODS JSC

Statement of cash flows (continued)
for the year ended 31 December 2023

	Note	2023 MNT'000	2022 MNT'000
Investing Activities			
Acquisition of property, plant and equipment	24, 29	(9,341,897)	(10,715,992)
Disposal of property, plant and equipment	20	-	11,364
Acquisition of intangible assets	22	-	(33,058)
Acquisition of right-of-use assets	21	(734,242)	-
Interests received	16	11,025	-
Net Cash flows used in investing activities		(10,065,114)	(10,737,686)
Financing activities			
Proceeds from loans and borrowings	24, 29	50,703,799	17,015,413
Repayments of loans and borrowings	24, 29	(15,299,888)	(7,729,507)
Dividends paid	26	(981,240)	(817,701)
Principal paid on lease liabilities	21	(118,032)	(53,136)
Interest paid on lease liabilities	21	-	(13,936)
Interest paid on loans and borrowings	24, 29	(2,859,416)	(995,426)
Net cash used in financing activities		31,445,223	7,405,707
Total net cash flows for the year		27,252,030	13,872
Cash and cash equivalents at beginning of the year	19	295,524	257,995
<i>Effect of foreign exchange rate changes</i>		(10,075)	23,657
Cash and cash equivalents at end of the year	19	27,537,479	295,524

Notes supporting statement of cash flows are set out in Note 29.



 Arand Kh
 Chairman of BOD