



GOBI

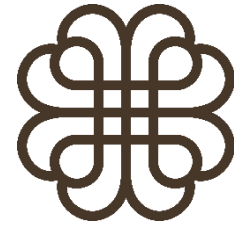
2024 Q3

Operational Report

GOBI JSC

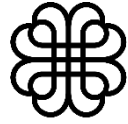
/Reporting period: 2024.01.01-09.30/

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COMPANY OVERVIEW

COMPANY OVERVIEW



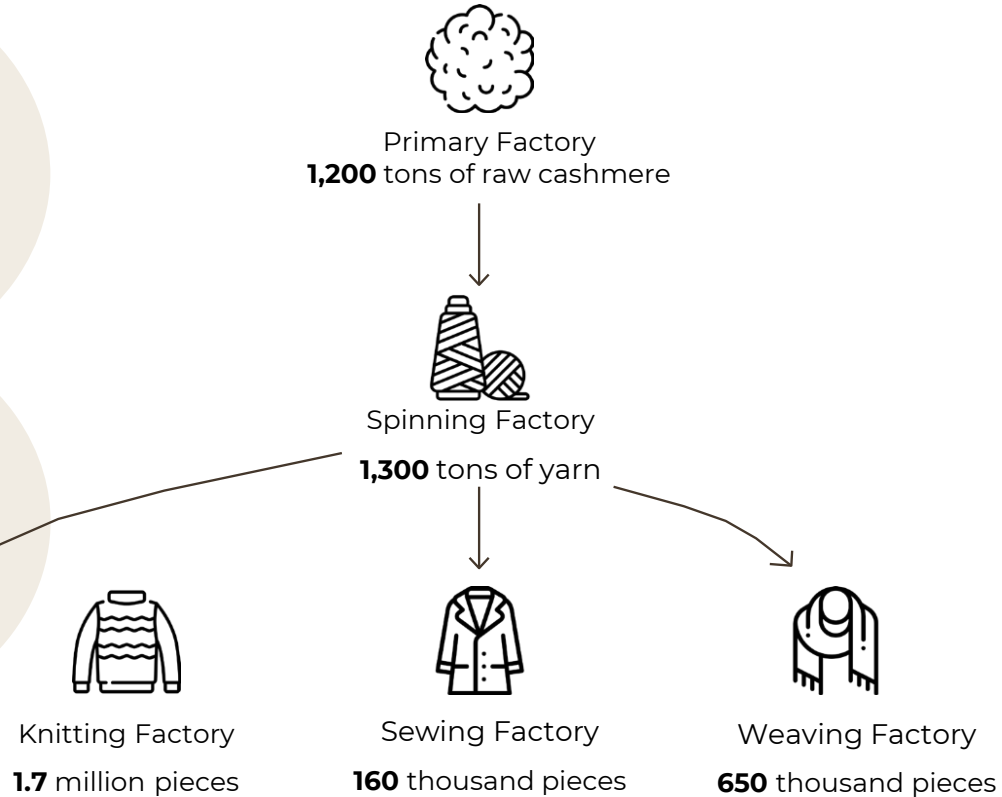
GOBI

Gobi JSC is a pioneering national company that produces 100% Mongolian cashmere products. It combines the craftsmanship that has been passed down through centuries with modern, advanced manufacturing technologies to deliver comfortable and durable designs to its customers. We work in collaboration with nomadic herders and responsibly manufacture all our products at our factory in Ulaanbaatar.

Gobi JSC has about 1,700 employees, of which more than 70% are women. The company proudly creates jobs within the country and has been delivering the softest and most luxurious cashmere products to the world for 43 years.



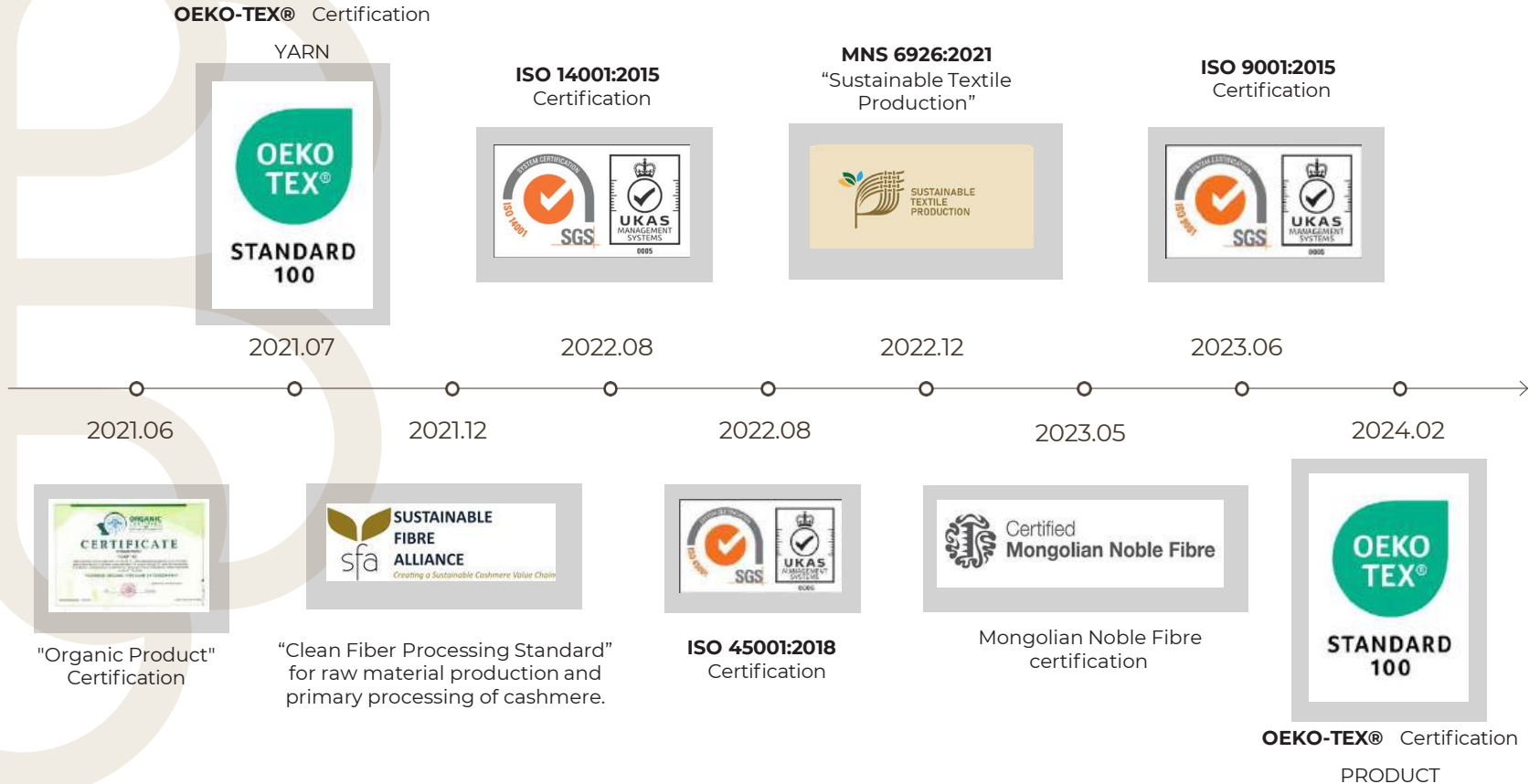
MANUFACTURING CAPACITY

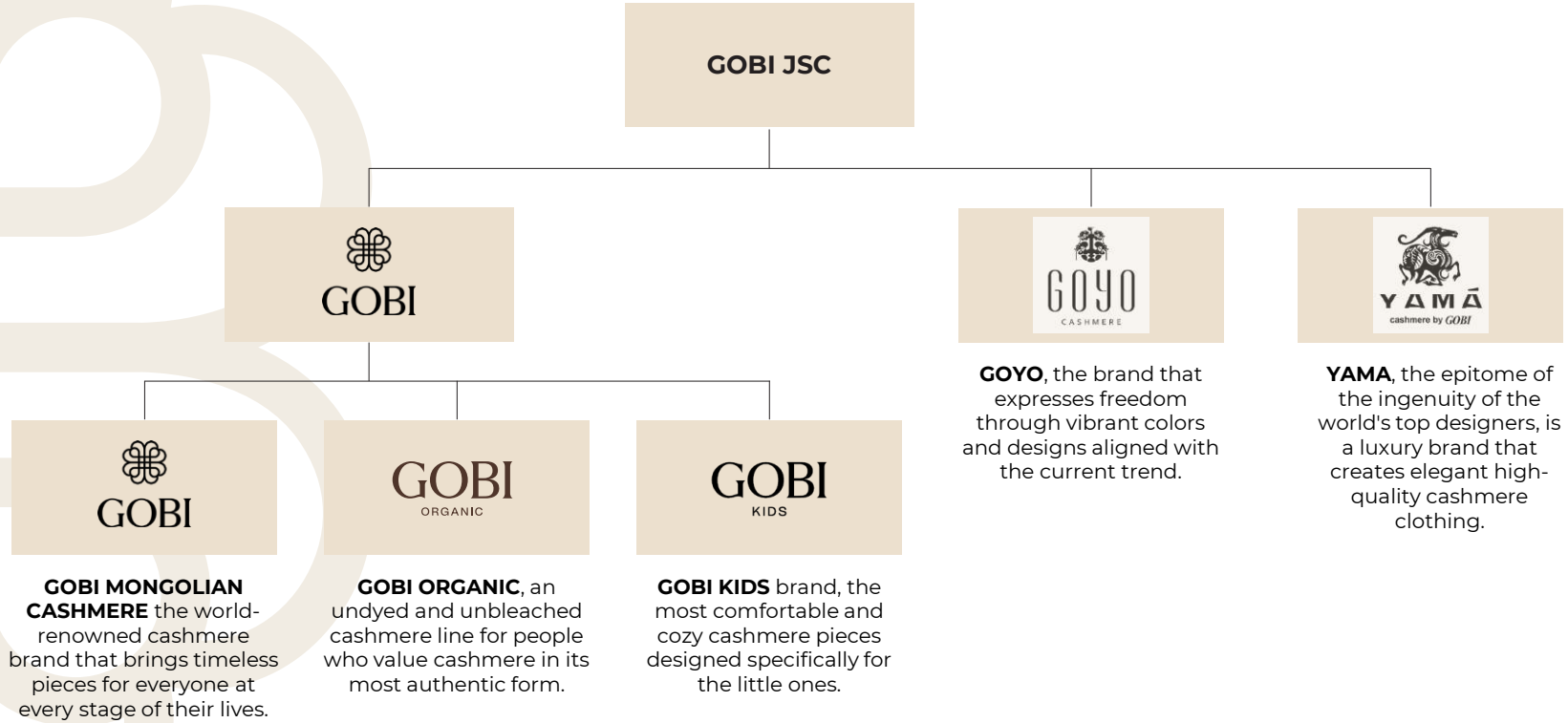


TOTAL OF **2.5 MILLION** PIECES OF FINAL PRODUCTS PER YEAR

CERTIFICATIONS

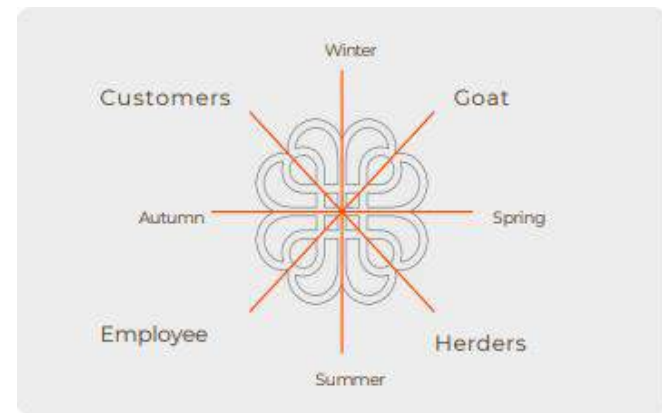
We continually enhance our management system to meet both Mongolian and international standards to deliver globally recognized Mongolian cashmere products to our customers.





REBRANDING

In 2024, we initiated a rebranding effort aimed at expanding our brand recognition and market presence in the international market. On July 2, we revealed the new look of the GOBI brand, updated our logo, and introduced the brand's first-ever symbol.



The new GOBI symbol represents the key participants in the process of creating cashmere products.

Truly Mongolian.



First Quarter



We studied the production lines and sewing technologies of South Korean knitting factories.



Signed a Memorandum of Understanding with the Mongolian-Korean Polytechnic College as part of the Gobi Academy initiative.



On March 1, the official ceremony for appointing the new CEO was held, where Amarsaikhan B. was appointed as the CEO.



Successfully launched the SAP S/4 HANA ERP system.



Received the OEKO-TEX STANDARD 100 certification for ready-made products for the first time in Mongolia, with support from UNIDO.



Signed a cooperation agreement with the Asian Development Bank (ADB) to implement the pilot project “Establishing Sustainable Pasture Management Groups to Adapt Herders to Climate Change.”



Organized a company-wide staff meeting to celebrate the 90th anniversary of the light industry.



The Internal Control Laboratory was accredited as a certified testing laboratory.

KEY ACHIEVEMENTS AND HIGHLIGHTS

Second Quarter



Held the annual general meeting of shareholders on April 29, where the company's financial and operational report and the Board of Directors' activity report were presented, and new members of the Board of Directors were elected.



Successfully installed and launched the BIGAGLI spinning machine, the world's leading advanced technology, in the spinning factory, increasing production capacity.



The "Flagship Store" or the Factory store underwent a renovation and re-opened with a refreshed appearance. An official opening ceremony was held, and attendees toured the factory to observe the product creation process.



Rebranding efforts started at the beginning of the year, aimed at increasing international brand recognition and expanding the market. GOBI introduced its new logo and brand identity.

Third Quarter



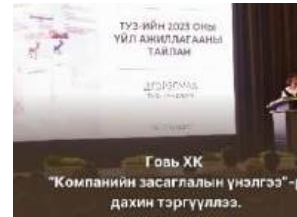
Organized factory tours for shareholders, where company leaders and representatives from the Board of Directors welcomed shareholders and discussed the company's operations.



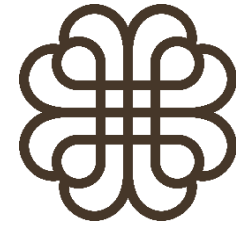
Implemented MES (Manufacturing Execution System) and Conveyor Belt System in the production process, marking a first in Mongolia's light industry history.



The Minister of Food, Agriculture, and Light Industry J. Enkhbayar visited Gobi JSC's factory to get acquainted with its operations.

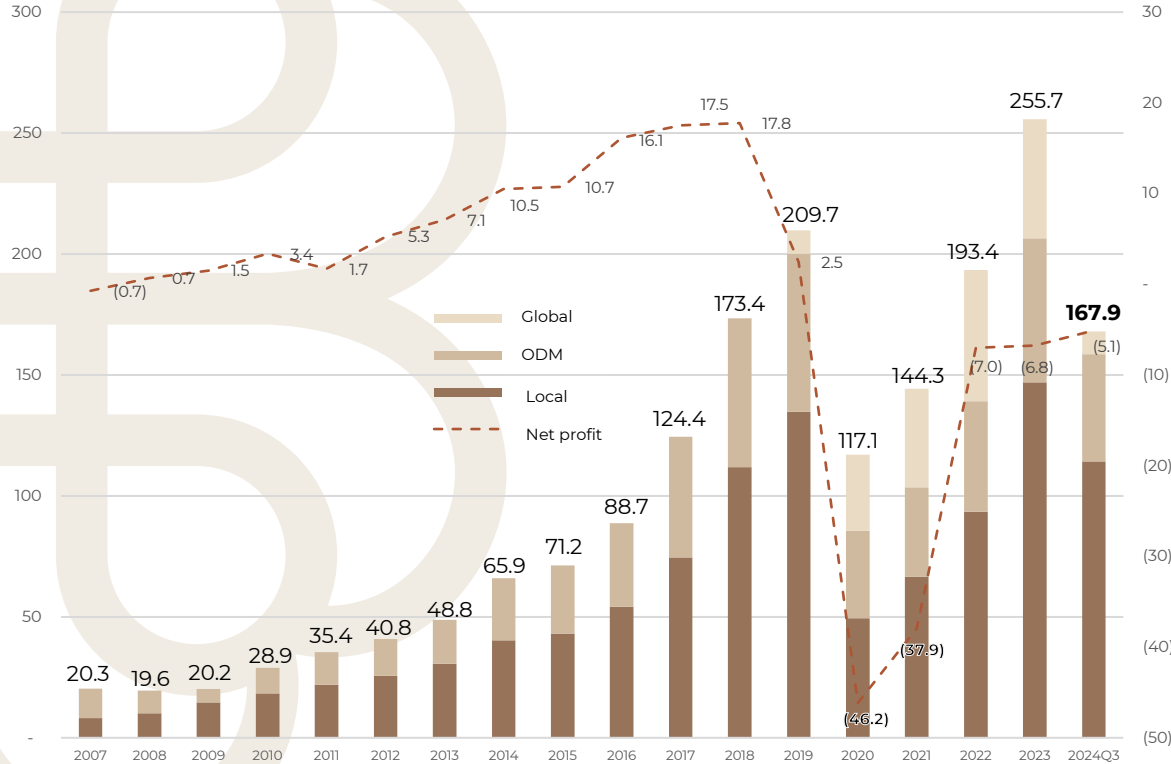


According to the Financial Regulatory Commission's semi-annual review, Gobi JSC achieved 98.6% compliance with the corporate governance code, maintaining its leadership position among publicly traded companies.

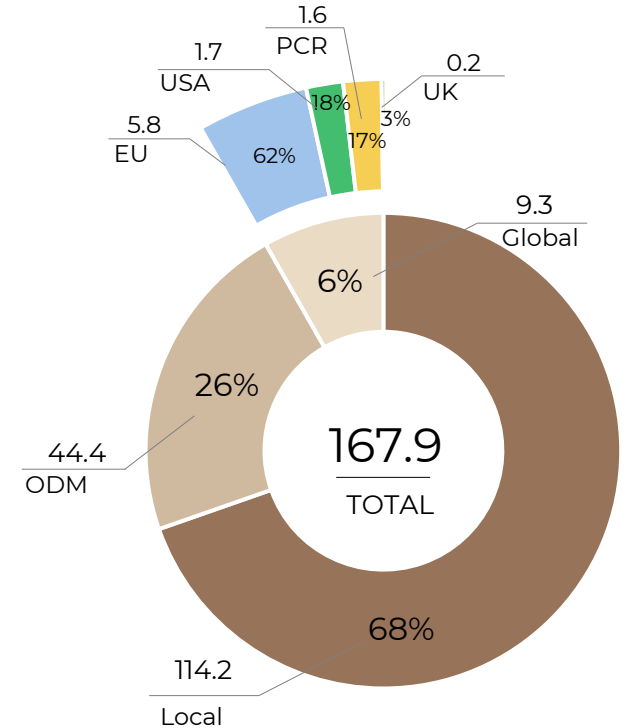


FINANCIAL AND OPERATIONAL RESULTS

SALES AND NET PROFIT /in billion MNT/



SALES REVENUE BY SEGMENT /in billion MNT, %/



FINANCIAL RESULTS OVERVIEW

INDICATOR	Unit	2023.09.30	2024.09.30			
		Actual	Actual	Change		
				Amount	%	
SALES REVENUE	million MNT	166,376	167,916	1,541	1%	
Local	million MNT	103,615	114,208	10,593	10%	
ODM	million MNT	39,860	44,394	4,534	11%	
Global	million MNT	22,901	9,315	(13,586)	-59%	
Units Sold	thousand units	740	726	(14)	-2%	
COST OF GOODS SOLD (COGS)	million MNT	86,584	95,073	8,489	10%	
GROSS PROFIT	million MNT	79,792	72,843	(6,949)	-9%	
Gross Margin	%	48%	43%		-5%	
Operating Expenses	million MNT	58,066	53,270	(4,796)	-8%	
OPERATING PROFIT	million MNT	21,725	19,573	(2,153)	-10%	
Operating Profit Margin	%	13%	12%		-1%	
Non-Operating Income (Expense)	million MNT	(1,641)	299	1,940	118%	
Pre-Tax Profit	million MNT	(2,881)	(2,996)	(115)	-4%	
NET PROFIT	million MNT	(3,883)	(5,098)	(1,215)	-31%	
Net Profit Margin	%	-2%	-3%		-1%	
Total Operating Expenses	million MNT	144,650	148,344	3,693	3%	
PRODUCTION VOLUME	thousand units	757	790	33	4%	
Knitted Products	thousand units	545	517	(28)	-5%	
Woven Products	thousand units	186	251	64	35%	
Sewn Products	thousand units	26	23	(3)	-13%	
Coat	thousand units	13	12	(1)	-6%	
Blazer	thousand units	4	4	(0)	-1%	
Yarn	tons	204	164	(40)	-20%	
NUMBER OF EMPLOYEES	people	1,668	1,656	(12)	-1%	
Revenue per Employee	million MNT	100	101	2	2%	
INVESTMENTS	million MNT	3,162	15,561	12,399	392%	
TOTAL LIABILITIES	million MNT	337,462	352,261	14,799	4%	
Bank Loans	million MNT	258,908	280,246	21,337	8%	
TOTAL ASSETS	million MNT	337,462	347,450	9,988	3%	
Inventory	million MNT	163,243	155,512	(7,731)	-5%	
MARKETING EXPENSES	million MNT	13,548	4,744	(8,805)	-65%	
Of this: Global Marketing	million MNT	12,051	3,519	(8,533)	-71%	

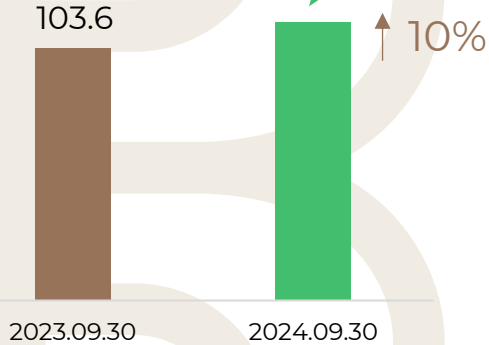
FINANCING INFORMATION

Name	Currency	Maturity Date	2023.12.31		2024.09.30	
			/in thousand currency/	/in thousand MNT/	/in thousand currency/	/in thousand MNT/
Bank Loans						
Golomt bank (Long-Term Loan)	MNT	2025	-	13,333,333	-	5,833,333
Golomt bank (Credit Line)	MNT	2026	-	48,950,000	-	9,600,000
	USD	2026	-	-	\$ 2,527	8,545,351
Golomt bank (Short-Term Loan)	MNT	2025	-	-	-	9,500,000
Golomt bank (Short-Term Loan)	MNT	2025	-	-	-	10,500,000
Khan bank (Credit Line)	MNT	2025	-	6,500,000	-	2,000,000
Khan bank (Long-Term Loan)	MNT	2024	-	4,202,775	-	-
Khan bank (Short-Term Loan)	MNT	2024	-	10,000,000	-	-
XAC bank (Credit Line)	USD	2026	-	-	\$ 11,840	40,032,461
XAC bank (Short-Term Loan)	MNT	2024	-	16,666,667	-	-
XAC bank (Short-Term Loan)	MNT	2025	-	-	-	10,000,000
Arig bank (Short-Term Loan)	MNT	2024	-	14,500,000	-	-
ADB	USD	2026	-	-	\$ 18,000	60,860,160
ADB	USD	2026	\$ 12,000	40,928,280	\$ 12,000	40,573,440
IIB	EUR	2027	€ 8,000	30,333,280	€ 8,000	30,109,520
IIB	EUR	2027	€ 14,000	53,083,240	€ 14,000	50,691,660
Total Bank Loans				238,497,575		280,245,926
Bond Financing						
Bond (Short-Term Loan)*	USD	2025	-	-	\$ 3,250	10,988,640
Total Financing				238,497,575		291,234,566

*As part of the financing activity for the “Gobi Bond 2” project, Gobi JSC received approval on April 23, 2024, from the authorized body to issue a \$16.8 million bond with a 12-month term and an annual coupon rate of 8.5% for the purpose of working capital, refinancing, and investments. As of September 30, 2024, Gobi JSC has raised \$3.25 million of this bond from investors.

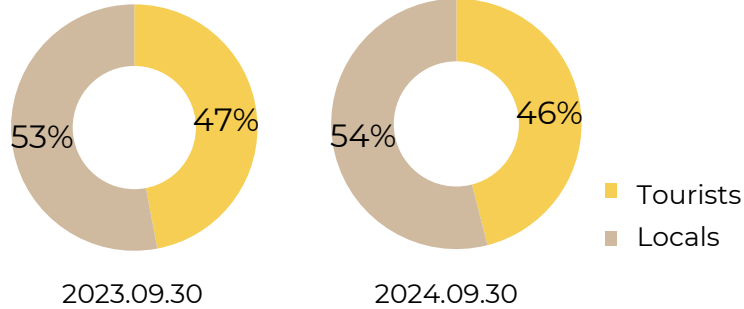
	MongolBank Exchange Rates	
	/MNT/	
	2023.12.31	2024.09.30
USD	3,410.69	3,381.12
EUR	3,791.66	3,763.69

SALES
114.2
billion MNT



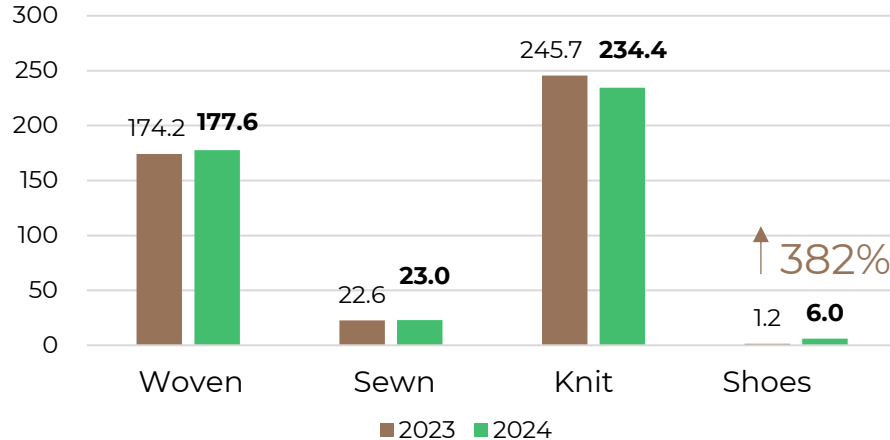
Local market sales in Q3 2024 reached **114.2 billion MNT**, reflecting a **10%** increase compared to the same period last year.

SALES COMPOSITION



By September 30, 2024, the sales composition of the local market showed that **46%** of the revenue came from tourist sales.

PRODUCTS SOLD (IN THOUSAND UNITS)



In terms of product sales, shoe sales saw a significant growth of **382%**, with a total of **6,000 pairs** sold.



A **new dry cleaning and repairing service branch** was opened in the Khan-Uul branch of E-Mart.

2024.01



In **January 2024**, a VIP event was held to introduce the **FW24 collection** to key clients and travel agency executives.

2024.02



In **February 2024**, following customer feedback from the collection introduction event, we implemented changes in-store by displaying full **Styling Window** looks for products.

2024.02



POS (Point of Sale) systems across all stores were upgraded.

2024.03



Successfully held a **tourism season opening event** for **217 guests**, including tour guides, drivers, and travel company representatives. During the event, we introduced collaboration plans and shared information.

2024.03



The **Flagship store** located next to the factory underwent **major renovations**.

2024.05



The official **Flagship Store reopening** ceremony was held in **June 2024**, where a runway show was organized in the factory to showcase the connection between the store and the production process.

2024.06



A **tunnel** connecting the **factory to the Flagship Store** was constructed and put into operation.

2024.06

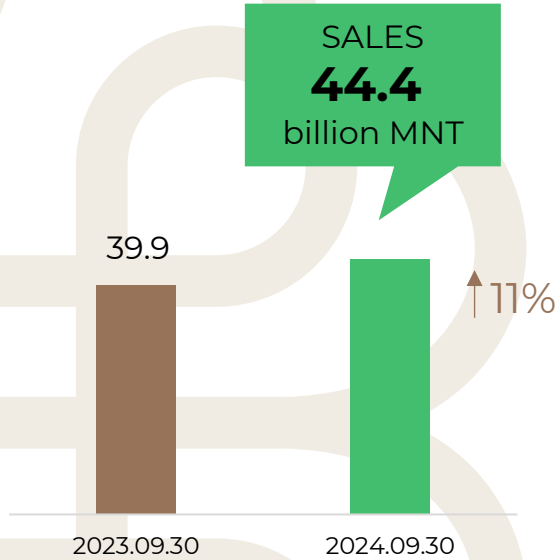
Rebranding campaign

As part of the **rebranding** efforts, 143 illuminated billboards, posters, and LED screens with the new logo were placed in **Central Stadium**, planned to be displayed until June 30, 2025.



The exterior and interior signage of the **Flagship store** and the **Galleria branches** were updated with the new branding.





As of Q3 2024, the export market supplied products to 37 clients, generating sales of 44.4 billion MNT, which represents an 11% increase compared to the same period last year.



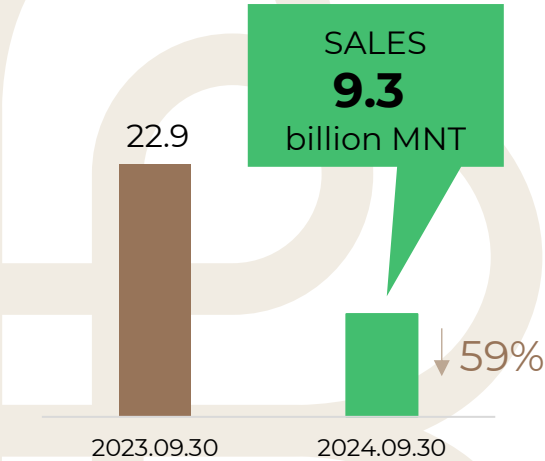
As of Q3 2024, Gobi JSC was operating **10** franchise stores in **9** cities across **5** countries



The ODM Sales Department, in collaboration with factory management teams, worked on productivity enhancement by studying the production line, sewing, and ironing technologies at a knitting factory in South Korea. This effort aims to increase productivity in the factory.

Since 2023, Gobi has been collaborating with SEO (Search Engine Optimization) companies to improve organic brand search and has implemented phased measures.

Starting from January 2024, Gobi initiated a partnership with NPDI Agency, and together they conducted new keyword research, implementing it into their strategies.



In 2024, the focus was on reducing marketing expenses and shifting towards branding efforts to support organic growth. This year, the company prioritized improving profitability over revenue growth. As of the third quarter, the company successfully reduced its marketing expenses by 71%, which resulted in a 59% decline in sales but cut the overall loss by 50% compared to the same period last year.

90,000+

Characters worth of text content were added

40+

Online meeting and conferences were held

150+

Tasks and improvements were implemented on the website

+96.9%

Increase in the number of top 10 keywords

+49.1%

Increase in organic traffic

Influencer
Digital Magazine
Celebrity
Media & Press
Social Media

Blog
Others

Customer Satisfaction
Survey Results

Key partnerships in Q1 – Q3 of 2024 :

PR: 97, Internal: 32
Rollacoaster: 1
VIP: 4
Online: 92 Paper: 10
Instagram: 139 posts/ 552 stories
Facebook: 143 posts/ 274 stories
Tiktok: 38 posts
Linkedin: 34 posts
YouTube: 59 posts
Pinterest: 68 posts
39
NI Survey (Top 50 customers)
Rebranding campaign (Gifting for Top 14 influencer)
03.18-04.20 (86.5%)
06.20-07.20 (87.0%)



@rollacoaster, 298K
Digital magazine, UK



@Pamelaanderson, 3.4M
Celebrity



@Asap12vy, 391K
Celebrity, US



@julienpicket, 128K
Influencer, USA

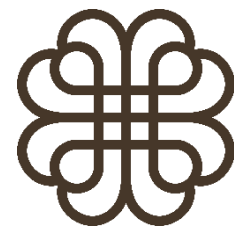


@herstyleboard, 672K
Influencer, DE



@laurengiraldo, 1M
Influencer, US





GOBI IN Q1-Q3 OF 2024

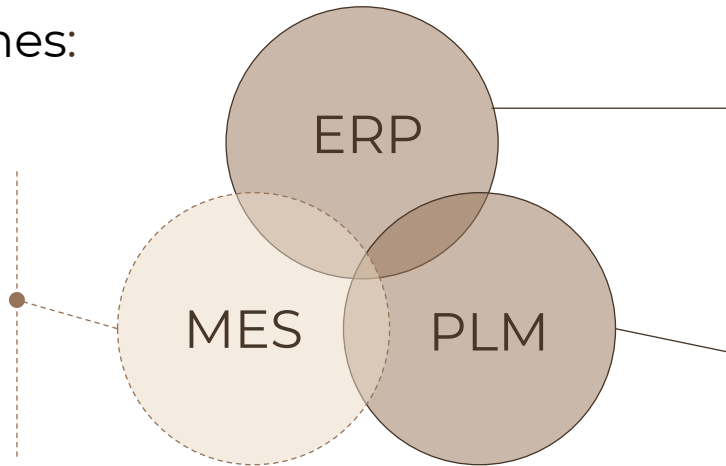
The company expanded its system modernization efforts in 2023 by introducing the **Product Lifecycle Management (PLM)** system. By **March 2024**, the **SAP S/4 HANA Enterprise Resource Management (ERP)** system was successfully implemented and began to be used in operations.

Furthermore, the preparatory work to introduce the **INA Manufacturing Execution System (MES)** started in **July 2024**, with plans to begin operational use in **January 2025**.

With the introduction of this system, Gobi JSC's knitting and sewing factories will see significant improvements in productivity, real-time production process tracking, real-time operational control and oversight of production activities. unit profitability and manufacturing quality and availability of up-to-date production data.

Key Expected Outcomes:

- Increase Production Efficiency and Productivity
- Enhance Product Quality
- Improve Production Processes
- Strengthen Control Operations
- Enhance Employee Skills and Competencies



- Improvement in Financial Management
- Increase in Operational Efficiency
- Risk Management Enhancement
- Comprehensive Data Analysis
- Integrated Process Implementation

- Reduced Time-to-Market for Products
- Improved Product Development
- Creation of a Historical Design Archive



GOBI & ORGANIC FW 24/25

- In total 7 presentations over 4 days for a total of 107 guests including company employees, VIP customers, shareholders, representatives of tourism companies and partner companies.
- We plan to release the FW 24/25 collection to the market at the start of Q4 2024.

During Third Quarter, the following collections were introduced to internal staff and are planned to be released in the first quarter of 2025:

- Cashmere Reborn
- Responsible Cashmere
- Gobi SS25
- Organic SS25 Collection

We continue to collaborate with designer Giorgio Spina to develop the Gobi FW 25/26 collections.



In Q1-Q3 of 2024 we introduced the following to our customers:

- 4 main collections, 12 capsule collections;
- 9 new product types

Collections and Products Introduced to Customers in the First Quarter



LUNAR NEW YEAR
CAPSULE COLLECTION



TRENDY COATS
CAPSULE
COLLECTION



WOMEN'S DAY
CAPSULE
COLLECTION



LIGHT BEINGS SS24
ORGANIC COLLECTION



SPORT CASUAL
CAPSULE COLLECTION



GOYO FW 23
PART 2



CASHMERE KNITTED
SNEAKERS
NEW COLOR
CHOICES



CASHMERE CAPS



"MYTHICAL BEINGS"
PRINTED SHAWL



CASHMERE SNEAKERS
NEW DESIGN CHOICES

Collections and Products Introduced to Customers in the Second Quarter



RESPONSIBLE CASHMERE
CAPSULE COLLECTION



GOBI LIGHT BEINGS
SS25 COLLECTION



NEW BORN
CAPSULE COLLECTION



CASHMERE REBORN
CAPSULE COLLECTION



KIDS SS24
COLLECTION



COLLABORATIONS
WITH ARTISTS



CASHMERE
BALLERINA FLATS



NEW TYPE OF
EMBROIDERED
BLAZERS



NAADAM 2024
CAPSULE COLLECTION

Collections and Products Introduced to Customers in the Third Quarter



CASHMERE LOAFERS



ORGANIC F/W 24-25 "SEE THROUGH" COLLECTION



CASHMERE MULE



KIDS CASHMERE BOOTS



"GALAXY STARS" PRINTED SHAWL

HIGHLIGHTS



Runway

- Tourist Season Opening
- 90th Anniversary of the Light Industry Establishment
- Mongolian fashion week
- Flagship Store Grand Opening Runway Show

Styling

- New Collections Released for Sale
- Series of Styling Video Content



CUSTOM ORDER HIGHLIGHTS



We have completed various honorific commissions from the President's Office, including gifts for:

- The Royal Family of the King of Bhutan during their visit
- President of the Lao People's Democratic Republic
- President Alexander Lukashenko of the Republic of Belarus
- Nurlanbek Shakyev, Chairman of the Parliament of the Kyrgyz Republic
- President of the Republic of Korea
- Amina J.Mohammed, Deputy Secretary-General of the United Nations
- The First Lady of the Kyrgyz Republic
- The President of the Socialist Republic of Vietnam
- The President of the Swiss Confederation
- The President of Slovenia



NEW INITIATIVES



- In 2023, we began developing 100% cashmere caps, which were introduced to the market in the first quarter of 2024.
- We launched new thick, seamless designs based on the Whole Garment 8L machine.
- In the second quarter of 2024, we introduced Vulcanized Sole Sneakers and Cashmere Ballerina Flats. The Cashmere Ballerina Flats feature breathable technology, allowing for excellent air circulation and preventing overheating, which has been highly appreciated by customers.
- We are currently developing a new type of product, a cashmere bag.
- For the Gobi FW 24/25 collection, we developed and released three new style for draping.
- We introduced Kids Cashmere Boots and Cashmere Mule shoes with sheepskin lining and vulcanized soles to our customers.





Third Quarter

16

GOBI FW, Naadam Collection, Cashmere shoes, Bundle activations, Tennis looks, Back To School

COLLECTION AND ACTIVATION PHOTOSHOOTS

10

No Photo, FW Collections CN & EU, gobi.mn, Organic FW, EU Basics

STANDARD PHOTOSHOOTS

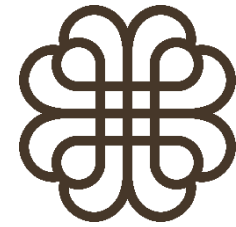
Rebranding, Package, In-Store communication, Roll-Out

REBRANDING

Videos and stills

530

GRAPHIC DESIGN TASKS



SUSTAINABLE DEVELOPMENT

SUSTAINABLE DEVELOPMENT MANAGEMENT



We added a section on sustainable development to the "New Employee Training" program and started conducting biweekly trainings by the Sustainable Development Division.



The company implemented a "Plan to Eliminate Single-Use Items" across all locations and provided permanent utensils, dishwashers, sanitizers, and other necessary products at five sites.



We signed a cooperation agreement with the Asian Development Bank to implement a "Pilot Project for Climate Change Adaptation for Herder Communities and Sustainable Pasture Management."



We successfully participated in the "Global Sustainable Natural Fibers" conference organized by the China Association for the Promotion of International (CAPIAC) in Beijing, China.



As part of our sustainability consulting services, we organized training sessions in collaboration with SBC on "Sustainable Development and Marketing," and with PWC on "International Legal Trends."



UN Resident Coordinator Tapan Mishra visited Gobi JSC and held a business meeting with CEO B. Amarsaikhan. During the meeting, he praised the company's vision and mission and discussed the potential to enhance the development of Mongolian herders and increase the value of Mongolian livestock.



Gobi JSC also successfully participated in the "Workshop on Green Business Models," organized by the Asian Development Center in the People's Republic of China, where we learned about implementing sustainable green business models.



During the "Natural Fibers 2024" international conference, Gobi JSC sponsored the "Best Female Herder" award, which honors women's equal participation in the cashmere industry and their contributions to household livelihoods and benefits.



Members of Gobi JSC's Board of Directors and leadership participated in training on the following topics:

- Sustainable development policies to mitigate the effects of climate change;
- Corporate social responsibility, human rights, and gender issues;
- Sustainable product development and international trends.

ENVIRONMENT



We are collaborating with the RCS organization to assess greenhouse gas emissions from organizational activities at scopes 1, 2, and 3, and at the product's Life Cycle Assessment (LCA) level.



We received a five-year certification for the detailed environmental impact assessment reports for Gobi JSC and Goyo LLC.



According to the environmental monitoring program, quarterly monitoring of soil and air was conducted.

- Soil testing was conducted at 5 locations to analyze microbiology and heavy metals, based on the MNS:5850 standard.
- Air quality was monitored at 5 locations, in accordance with MNS:4585 standards, and the results remained within acceptable limits.



We obtained a five-year special permit for the export, import, cross-border transport, production, use, and sale of hazardous chemicals.



“Wastewater Treatment Plant Reconstruction Project”

One of the major investments Gobi JSC made in 2024, in compliance with environmental laws and sustainable development goals, was the construction of a new wastewater treatment plant.



This new plant is designed to process 228 cubic meters of wastewater per day and will use L2-level MBBR technology under the MNS 6561 standard, with full automation planned.



We submitted a request to the relevant authorities to safely dispose of expired chemicals, which were destroyed under supervision.

SOCIETY

"Sustainable Cashmere – Trilateral project"



Products made from cashmere collected from herders participating in the "Sustainable Cashmere Tripartite Project" are now being sold in the European market under the "Responsible Collection" label.



We conducted a sampling of cashmere from participating herders, categorized by age and gender of the goats. The samples are being analyzed in the laboratory, and the results are being reported.



In the second year of the project, we have successfully purchased cashmere directly from the herders, acquiring approximately 10 tons. This has created a foundation for increasing herders' income.



We organized a training session for herders on "Gender Equality" and distributed informational posters on "Gender-Based Violence."



In the Jinst soum of Bayankhongor province and the Ikh-Uul soum of Khuvsgul province, Gobi JSC conducted washing and disinfection operations to prevent parasitic diseases in rams, as part of the project. Disinfectants were also distributed to participating herder households to maintain livestock health.



In collaboration with the working group of the UNDP-supported ADAPT project, we introduced the quality and standard requirements for cashmere to cooperatives in the provinces of Khovd, Zavkhan, Sukhbaatar, and Dornod.



During the "State-Private Sector Partnership 2024" exhibition, organized under the ADAPT project, Gobi JSC signed a memorandum of understanding with the project's leading cooperatives to sustainably supply raw materials that meet quality standards at market prices.



A video documenting the project activities has been compiled and prepared to be presented to the public.

SOCIETY

“Stakeholder Engagement Plan”



As part of the "Stakeholder Engagement Plan," we organized a meeting with representatives of raw material supplier cooperatives under the theme "Sustainable Raw Materials" and held a discussion.



In the framework of this initiative, we installed an "Information Board of Gobi JSC" in the 3rd khoroo of Khan-Uul, providing citizens with transparent and accessible information.



We also delivered detailed information to residents of the 3rd khoroo, Khan-Uul district about the "Gobi JSC Social Health and Safety Impact Assessment Procedure" as part of the Stakeholder Engagement Plan.



MANAGEMENT SYSTEM



Gobi JSC has become the first company in Mongolia to receive the international **"OEKO-TEX STANDARD 100"** certification for finished products. This standard indicates that the main materials of Gobi JSC's finished products, such as cashmere yarn and buttons, **do not have adverse effects on human health or cause allergies when in direct contact with the skin.**

As part of our commitment to sustainable development, our company has fully met the criteria for the following Integrated Management System standards:

- **ISO 14001:2015** Environmental Management System Standard
- **ISO 45001:2018** Occupational Health and Safety Standard
- **ISO 9001:2025** Quality Management System Standard

We successfully renewed our certification for the third consecutive year in **2024**.

Gobi JSC is working to implement the **USDA/NOP** international standard to certify the raw cashmere as organic.

In **July 2024**, we conducted a "Gap Analysis" in collaboration with herders participating in the "Sustainable Cashmere Tripartite Project" and provided consulting services to ensure the execution of corrective action plans.

COMPLIANCE MANAGEMENT

POLICIES AND REGULATIONS COMPLIANCE

We have started a **policy and regulations compliance** initiative to improve and simplify the company's internal procedures, aiming to reduce employee challenges and make processes more accessible and effective.

Reports Submitted via the Whistleblowing System

Source	Category	Repetition
<ul style="list-style-type: none"> • Whistleblowing system– 25 • Written - 1 • Phone – 7 • Other channels– 4 	Suggestions and Requests	9
	Communication Conflicts	13
	Labor Relations Complaints	5
	Violations of Personal Rights	2
	Workplace Harassment Complaints	1
	Discrimination Complaints	1
	Code of Conduct Violations	2
	Misuse of Funds, Materials, or Resources	2
	Violations of Internal Policies	1
Unsubstantiated Complaints	1	
Total: 37	Resolution Rate: 100%	

RISK MANAGEMENT

- A new risk management team has been appointed.
- Across the organization, **424** risks were successfully managed according to the risk management response plan, with 289 risks remaining after semi-annual monitoring. The overall risk level decreased to a MEDIUM level, with a score of **4** out of **7**.
- In the semi-annual risk assessment, **104** new risks were identified and registered, bringing the total to **393** risks, with an average risk level score of **7**. We will continue to update our risk management plans to reduce the risk levels.
- During the first half of the year, we conducted two sudden risk assessments. Specifically, a sudden risk assessment related to "Animal welfare" was carried out, and guidelines to follow during demonstrations were approved and communicated to the store staff in Germany. Additionally, a risk assessment for raw material shortages related to harsh winters was conducted.
- Training sessions to improve the organization's knowledge and understanding of risk management and Business Continuity Management (BCM) are planned for the second half of the year.
- We are conducting a more detailed analysis and paying special attention to ethical compliance risks. The "Business Continuity Plan" was introduced to all employees. Teams were appointed to develop five BCP plans, and an introduction to BCP management and Gobi JSC's BCP policies and procedures was provided. These planning teams meet regularly at a set time each week.

OBJECTIVE: Zero Accidents – Maintain and Improve Employee Health, Preventing Occupational Diseases

Lost Time Injury Frequency Rate	Number of incidents *1,000,000 /Total hours worked/	LTI Frequency
	0*1,000,000/6,385,200 person-hours	0.0

Lost Time Injury-Free Days:	481 days /1,650 employees/
Lost Time Injury-Free Hours:	6,385,200 person-hours
Counting Starting Date:	2023.05.12
Most Recent Date:	2024.09.30

OCCUPATIONAL HEALTH AND SAFETY TRAINING

In accordance with the Occupational Health and Safety (OHS) Law of Mongolia and Order No. A/173 of the Minister of Labor, general knowledge and certification training sessions on occupational health and safety were successfully conducted.

As of September 30, a total of **2,729** employees received **16,479** person-hours of training.

“МКЛ” СУРГАЛТЫН ТӨВ

Сургалтын хувиар

Огноо	Сургалтын нэр	Төрөл	Цаг
4-р сарын 19	Гуудан явцы оператор Сэрвэг явцы оператор	Мэргэжил олгох Болов дагхан	9:00-12:00 13:00-16:00
4-р сарын 23	Кранч Бүсэл Бүтэц Бойвонд ажилладаг Кранч явцы салгуурын урьдчилсан ажиллагаа хэрэгдэлтэй	Мэргэжил олгох Болов дагхан	9:00-12:00
	Кранч ажиллагаа амжилтаандах кранч арван		
4-р сарын 23	Даралттай самууны бүрэн бүтэц тасвар хэрэгдэлтэй	Мэргэжил олгох Болов дагхан	13:00-16:00
	Даралттай самууны ажиллагаа хэрэгдэлтэй		
4-р сарын 24	Даралттай самууны ажиллагаа амжилтаандах кранч арван	Давтан	9:00-10:30





During the cashmere procurement season, **23** employees, including procurement, raw materials managers, quality assurance, drivers, and laboratory staff, were vaccinated against tick-borne infections to prevent such illnesses.



In collaboration with the Institute of Traditional Medicine and Technology and the Labor Union, **60 employees** in need of treatment and recovery will be annually admitted to the Ulaanbaatar Sanatorium for non-pharmaceutical therapy and rehabilitation in 2024.



To support the health of employees, **22,965** mineral supplements were distributed to **334** employees over the course of one quarter.



The annual occupational health and safety campaign was successfully conducted **from April 26 to May 17**. Activities included "Job Hazard Analysis," "Safety Share," "Content Creation Competition," and "Skilled Team" competitions.



Water quality testing was conducted at 69 locations in accordance with the **MNS 9000:2018** standard. The results showed that **95.6%** of the samples met the hygienic standards for clean, safe drinking water, free from microbial contamination.



The 2024 health checkups were planned in two stages. As of the end of Q3, a total of **657 employees** had participated in the checkups.



To protect employee lives and health, regular inspections were carried out for workplace environmental safety, including chemical safety monitoring, inspections of high-risk tasks, daily safety checks, and fire and equipment safety inspections.



Gobi JSC has begun conducting periodic health assessments for employees to support their health and prevent illnesses caused by unfavorable working conditions. So far, a total of **46 employees** have undergone these assessments.



In **efforts to enhance employee skills**, two occupational health and safety (OHS) engineers and 2 hygienists attended training at the Occupational Safety and Health Center, and 2 employees completed ISO Lead Auditor training courses.



As part of our corporate social responsibility, on September 3, 2024, Gobi JSC organized a **Donor Day** in collaboration with the National Blood Transfusion Center.

Total number of employees



1,706

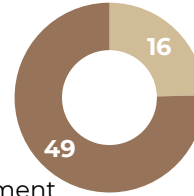


Male - **30%**
Average age: **32**



Female - **70%**
Average age : **37**

Management team



Management team

Middle management



Male
40%



Female
60%

Employee Locations



Mongolia - 1,693 (99%)

- Ulaanbaatar **1,660**
- Darkhan **3**
- Khentii **30**



International - 13 (1%)

- USA **1**
- EU **12**

Employees on Maternity Leave



329

Average Age of Employees



35

RESPONSIBLE HUMAN RESOURCES MANAGEMENT



To alleviate traffic congestion, balance work and rest time, and implement a child protection policy, we are now in our third year of applying a flexible working hours system for **more than 500** office employees.



Additionally, to balance work and rest time and enforce child protection policies, **24 knitwear workers** with infants and preschool-aged children are working reduced hours at the knitting factory.



Under the “**Health at Gobi**” policy, which supports the physical, mental, and financial well-being of employees, we partnered with MIG Insurance LLC to provide voluntary health insurance at discounted rates for **50% of our employees, or 637 employees, and their families.**

This allows employees to use the insurance service for health check-ups, diagnostics, hospitalization, or home treatment, enabling them to resolve financial issues and prevent potential health risks.

SKILLED WORKER DEVELOPMENT PROGRAM



Certification Training at the Khentii Branch Factory

To prepare skilled workers for the light industry sector, we signed a memorandum of understanding (MoU) with the Mongolian-Korean Polytechnic College (MKPC). Under this MoU, we organized certification training for 30 employees of the Khentii branch factory to become skilled knitwear workers/seamstresses.



One-Year Training Program for Skilled Workers in Collaboration with MKPC:

As part of the MoU with MKPC, we are systematically conducting training programs to prepare skilled workers and employees with certification. For the 2024-2025 academic year, 30 employees are being trained in the "Knitwear Production Technology" and "Garment Manufacturing" departments. During their studies, employees are provided with paid work, allowing them to further their knowledge and eventually become skilled workers.

TRAINING AND DEVELOPMENT



International Training	<ul style="list-style-type: none">• 6 training sessions• 14 employees• Expense: 36.3 million MNT
External Training	<ul style="list-style-type: none">• 68 training sessions• 226 employees• Expense: 325.3 million MNT
Internal Training	<ul style="list-style-type: none">• 193 training sessions• 1,818 employees• Expense: 0 MNT
Scholarship Program Training	<ul style="list-style-type: none">• 4-year bachelor's degree program• 5 employees• Expense: 20.1 million MNT
Khentii Branch Factory Training	<ul style="list-style-type: none">• 12 competency certification training sessions, totaling 96 hours• 30 employees• Expense: 6.9 million MNT

ENGAGEMENT AND COMMUNITY ACTIVITIES



HELD 3X3 BASKETBALL CHAMPIONSHIP HELD



2023 TRIP FOR BEST EMPLOYEES OF THE YEAR



GOBI JSC EMPLOYEE RECEIVED A STATE HONOR



1,243 PEOPLE PARTICIPATED THE GOBI FACTORY TOUR.



EMPLOYEE FAMILY DAYS



CAREER DAYS CELEBRATION



SPINNING FACTORY EMPLOYEES VISIT JAPAN



GOBI LEADERS MEETING



AWARDS CEREMONY TO RECOGNIZE THE SKILLS AND LABOR OF OUR EMPLOYEES



TABLE TENNIS COMPETITION



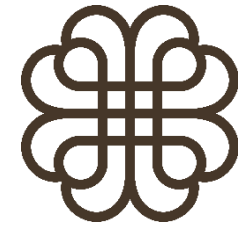
E-SPORT COMPETITION



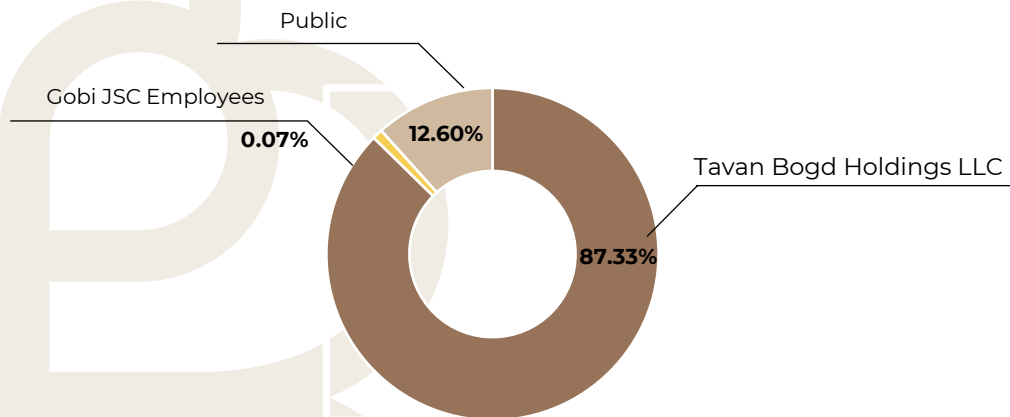
SKILL DEVELOPMENT HACKATHON COMPETITION



ON OUR 43RD ANNIVERSARY CELEBRATION, OUR TOP EMPLOYEES RECEIVED NURA MONGOLIA GIFT CARDS WHILE ALL EMPLOYEES RECEIVED FLOWER GREETINGS.



CORPORATE GOVERNANCE



TOTAL ISSUED SHARES
780,112,500

TOTAL NUMBER OF SHAREHOLDERS
24,868

as of 2024.09.30

Changes in the Structure of Major Shareholders

Name	2023.12.31		2024.09.30	
	Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
Tavan Bogd Holdings LLC	400,140,072	51.29%	681,267,736	87.33%
Hide Intert LLC	265,238,300	34.00%	-	-

Tavan Bogd Holdings LLC is the parent company of Tavan Bogd Group. Tavan Bogd Group is a leading Mongolian conglomerate, operating in 8 core business sectors with 22 subsidiaries and 3 investment companies, employing more than 12,000 people.

INDEPENDENT DIRECTORS



D.GERELMAA

*Chairwoman of the Board,
Risk and audit committee member,
Nomination committee member*



D.KHURELBAATAR

*Chair of the Nomination
committee, Chair of the
Remuneration committee*

PROFESSOR OF THE BUSINESS
ADMINISTRATION DEPARTMENT, UFE



A.JARGALMAA

*Chair of Risk and audit committee,
Remuneration committee
member*
GAPE, ACCA Senior Lecturer and
Program Leader, GAPE academy



B.TSEENYAM

Anand Resource LLC,
General Manager

DIRECTORS



Ts.BAATARSAIKHAN

*Nomination committee
member*

President of Tavan Bogd
Group



D.KHULAN

Chairwoman of Tavan
Bogd Group



B.AMARSAIKHAN

CEO of Gobi JSC



Ts.ORGILBOLD

Deputy CEO & Executive VP of
Gobi JSC and CEO of Gobi
Cashmere Europe LLC



N.MUNKHBAT

*Risk and audit committee
member*
CFO of Tavan Bogd
Holdings LLC

MAJOR CHANGES IN THE COMPOSITION OF THE BOARD

Due to the resignation of Board
Director E. Purevkhram at his own
request, B. Tseenjam has been
temporarily appointed as an
Independent Director until the 2025
AGM, as per the board's resolution on
September 10, 2024

Risk and audit committee

Functions:

- Oversee and guide the effectiveness of the company's financial and economic control systems.
- Oversee and guide the effectiveness of the internal control, compliance, and risk management systems.
- Facilitate interaction with independent audit organizations and ensure the implementation of legally mandated functions.

Composition:

Chair: A.Jargalmaa

Members: D.Gerelmaa
N.Munkhbat

Nomination committee

Functions:

- Ensure the stability of succession planning for key officials (KO), including board members, the CEO, and other management team leaders.
- Define and oversee the job descriptions and contract terms of KOs.
- Evaluate and monitor the performance and activities of KOs, providing direction and guidance.

Composition:

Chair: D.Khurelbaatar

Members: D.Gerelmaa
Ts.Baatarsaikhan

Remuneration committee

Functions:

- Determine and oversee the implementation of policies regarding the salaries and incentives for key officials.
- Define and monitor the company's salary and incentive policies, plans, and programs.

Composition:

Chair: D.Khurelbaatar

Members: A.Jargalmaa

MANAGEMENT TEAM



CEO
B.AMARSAIKHAN



DEPUTY CEO &
EXECUTIVE VP: Global
and ODM sales
Ts.ORGILBOLD



DEPUTY CEO &
EXECUTIVE VP:
Domestic Sales
B.ARIUNAA



EXECUTIVE VP:
Design and
production
B.BOLORMAA



EXECUTIVE VP:
Global sales
O.MISHEEL



CHIEF
FINANCIAL
MANAGEMENT
OFFICER
G.BAYARBAT



CHIEF
TECHNOLOGY
OFFICER
B.ERDENE



CHIEF HR
OFFICER
T.ICHINKHORLOO



CHIEF
PRODUCTION
MANAGEMENT
OFFICER
M.BOLORTUYA



CHIEF DESIGN &
DEVELOPMENT
OFFICER
A.UCHRAL



CHIEF
MERCHANDISING
OFFICER
O.TSENGEL



CHIEF ODM
SALES OFFICER
G.ANUDARI



CHIEF FINANCE &
ACCOUNTING
OFFICER
D.SODGEREL



CHIEF
COMPLIANCE
OFFICER
B.CHINGUUN



CHIEF LEGAL
OFFICER
Ts.TSASCHIKHER



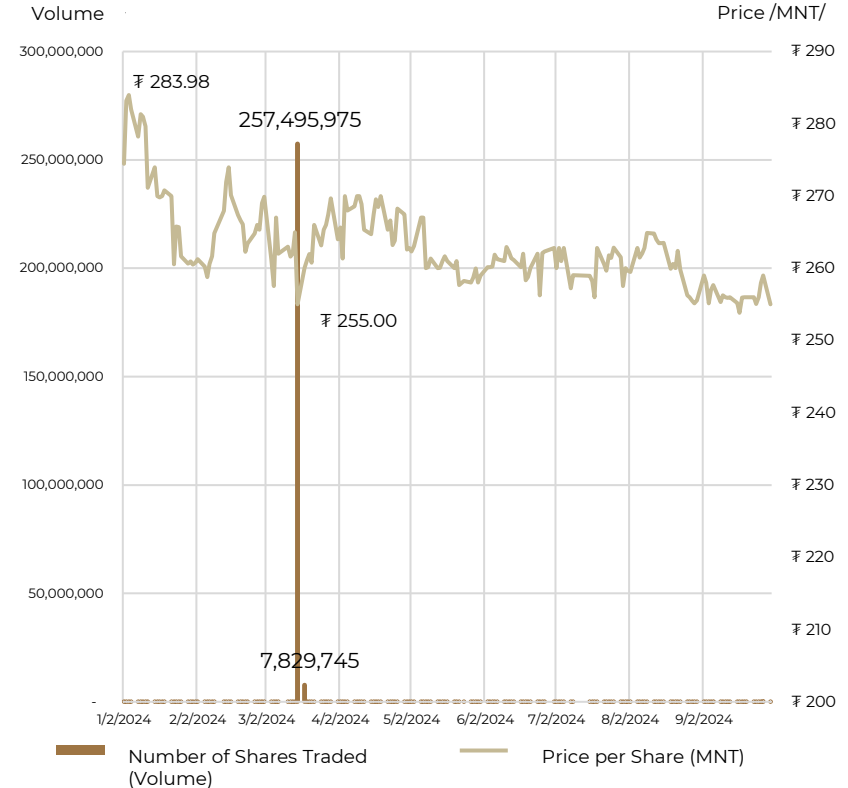
BOARD
SECRETARY
M.SELENGE



HEAD OF INTERNAL
AUDIT DIVISION
Ts.URANCHIMEG

As of the closing price on **September 30, 2024**, the market valuation of Gobi JSC is **198.9 billion MNT**.
 The average share price is **262.94 MNT** (▼ 0.4%).

INDICATOR	2023.12.31	2024.09.30	Change %
STOCK PRICE /MNT/			
Closing price	273.59	255.01	-6.8%
Highest price	350.00	283.98	-18.9%
Lowest price	240.69	253.84	5.5%
Average price	263.90	262.94	-0.4%
NUMBER OF SHARES TRADED /volume/			
Highest daily volume	7,500,000	257,495,975	3333.3%
Lowest daily volume	179	322	79.9%
Average daily volume	62,704	1,435,517	2189.3%
Total	15,676,081	268,441,716	1612.4%
TRADING VALUE /MNT/			
Highest daily volume	2,625,000,000	65,661,782,758	2401.4%
Lowest daily volume	52,805	85,264	61.5%
Average daily volume	18,985,172	366,158,747	1828.7%
Total	4,746,292,927	68,471,685,758	1342.6%
Market Valuation /MNT/	213,430,978,875	198,936,488,625	-6.8%



Implementation of the Corporate Governance Code

№	Title	Maximum score	2023.12.31		2024.06.30	
			FRC Monitoring Score	Implementation Percentage	FRC Monitoring Score	Implementation Percentage
1	Board Structure and Organization	12	11	91.7%	11	91.7%
2	Committees and Their Responsibilities	10	9	90.0%	10	100.0%
3	Reporting and Transparency	6	6	100.0%	6	100.0%
4	Audit and Control System	6	6	100.0%	6	100.0%
5	Risk Management	8	8	100.0%	8	100.0%
6	Key Officials Remuneration	6	6	100.0%	6	100.0%
7	Stakeholder Interest	8	8	100.0%	8	100.0%
8	Corporate Culture	6	6	100.0%	6	100.0%
9	Shareholder Rights	10	10	100.0%	10	100.0%
	Total Score	72	70	97.2%	71	98.6%

As of June 30, 2024, Gobi JSC's **Corporate Governance Code** implementation was evaluated by the Board of Directors' Secretariat, and the results were reviewed and confirmed by the **Financial Regulatory Commission**.

Based on the overall evaluation, the implementation of Gobi JSC's **Corporate Governance Code** was rated at **98.6%** for the first half of 2024, indicating normal governance with no risks. This represents a **1.4% increase** compared to the year-end evaluation for 2023, reaffirming our top position among publicly traded companies in Mongolia.

The detailed report of the governance evaluation is available on the **Mongolian Stock Exchange** and the company's website,



GOBI

**THANK YOU FOR YOUR
ATTENTION**

