

## FINANCIAL AND OPERATING REPORT 2023 OF TALKH CHIKHER JSC

Operating Report /form 1/

Article 20 of the Securities Market Law legislates the common obligations of the issuer, and the issuer is responsible for submitting the annual activity report to the Financial Regulatory Commission and the trading organization in accordance with the following form, and to provide information to the public through its website.

Reporting period	2023.1.1-2023.12.31
Name of the issuer, State registration certificate number, securities code, phone number	"Talkh Chikher" JSC, Certificate no 9010001092, TCK,C10, 99107023
Name of the registered securities trading organization	"Mongolian Stock Exchange" JSC
Field of business activity	Food production and trade
Total number of shares issued by the issuer	1,023,703 pcs
Name of the official who prepared and reviewed the annual report	D. Erdenetsetseg, Chief Financial Officer, Chief Accountant

1. Financial report for the reporting year /fill in the indicators of the summary report and attach the financial report/

Indicator of financial situation	The report is attached
Income Statement	The report is attached
Statement of changes in equity	The report is attached
Statement of Cash Flows	The report is attached

### 1.1 Audit report on annual financial statements

The conclusion of the audit committee under the board of directors, which discussed and approved the annual financial report: The company's sales revenue increased, and the company's management focused on training and development for the purpose of increasing the salary and income of employees, updating equipment and improving the skills of employees.

2 . Reports and information that briefly describe the factors influencing the audit determination letter (must be prepared within the scope of this guidance), management's assessment, and the actions to be taken.

Although the cost of imported materials, transportation costs, and the increase in exchange rates have increased, but considering the financial aspect of the reporting period, the sales revenue has increased, and the wages and income of employees have increased by 30-40%. Also, in order to improve the skills of employees, specialize, and learn experience, they have repeatedly participated in trade fairs in Asian and European countries, and in order to fulfill the goals set by the company, have worked well with indicators that focused mainly on the training and development of employees and the modernization of equipment.

### 2.1. Operating results /financial ratio indicators/

2.2. An indicator of the company's liquidity and financial resources and potential	Sufficient cash and cash equivalent inventory balances are an indication that the company has sufficient liquid assets and good solvency.
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2.3. Information on the effects of the external and internal environment on the activities of the issuer, changes in the types of products and services, and the measures taken by the company in response to the above changes.	Production costs were kept at an appropriate level, and measures were taken to ensure adequate raw material reserves for production equipment, to
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	empower employees, and to improve financial capabilities.
2.4. Details of activities and transactions recorded outside the statement of financial position and accounting policies	There are no events or transactions recorded outside the financial statement.
2.5. Information on repayment of loans received during the reporting period, as well as loan pledges and guarantees	According to the decision of the Board of Directors, 1 real estate has been mortgaged for a loan of 1,465,345,709₮ received from the Trade and Development Bank. During the reporting period, 2,643,754,928₮ was paid from the loan received in the same year according to the previous loan balance schedule.
3. Information on transactions with conflicts of interest and large-scale transactions conducted by the issuer during the reporting period, the importance of the purpose of the transaction, and information about persons with conflicts of interest (includes information on all transactions with conflicts of interest made during the reporting period)	A large number of negotiations and deals were carried out
4. Information on salary and bonus	In 2023, the company paid a salary of 66,550.0 ₮ to the salary of the board members and 33,430,035 ₮ to the CEO.
5. Information related to corporate governance	The company's board of directors worked with 6 regular members and 3 independent members, a total of 9 people, and worked with Nomination, Remuneration and Audit committees. The board of directors paid great attention to the implementation of the corporate governance code and was ranked 28th in the list of 104 joint-stock companies evaluated by the Financial Regulatory Commission.
6. Market risk information	Our company operates in the field of food production and trade and currently produces more than 100 types of products and is one of the TOP 100 enterprises.
7. Ownership information of shareholders (names of 5 or more shareholders, ownership percentage, total number of shareholders)	<ol style="list-style-type: none"> <li>1. Kh. Battuul - 340,000 shares or - 33.22%</li> <li>2. Kh. Battulga - 193,886 shares or - 18.94%</li> <li>3. Kh. Tsendbayar - 195,901 shares or - 19.14%</li> <li>4. B. Erkhesh - 146,390 shares or - 14.3%</li> </ol>
8. In the event that the issuer issues shares to the public for the purpose of implementing a project, a report on the progress of project implementation and the use of funds collected during the period from the start of the project to its completion.	None
9. Dividend information	Our company has issued a resolution of the board of directors to distribute a dividend of 350₮ per share in 2022 and a dividend of 400 MNT per share in 2023. In 2023, a dividend of 5,875,514 MNT was distributed to shareholders.
10. Information on the social responsibility report of the issuer during the reporting period:	



10.1

On the occasion of the Lunar New Year of the Rabbit, in 17th Sixty years, "Talkh Chikher" JSC received and honored its senior employees, who are the golden chain of generations.



10.2

Children's holiday event "Dream is our future TA-CHI" was organized among the children of all employees of the company.



10.3

In the framework of social responsibility, "Talkh Chikher" JSC organized "EXHIBITION" in cooperation with the Governor Office of Songinokhairkhan District, Department of Social Development, Department of Labor and Welfare Services, Information and Training Center for Supporting Small and Medium Enterprises in support of disabled citizens and household producers of Songinokhairkhan district.



*Translated from Mongolian into English.. Translation Bureau Alpha. Contact info: Email: [english\\_bri@yahoo.com](mailto:english_bri@yahoo.com). Tel: 976-99239369 Office address: Chingeltei district, 4<sup>th</sup> khoroo, Alfa center, #14, Ulaanbaatar Mongolia. I have done this translation accurately to the best of my knowledge. Signature of translator .....*



10.4 "Talkh Chikher" JSC has a tradition of honoring and respecting its Labor Heroes every year before the Lunar New Year holiday.

According to the tradition, the company successfully organized the 9th honoring event under the name "PROUD OF HEROES" for elder people from all fields such as herding towns, light industry workshops, mining, art, and sports appreciated their work and efforts and dedicated who received the state's love and respects.



10.5 In the framework of "Tasty Journey", more than 1,000 children from 10-year schools and cooperating organizations in Ulaanbaatar were introduced to the activities of the factory. We gave samples of our "Amtlag" brand products to each child who participated in the trip.

Also, together with the Military Staff of the Bayangol District Governor's Office, the representatives of the 120th Division of the Armed Forces got acquainted with the production of our company's new Atar bread, Ta Chi pastry, and Delice pastry brand products.

More than 300 children from Ulaanbaatar city and 21 provinces got acquainted with production activities as part of a trip organized jointly with the Mongolian Democratic Association and "Genco Tour Bureau" JSC on the occasion of International Children's Rights Day.



10.6 The 4th event of the "Wealth Creator-Business" tour of national manufacturers was held, and representatives of more than 50 national manufacturers got acquainted with the activities of "Talkh Chikher" JSC. It is an honor for us that enterprises such as "Aliman Sar" LLC, "Uguuj Chikher Boov" LLC, "Jintuul" LLC, "Batbaigal" LLC, and "Tengeri Khishig" LLC, which are manufacturers of bread and flour products, have come to exchange experience.



10.7

On the occasion of the 20th anniversary of the Mongolian Long Song Association and the 10th anniversary of the Long Song Ensemble "Unu", within the framework of the Asia Folk-2023 festival of folk arts and crafts in Asian cities, 300 long singers representing all generations of Mongolia gathered together and welcomed the rising sun with long songs. It was a wonderful event that will be recorded in history. The company supported and cooperated with this awesome activity.



10.8

As part of social responsibility, the company supported the "One Road, One Culture" campaign organized by the Transport Police Department, and placed campaign stickers on products during the 1-month holiday.



10.8

The event "New Year with Santa" was successfully organized for the 2nd year in order to diversify the events organized in the winter season in order to enjoy leisure time with family and friends. The company also decorated its sales and distribution vehicles with lights, which became a highlight that added light to a stressful society.

