

Monos Foods JSC

Financial Statements together
with Independent Auditor's Report
for the year ended 31 December 2024

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General information
For the year ended 31 December 2024

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	3,093,249	0.76%
Others	69,596,596	17.02%
	408,850,428	100%

Executive management
Chief Executive Officer Otgondari.A
Chief Financial Officer Delgermaa.Ts
Chief Operating Officer Amarbold.E

The Board of Directors
Chairman Anand.Kh
Independent member Zoljargal.G
Independent member Ulaankhuu.N
Independent member Sarandavaa.M
Independent member Gerelt-Od.D
Independent member Enkhjargal.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**
Songolon Road Street 32-3,
Western Industrial zone, Bayangol
district, 20th khoroo,
Ulaanbaatar, Mongolia


Auditor **Onch Audit LLC**
15th floor, ICC Tower,
Jamiyan Gun Street, 1st khoroo,
Ulaanbaatar, Mongolia

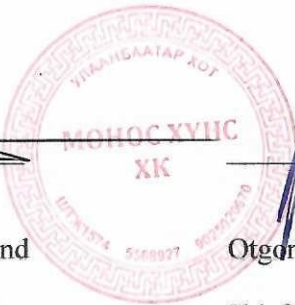


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STATEMENT BY EXECUTIVES

We, Khurelbaatar Anand, being Chairman of Board of Directors of Monos Foods JSC (“the Company”), Otgondari Agvaandorj, being Chief Executive Officer, and Delgermaa Tsegmed, being the Chief Financial Officer primarily responsible for the financial statements of the Company, do hereby state that, in our opinion, the accompanying financial statements set out on pages 1 to ___ present fairly, in all material respects the financial position of the Company as at 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.


Khurelbaatar Anand
Chairman of BoD


Otgondari Agvaandorj
Chief Executive Officer


Delgermaa Tsegmed
Chief Financial Officer



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Улаанбаатар хот 17043, Монгол Улс

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 the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in owners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We identified the following issues as key audit matters.

Key audit matters	Procedures performed by us
<p><i>Change in accounting policy – Subsequent measurement of property, plant and equipment changed from revaluation model to cost model</i></p> <p>During the year, the Company changed its accounting policy for subsequent measurement of property, plant, and equipment from revaluation model to the cost model. This change was applied retrospectively in accordance with <i>IAS 8 Accounting Policies, Change in Accounting Estimates and Errors</i>. The change in policy has a significant impact on the financial statements, as previously recognized revaluation surpluses were derecognized, and assets were measured at historical cost. Given the complexity of the transition, the potential impact on financial statements, this was considered a key audit matter.</p>	<p>Our audit procedures over change in the accounting policy included, among others:</p> <ul style="list-style-type: none"> • Reviewed the Company's rationale for the change in accounting policy. • Evaluated management's retroerspective application of the cost model, including adjustment made to historical asset values and the derecognition of revaluation surpluses. • Assessed whether the disclosures in the financial statements complied with IAS 8, particularly in relation to the justification for the change.

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Key audit matters**Procedures performed by us**

- Recalculated the carrying amounts of property, plant, and equipment under the cost model and comparing them with prior period valuations to identify any material misstatements.

Other Information

The management of the Company is responsible for the other information. The other information comprises the information included in the statement by executives, 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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs issued by the International Accounting Standards Board, and for such internal control as the management determine 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 the management.
- Conclude on the appropriateness of the 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 the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, 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.

Onch Audit LLC

Onch Audit LLC
Ulaanbaatar, Mongolia
26 March 2025

Signed by:



U. Yambasuren

Uranbileg Byambasuren
Partner, CPA

MONOS FOODS JSC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(IN THOUSANDS OF MONGOLIAN TOGROGS)

	Notes	31 December 2024	31 December 2023 Restated*
Assets			
<i>Current assets</i>			
Cash and cash equivalents	6	2,292,388	27,537,479
Accounts and other receivables	7	5,497,442	4,112,780
Prepayments	8	544,383	685,004
Inventories	9	7,806,736	4,944,922
Other current assets	10	1,428,799	-
		17,569,748	37,280,185
<i>Non-current assets</i>			
Property, plant and equipment	11	35,455,386	33,731,971
Right of use assets	12	2,589,657	967,489
Intangible assets	13	327,070	414,045
Other receivables	7	-	22,266
Prepayments	8	2,951,402	2,143,951
Deferred tax assets	18	95,157	76,130
		41,418,672	37,355,852
Total Assets		58,988,420	74,636,037
Liabilities and Owners' equity			
<i>Current liabilities</i>			
Accounts and other payables	14	3,949,391	3,448,740
Contract liabilities	15	93,651	48,499
Borrowings	16	12,979,016	15,434,400
Deferred government grants	16	1,678,419	2,303,513
Lease liabilities	12	116,255	112,311
Income tax payables	18	337,059	202,068
Provision	9	239,115	254,886
		19,392,906	21,804,417
<i>Non-current liabilities</i>			
Borrowings	16	13,507,432	29,025,580
Deferred government grants	16	2,467,568	4,145,987
Lease liabilities	12	66,972	157,211
		16,041,972	33,328,778
Total Liabilities		35,434,878	55,133,195
Equity attributable to equity holders of the Company			
Share capital	17	2,318,182	2,318,182
Additional paid-in-capital	17	6,835,733	6,835,733
Retained earnings		14,399,627	10,348,927
		23,553,542	19,502,842
Total Liabilities and Owners' Equity		58,988,420	74,636,037

* Comparatives have been restated as a result of the accounting policy change during the year, please refer to Note 5 for details.

The accompanying notes form an integral part of these financial statements.

MONOS FOODS JSC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(IN THOUSANDS OF MONGOLIAN TOGROGS)

	Notes	2024	2023 Restated*
Revenue from contracts with customers	19	37,993,254	31,676,949
Cost of sales	20	(19,715,030)	(17,090,569)
Gross profit		18,278,224	14,586,380
Other operating income		66,054	35,531
General and administrative expenses	21	(4,331,963)	(3,011,186)
Marketing and selling expenses	22	(8,303,161)	(6,711,229)
Other expenses	24	(206,206)	(147,950)
Profit from operations		5,502,948	4,751,546
Finance income	25	177,218	61,188
Finance expense	25	(1,107,243)	(725,111)
Other gains or losses	26	(10,409)	(21,645)
Profit before tax		4,562,514	4,065,978
Income tax expense	18	(511,814)	(451,949)
Profit for the year		4,050,700	3,614,029
Earnings per share (in MNT)	17.4	9.91	8.84

* Comparatives have been restated as a result of the accounting policy change during the year, please refer to Note 5 for details.

The accompanying notes form an integral part of these financial statements.

MONOS FOODS JSC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(IN THOUSANDS OF MONGOLIAN TOGROGS)

	Share Capital	Additional paid-in- capital	Retained Earnings	Total equity
Balance as at 31 December 2022 (Restated)*	2,318,182	6,835,733	7,716,138	16,870,053
Profit for the year (Restated)*	-	-	3,614,029	3,614,029
Dividends declared (Note 17.3)	-	-	(981,240)	(981,240)
Balance as at 31 December 2023 (Restated)*	2,318,182	6,835,733	10,348,927	19,502,842
Profit for the year	-	-	4,050,700	4,050,700
Balance as at 31 December 2024	2,318,182	6,835,733	14,399,627	23,553,542

* Comparatives have been restated as a result of the accounting policy change during the year, please refer to Note 5 for details.

The accompanying notes form an integral part of these financial statements.

MONOS FOODS JSC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(IN THOUSANDS OF MONGOLIAN TOGROGS)

	Notes	2024	2023 Restated*
Cash flows from operating activities			
Profit for the year		4,050,700	3,614,029
Adjustments for:			
Income tax expense	18	511,814	451,949
Depreciation of property, plant and equipment	11	1,281,952	1,090,836
Amortisation of intangible assets	13	108,548	111,760
Depreciation of right-of-use assets	12	131,017	121,943
Unrealised loss/(gain) on foreign exchange rate		(5,034)	18,584
Loss on inventory write-off	24	199,684	143,786
Impairment of inventory obsolesce	26	26,957	18,361
Loss on disposal of property, plant and equipment	11,26	633	3,284
Gain on lease modification	12	(16,259)	-
Gain on write off of right of use assets	12	(922)	-
Interest income	25	(150,462)	(11,025)
Loan interest expense	16	988,874	598,125
Lease interest expense	12	32,868	32,364
		7,160,370	6,193,996
(Increase)/decrease in inventories		(3,088,455)	2,712,986
Increase in accounts and other receivables		(1,362,396)	(352,746)
Decrease/(increase) in prepayments		137,441	(1,909,310)
Increase/(decrease) in accounts and other payables		34,366	(48,192)
Increase/(decrease) in contract liabilities		45,152	(10,246)
		2,926,478	6,586,488
Income taxes paid	18	(395,850)	(714,567)
Cash flows from operating activities		2,530,628	5,871,921
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2,085,421)	(9,341,897)
Acquisition of right-of-use assets		(2,719,140)	(734,242)
Acquisition of intangible assets	13	(21,573)	-
Interests received	25	150,462	11,025
Net cash flows used in investing activities		(4,675,672)	(10,065,114)
Cash flows from financing activities			
Proceeds from borrowings	16	18,377,364	50,703,799
Repayments of borrowings	16	(38,437,284)	(15,299,888)
Interest paid on borrowings	16	(2,906,826)	(2,859,416)
Dividends paid	17	-	(981,240)
Lease payment	12	(133,527)	(118,032)
Net cash flows (used in) /from financing activities		(23,100,273)	31,445,223
Effects of exchange rate changes on cash		226	(10,075)
(Decrease)/Increase in cash and cash equivalents		(25,245,091)	27,241,955
Cash and cash equivalents, at beginning of the year	6	27,537,479	295,524
Cash and cash equivalents, at end of the year	6	2,292,388	27,537,479

* Comparatives have been restated as a result of the accounting policy change during the year, please refer to Note 5 for details.

The accompanying notes form an integral part of these financial statements.