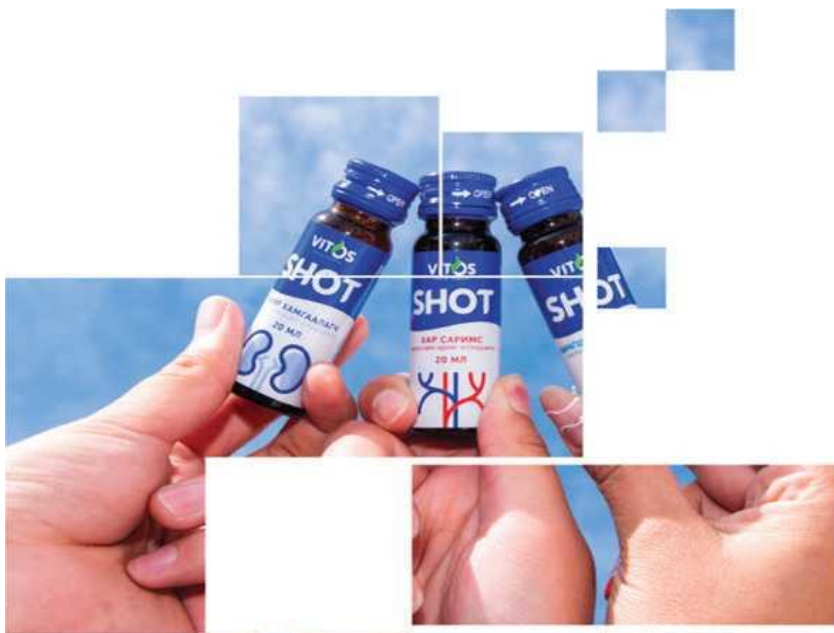




10 YEARS OF HEALTH CHARGING

ANNUAL REPORT - 2022



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GREETINGS FROM THE EXECUTIVE DIRECTOR

Greetings to all of our customers, colleagues, and business partners, shareholders and employees.

We are presenting the 2022 Operational Report of Monos Food JSC to you all.

The last year 2022 was an exceptional year when we celebrated our 10th Anniversary, evaluated our achievements and discussed our future.

In 2022, our company increased sales by 50% and net profit by 57%, respectively, paid 2.2 billion MNT in taxes to the state budget, and successfully introduced 14 products of 6 new brands on the market.

In cooperation with "TSC Food Products RU" operating in the market of the Russian Federation, our company has started to develop "MILINO" brand curd dragee products and supply them to our customers. Moreover, in order to enter the market of the Kyrgyz Republic, Monos Group has established a subsidiary company, MONOS KG, and started cooperation with the company.

We have successfully launched MFC 2.0 Project to ensure the company's further expansion and development, to integrate health liquid and dry food factories and are aiming to commence them into operation in the second half of 2023.

Hence, the capacity of beverage factory production will be increased by 2.5 times, productivity of VITOS brand will be increased by 50% by solving the production line automation, and the activities of 2 factories and offices or departments will be centralized in one place.

Monos Foods JSC has initiated the following activities by defining its contribution to the Sustainable Development Goals:

- "Careful Mongolian Men" social impact project aimed at men's health;
- Eco-friendlier and less waste packaging solutions to improve environmental pollution and waste management;
- Habituation of ESG or Environmental, Social and Governance Reporting to extend open, fair, and ethical practices;

Thus, our company can keep a stable operation for an extended period, benefit society and shareholders, and be customer-oriented.

I hereby extend my gratitude to our dear customers and clients, shareholder and all employees, who have been together for ten years of charging health and wish to grow together in the future years of spreading health.

OTGONDARI AGVAANDORJ
Chief Executive Director of Monos Food JSC

Board of Directors

Ordinary Members of the Board



ANAND.Kh
Chairman of the Board
CEO of Monos Group
LLC



KHURELBAATAR.L
Member of the Board,
"Hero of Labor" of Mongolia,
Ph.D., Academician, Merited
Health Sector Worker and
President of Monos Group LLC



SOLONGO.Kh
Member of the Board
Monos Cosmetic LLC
Chairman of the Board



TSETSEGBADAM.Ts
Member of the Board
Director of Finance of
Monos Group LLC



OTGONDARIA.A
Member of the Board
CEO of Monos
Foods JSC



BATTOGTOKH.Ch
Member of the Board
Doctor of Medicine, Associated
Professor and Chairman of Faculty
of MNUMS

Independent Members of the Board



GANTULGA.B
Independent member of the Board
, Chairman of Salary, Bonus and
Candidacy Committee
CEO of Ulaanbaatar Stock Exchange



LKHAGVASUREN.O
Independent member of the Board
Chairman of Audit Committee, and
CEO of Setsen Bilguun LLC



ALTANBAGANA.Sh
Independent member of the Board
, Chairman of Strategy and Business
Development Committee ,and Executive
Director of Terra Express LLC

MISSION



We aim to be a **LEADING** company in the domestic market as a **MANUFACTURER** and **EXPORTER** of health promoting food products in accordance with international standards to the satisfaction of consumers.

VISION



To habituate **ORGANIC** food products that support **HEALTH** as a daily consumption of consumers.

VALUE



Healthy and High-Quality Products



Valuable Customers



Reliable Clients



Ethical Business Practices



Competent and Creative Colleagues



Innovative



Investor in Mongolian Intelligence

CHRONICLES OF THE COMPANY

Since 2012, Monos Foods JSC has been engaged in the business of producing and trading food and food supplements to support the health of the population. We produce dairy products with national features and products using medicinal raw materials grown in the soil of Mongolia based on many years of Research by leading scientists. We produce 71 types of health products of 13 brands and distribute them to 6,000 selling points in total in the capital city and 21 provinces to deliver our products to every corner of Mongolia.



2016

Eco Instant Tea was started to produce for the first time in Mongolia.

ERP
BUSINESS APPS



2014

ODOO ERP (Enterprise Resource Planning) was introduced in the company's operations.

2012

Monos Foods LLC was officially established after the separation from Monos Pharm LLC.

Ecos alkaline water with pH8.5 was started to produce for the first time in Mongolia.

2015



TSENEG health supplement in glass packaging was introduced into production.



2013

2018

Our exporting was officially started by launching the products in the market of China and Japan.



2020

The project introducing Food Industry Integrated Management Standard ISO22000:2018 and Human Resource Management Standard ISO:30400 was launched. Health Liquid Food Factory was commissioned, and 8 lines of products were introduced in the market



TSENEG Health preparation of VITOS brand was launched into the market after Rebranding. Moreover, "Shot" brand was launched with 3 types of biologically active products.

Monos Foods became an open joint stock company through Mongolian Stock Exchange. The company introduced International Quality Management System ISO9001:2015 standard and Food Safety HACCP standard in its operation and received the certificate by confirmation of International Audit firm SGS

2021



2019

The company launched the project to introduce the Quality Management System ISO9001:2015 standard and Food Safety HACCP standard in its operation



The company started developing and supplying MILINO brand curd dragee in cooperation with "TSC" company's branch in Russian federation "TSC Food Products Ru".

2017

2022



NEW AND UPDATED PRODUCTS



ENKHJIN | HEALTH TEA became eco-friendly with new packaging

ENKHJIN Health Tea hits the market with new packaging that reduces plastic wraps used for tea packaging by 90% and paper by 42%. Thus, it allows us to reduce 8 tons of plastic wraps and paper per year.



"TAILAGCH" LAUNCHED INTO THE MARKET



Monos Foods JSC, in cooperation with "Khandgai" Project of ECONTE LLC, has launched a new Hangover relief product into the market in order to make a valuable contribution to the creative sectors of Mongolia and to introduce Mongolian culture to the world. Hangover Relief is a product that prevents intoxication caused by excess usage of alcoholic beverages and has a DETOXICATION EFFECT. Every purchase of this product will contribute to Mongolia's creative sectors.



NEW LINE EXTENSION OF AAMI, TAAMI JUICE

"AAMI, TAAMI" juice, named after the loveable main characters of the animated series "MAAMUU", has been extended to the juice line, TAAMI&JOJO with peach flavor, and AAMI&IUUDUU with apricot and carrot flavors. Everyday consumption of these products allows children to receive their daily vitamin C needs and to support their immunity and prevent common cold.



"УВДИСТ" CONCENTRATED JUICE LAUNCHED INTO THE MARKET

"УВДИСТ" Juice combination with seabuckthorn and orange juice is rich in vitamins and has an antioxidant effect. It also comes in easy-to-use packaging, and 2 liters of concentrated juice makes 40-50 cups of juice



STATEMENT OF FINANCIAL POSITION

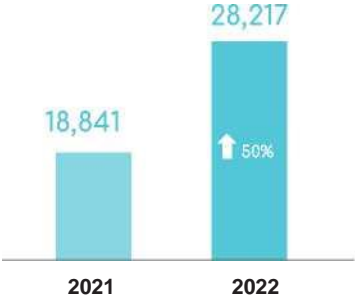
(million MNT)	2021	2022	+- %
ASSETS	22,996.0	36,507.6	59%
Current assets	9,818.0	12,472.5	27%
Cash and cash equivalents	258.0	295.5	15%
Trade receivables	2,880.0	3,586.9	25%
Receivables from tax, social insurance premium	73.1	45.6	-38%
Other receivables	49.7	181.4	265%
Inventories	5,785.6	7,750.0	34%
Prepayments	771.5	613.1	-21%
Non-current assets	13,178.0	24,035.0	82%
Fixed assets	12,501.3	22,188.4	77%
Intangible assets	591.0	525.8	-11%
Deferred tax assets	55.1	70.2	27%
Other non-current assets	30.6	1,250.6	3987%
EQUITY AND LIABILITIES	22,996.0	36,507.6	59%
Liabilities	8,075.0	19,216.9	138%
Current liabilities	4,651.3	14,545.7	213%
Trade payables	798.4	1,270.1	59%
Salary payable	56.1	178.7	218%
Tax payable	509.0	1,707.3	235%
Social security payable	16.3	228.2	1304%
Short term loan	2,676.1	10,584.9	296%
Interest payable	20.8	105.9	408%
Dividend payable	0.0	0.0	
Prepaid income	27.8	58.7	111%
Reserve liabilities	153.7	150.4	-2%
Other current liabilities	393.1	261.5	-33%
Non-current liabilities	3,423.7	4,671.2	36%
Long term loan	3,294.1	4,671.2	42%
Other non-current liabilities	129.6	0.0	-100%
Equity	14,921.0	17,290.7	16%
Share capital	2,318.2	2,318.2	0%
Paid in capital	6,835.7	6,835.7	0%
Revaluation reserve	451.9	410.9	-9%
Retained earnings	5,315.2	7,725.8	45%

INCOME STATEMENT

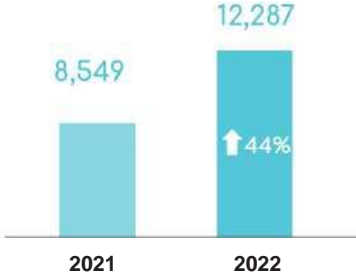
/million MNT/	2021	2022	+ - % ¹
Sales revenue (net)	18,840.8	28,216.6	50%
Cost of sales	10,291.6	15,928.7	55%
Gross profit	8,549.2	12,287.9	44%
Other income	82.4	74.4	-10%
Marketing and selling expenses	3,649.7	5,100.6	40%
General and administrative expenses	1,586.7	2,668.4	68%
Finance expenditures	616.8	648.7	5%
Non-operating expenses	398.1	163.6	-59%
Realised foreign exchange loss	-52.6	-152.1	189%
Profit before tax	2,327.7	3,628.9	56%
Income tax expense	298.0	441.6	48%
Net profit	2,029.7	3,187.3	57%

KPI

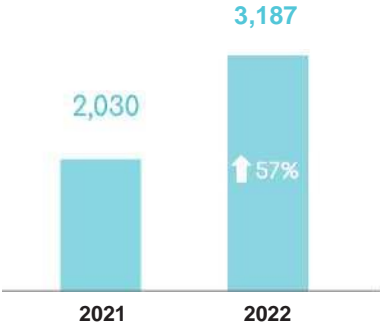
Sales revenue
(million MNT)



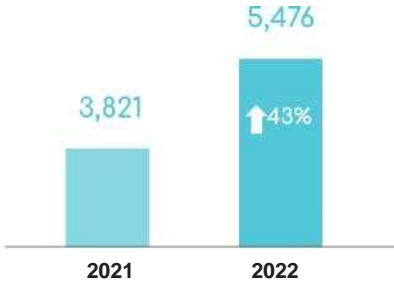
Gross profit
(million MNT)



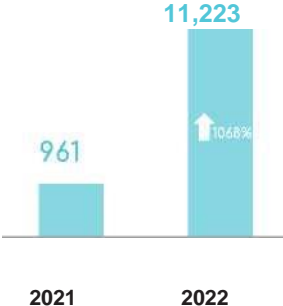
Net profit
(million MNT)



EBITDA
(million MNT)



Investment
(million MNT)



POSITIVE IMPACT ON SOCIETY



The company sponsored the children's movie, which participated in the Cannes Film Festival for the first time from Mongolia.

The Cannes Film Festival, the world's premier film festival, is being organized for the 75th consecutive year this year. At the Film Festival, artists of the film "Adventures of the Big Head" participated in the film festival for the first time from Mongolia in the Marche du Film commercial section as a children's film, sponsored by Monos Foods JSC.



"Let's take care of our hearts" Day

Monos Foods JSC, a health promoter, organizes trainings annually to help reduce the diseases society faces. We have organized this year's event under the name of "Let's take care of our hearts" in cooperation with Unurjargal.E, a physician of Songinokhairkhan General Hospital, on June 02, 2022.



"Let's against the flu" Day

"Let's against flu" Day was organized with the support of Monos Foods JSC on the initiative of Social Health and Cooperation of the Department of Songinokhairkhan District General Hospital. During the event, Monos Foods JSC handed immune support products out to nearly 600 children and their caregivers who were hospitalized in the hospital and performed a drama performance. Moreover, during this event, physicians and specialists of the hospital gave recommendations and advice to the inpatients on how to wash hands properly and how to prevent infectious diseases in interesting ways.



Training for World No Tobacco Day

Worldwide celebrates May 31 of every year to raise awareness of the consequences of tobacco smoke and its consumption and to spread information on its harmful impact on the economy. The company organized training with the scope of "Consequences of Smoking" in cooperation with Songinokhairkhan District General Hospital. The training provided advice and information on how to prevent tobacco consumption, the harm caused by smoking, and the harm caused by substances released from tobacco.



Furnished rooms of General Surgery Department of NCMCH

We fully furnished the waiting and examination rooms of NCMCH and handed them over. These two rooms are designated for more than 13,000 children and their caregivers to receive anesthesia examinations and physicians' advice before planned or emergency surgeries, prepare themselves before major or minor surgeries, or spend their free time with parents or guardians.



"One day together with Maamuu" Day

Monos Foods JSC, a health promoter, organized "One day together with Maamuu" Day in cooperation with Mongol Content LLC at the Magic Land-II Children Protection Center within the scope of the 10th Anniversary. During this Day, the companies handed presents out to over 200 children, and the children spent along with AAMI&TAAMI one day fun.



Organized "For Healthy Body" Sanatorium Day

Activities aimed at seniors are organized annually within the scope of social responsibility. This year, it was successfully organized at Uvurjanchivlan, Arjanchivlan, and Zadgai Tsagaan Sanatoriums under the motto "For Healthy Body." During the Day, more than 170 people and employees in total were involved, and physicians and specialists provided them with health advice.



Specialists completed training for World Hepatitis Day.

For this day, Monos Foods JSC annually organizes training in cooperation with health providers to educate and inform individuals about how to prevent liver disease and the leading causes of liver diseases. This year, the company successfully organized training in collaboration with Bayanzurkh District General Hospital with the theme "Liver Cancer and Its Prevention."

MILESTONE



Commencement and the opening ceremony of the MFC 2.0 project

The opening ceremony for the celebration of the commencement of the "MFC 2.0" factory of Monos Foods JSC. This factory project's purpose is to define the business vision, elevate it to the next level, and unite the food and beverage factory and offices.

The factory's capacity will be increased, making it possible to simultaneously manufacture hot and cold filling lines and bio-active product lines for the product by the time implementation commences.



Nature friendly manufacturing

We saved 11% of electricity on the organizational scale in the 3rd season by applying energy-saving A+-type electrical equipment and less energy-consuming LED illumination that are nature-friendly for our factory. And we saved 7% of our water use by regularly using grey water for daily consumption, in some cases, for watering purposes in the surrounding green area of the factory.



Monos Foods JSC successfully organized its annual shareholders' conference

Monos Foods JSC successfully organized its annual shareholders' conference on April 23, 2022, during the Investors Expo. In this conference, the independent member of the BOD, Gantulga.B, presided, and 79.95% of voting members attended. They decided on the following issues that are related to the activities of the company:

- To discuss and approve the review by the BOD of the company's operational and financial reports for 2021;
- To approve the budget of the BOD;
- To elect an ordinary and independent member of the BOD.



Monos Foods JSC's Internal Inspecting Laboratory received the Certificate of MNS ISO/IEC 17025:2018

The health promoter Monos Foods JSC's Internal Inspecting Laboratory is adequate to the MNS ISO/IEC 17025:2018 Standard, otherwise "General Requirements for the Competence of Testing and Calibration Laboratories", and accredited by Order A/29 of the Chairman of the National Accreditation Center dated 2022. This accreditation defines the general requirements for the quality management system, fairness, and consistent activity.



Monos Group became the "BEST PARTNER" of the National University of Mongolia

Monos Group was selected as the "BEST PARTNER" of the NUM that they award their stable and reliable partners in training and research activity sector. Monos Group regularly cooperates with leading domestic and international universities and institutes in the sector of research and academic affairs and has been cooperating with the NUM since 2011. In this cooperation work frame, the Monos Group and the professors of the NUM developed, as a result of 5 years of collaboration in research, the intoxicating and antioxidating "100 Naslaarai" tea, which was successfully produced in the market in 2015.



The initial Board of Directors meeting of 2022 was held with a new members

The regular meeting of the 1st season of the Board of Monos Foods JSC was successfully held on May 4, 2022. The meeting was organized with 100% attendance in full members of the Board in the office. This regular meeting proceeded with a new structure and members and selected their Chairman, the Committee before the Board, and the Secretary by discussion. The organization's first-season operation and financial reports were reviewed, and the long-term and short-term business plans were approved by the discussion of this conference.

MONOS FOODS JSC EXPANDED THEIR EXPORT FRAME

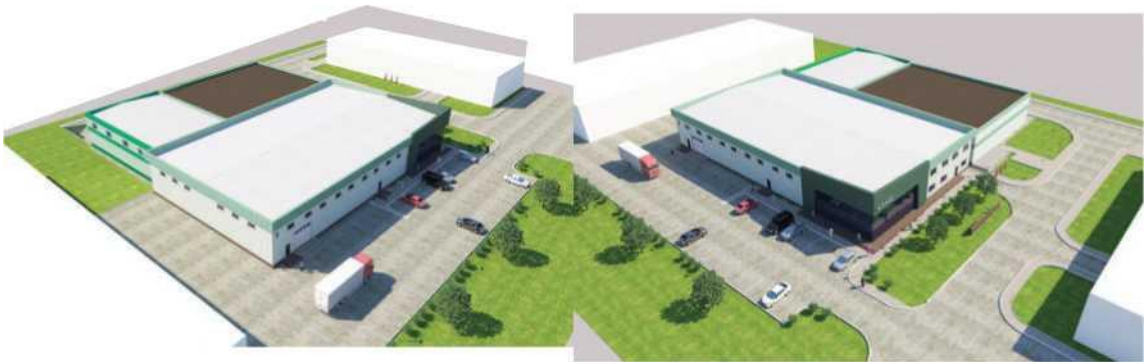
Monos Foods JSC, the manufacturer, and leader in healthy food production, has focused on export sales since 2017. In 2022, we focused and worked on Russia, China, U.S, Korea, and Kyrgyzstan's markets and the primary results have been seen. We performed a 10-month cooperation with the branch in Russia, "TSC Food Products RU," of the "TSC" company, which is centered in Australia, and developed a brand named "MILINO" product that contains curds and supplied the first delivery. This product, named "MILINO", which contains curds, can be supplied not only to Russia but also to five countries of the Commonwealth of Independent States. Besides those, the company named Monos K J was established and held its opening ceremony in Bishkek, the Republic of Kyrgyzstan, on December 16, 2022. That company was established for the purpose of representing the exports of "Monos Foods" JSC, "Monos Pharmacy," and "Monos Cosmetics" to the market of Kyrgyzstan.



PROJECT OVERVIEW OF MFC 2.0



Our company has been engaging in the operations of manufacture and sales of health promoting food and beverage, and the 10th anniversary of Monos Foods LLC coincided in 2022. We commenced the "MFC 2.0" industrial project that unites two factories, uplifts them to the next level, and defines the future vision in historical time.



Opportunity and advantages of the MFC 2.0 project



Automation of the factory



The factory's capacity will be increased, making it possible to simultaneously manufacture hot and filling lines and bio-active product filling lines by the time implementation commences.



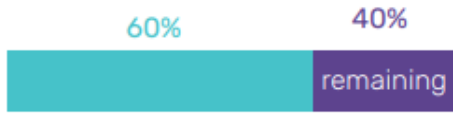
To increase the satisfaction of the employees by creating a factory-office dual solution.



Expanding the activity and increasing the revenue from sales



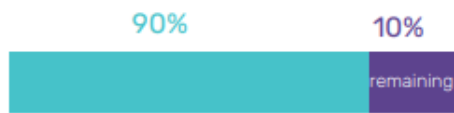
To successfully produce a new brand product in the market



Factory building



Equipment



Product development

