

Half-Yearly and Quarterly Activity Report (Form 2)	
Article 20 of the Securities Market Law legislates the general obligations of a securities issuer. The issuer is required to submit an annual activity report to the Financial Regulatory Commission and the trading organization following the specified form and to disseminate this information to the public through their website.	
<i>Reporting Period</i>	From January 1, 2024, to June 30, 2024
<i>Issuer Details</i>	<p>Company Name: "Gobi"JSC State Registration Certificate Number: 9010001061 Securities Code: MN00GOV03548 Official Address: Industrial Street, Khan-Uul District, P.O. Box 36/434, Ulaanbaatar, Mongolia-17062 Phone Number: (+976) 7013-9977 Fax: (976)-70143081 E-mail: info@gobi.mn Website: info.gobi.mn Facebook: GobiCashmere E-commerce: Domestic: gobi.mn Global: gobicashmere.com</p>
<i>Registered Trading Organization</i>	Mongolian Stock Exchange
<i>Business Activity</i>	Comprehensive processing and production of cashmere products
<i>Total Number of Shares Issued</i>	780,112,500
<i>Report Prepared and Reviewed By:</i>	Prepared by: M. Selenge /Board Secretary/ Reviewed by: B. Amarsaikhan /CEO/
1.	<i>Half-Yearly and Quarterly Financial Report (The summary report indicators shall be filled and attached to the financial report)</i>
1.1.	<i>Financial Indicators</i>

GOBI JSC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousand MNT)

	2023.12.31	2024.06.30
ASSETS		
Current Assets		
Cash and cash equivalents	9,491,111	4,690,765
Trade and other receivables	8,030,908	13,129,811
Prepayments and advances	3,173,680	5,234,177
Inventories	142,521,277	181,945,077
	163,216,976	204,999,830
Non-current assets		
Property, plant and equipment	130,748,653	140,036,528
Right-of-use assets	2,109,747	1,529,797
Deferred tax assets	9,276,559	8,647,496
Other non-current assets	6,431,599	5,123,483
	148,566,558	155,337,304
Total Assets	311,783,533	360,337,134
LIABILITIES AND OWNERS' EQUITY		
Current liabilities		
Trade and other payables	38,880,126	38,808,373
Contract liabilities	1,672,424	2,724,232
Short-term lease liabilities	964,376	573,317
Corporate income tax payable	1,801,508	82,822
Short-term borrowings	232,559,514	270,973,779
	275,877,949	313,162,523
Non-current liabilities		
Long-term lease liabilities	1,321,948	1,159,044
Long-term borrowings	9,830,059	48,687,120
Long-term other payables	17,036,260	-
Deferred tax liability	7,883,775	7,883,775
	36,072,042	57,729,939
Total Liabilities	311,949,990	370,892,461
Equity		
Share capital	780,113	780,113
Revaluation reserve	44,568,540	44,568,540
Foreign currency translation reserve	(10,662,273)	(6,900,631)
(Accumulated losses) / Retained earnings	(34,852,837)	(49,003,349)
	(166,457)	(10,555,327)
Total Liabilities and Equity	311,783,533	360,337,134

1.2. *Income statement***GOBI JSC AND ITS SUBSIDIARIES CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***(thousand MNT)*

	2023.12.31	2024.06.30
Revenue	255,650,516	76,093,992
Cost of sales	(131,011,345)	(42,299,781)
Gross profit	124,639,171	33,794,211
Other income	592,777	205,286
Selling and marketing expenses	(73,593,361)	(20,886,765)
Administrative expenses	(19,733,240)	(11,214,978)
Other expenses	(6,980)	-
Finance income	229,734	9,301
Finance costs	(32,104,979)	(15,394,196)
Profit / (loss) before taxation	23,123	(13,487,141)
Income tax benefit (expense)	(6,791,082)	(663,371)
Net profit / (loss) for the year	(6,767,959)	(14,150,512)
Items that will not be reclassified to profit or loss:		
Exchange differences on translating the net assets of foreign subsidiaries	773,737	3,761,642
Other comprehensive income for the year	773,737	3,761,642
Total comprehensive loss for the year	(5,994,221)	(10,388,870)

1.3.	<i>Changes in owners' equity</i>					
	GOBI JSC AND ITS SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY					<i>(thousand MNT)</i>
	Share Capital	Revaluation surplus	Foreign currency translation reserve	Retained Earnings (Accumulated losses)	Total equity	
	Balance as at 01 January 2023	780,113	44,568,540	(11,436,010)	(28,084,878)	5,827,765
	Net profit / (loss) for the year	-	-	-	(6,767,959)	(6,767,959)
	Other comprehensive income	-	-	773,737	-	773,737
	Net comprehensive loss for the year	-	-	773,737	(6,767,959)	(5,994,221)
	Declared dividend	-	-	-	-	-
	Balance as at of 31 December 2023	780,113	44,568,540	(10,662,273)	(34,852,837)	(166,457)
	Net profit / (loss) for the year	-	-	-	(14,150,512)	(14,150,512)
	Other comprehensive loss	-	-	3,761,642	-	3,761,642
	Net comprehensive loss for the year	-	-	3,761,642	(14,150,512)	(10,388,870)
	Declared dividend	-	-	-	-	-
	Balance as at 30 June 2024	780,113	44,568,540	(6,900,631)	(49,003,349)	(10,555,327)
1.4.	<i>Statement of cash flows</i>					
	GOBI JSC AND ITS SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS					<i>(thousand MNT)</i>
				2023.12.31	2024.06.30	
	Net cash flows (used in) / from operating activities			(19,005,294)	(62,783,503)	
	Net cash flows (used in) / from investing activities			(3,862,024)	(6,124,831)	
	Net cash flows (used in) / from financing activities			23,307,356	64,250,537	
	Total net cash flows			440,039	(4,657,797)	
	Exchange difference on translating foreign operations			16,153	(142,549)	
	Cash and cash equivalents, at the beginning of the year			9,034,919	9,491,111	
	Cash and cash equivalents, at the end of the year			9,491,111	4,690,765	

2. Resolution of the Risk and Audit Committee of the Board of Directors on the Discussion and Authorization of the Half-Yearly and Quarterly Financial Statements



"GOBI" JOINT-STOCK COMPANY
RISK AND AUDIT COMMITTEE
UNDER THE BOARD OF DIRECTORS
MEETING RESOLUTION

Date: July 18, 2024

No 02

Ulaanbaatar, Mongolia

On Reviewing
the 2024 Half-Year Financial Report

In accordance with the "Securities Registration Regulation" approved by the Financial Regulatory Commission, the Risk and Audit Committee of Gobi JSC **RESOLVES** as follows:

1. To approve the presentation of the financial results for the first half of 2024 of Gobi JSC and to authorize their public disclosure.
2. The Board Secretary, M. Selenge, is hereby tasked with submitting the half-yearly report to the Financial Regulatory Commission and the Mongolian Stock Exchange in accordance with the relevant regulations and ensuring its public disclosure.

Risk and Audit Committee
under the Board of Directors of Gobi JSC:

Chair

Members



A.JARGALMAA

D.GERELMAA

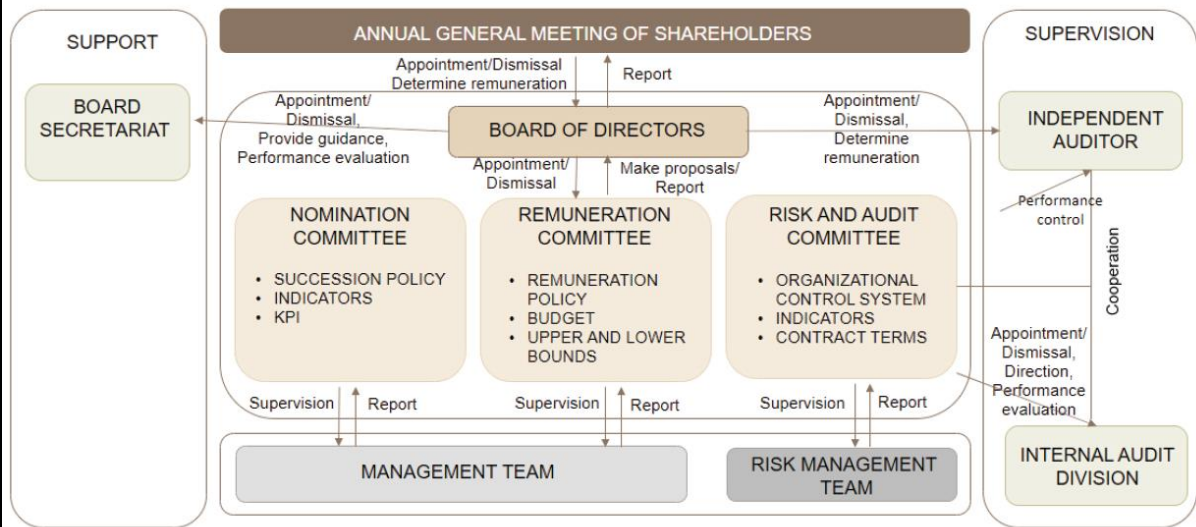
N.MUNKHBAT

3.	<i>Management Report and Conclusion on the Analysis of External and Internal Factors Affecting the Financial Activities of the Issuer, Financial Statement Analysis, and the Calculation and Evaluation of Income, Expenses, and Profit Performance During the Reporting Period</i>																		
3.1.	<table border="1" data-bbox="671 365 1422 611"> <thead> <tr> <th data-bbox="676 371 1010 421">Indicator</th> <th data-bbox="1010 371 1211 421">2023.06.30</th> <th data-bbox="1211 371 1417 421">2024.06.30</th> </tr> </thead> <tbody> <tr> <td data-bbox="676 421 1010 456">Gross Profit Margin</td> <td data-bbox="1010 421 1211 456">49%</td> <td data-bbox="1211 421 1417 456">44%</td> </tr> <tr> <td data-bbox="676 456 1010 492">Net Profit Margin</td> <td data-bbox="1010 456 1211 492">-12%</td> <td data-bbox="1211 456 1417 492">-19%</td> </tr> <tr> <td data-bbox="676 492 1010 528">Current Ratio</td> <td data-bbox="1010 492 1211 528">0.9</td> <td data-bbox="1211 492 1417 528">0.7</td> </tr> <tr> <td data-bbox="676 528 1010 564">Inventory Turnover</td> <td data-bbox="1010 528 1211 564">527</td> <td data-bbox="1211 528 1417 564">510</td> </tr> <tr> <td data-bbox="676 564 1010 611">Price per Share /¥/</td> <td data-bbox="1010 564 1211 611">295</td> <td data-bbox="1211 564 1417 611">262</td> </tr> </tbody> </table>	Indicator	2023.06.30	2024.06.30	Gross Profit Margin	49%	44%	Net Profit Margin	-12%	-19%	Current Ratio	0.9	0.7	Inventory Turnover	527	510	Price per Share /¥/	295	262
Indicator	2023.06.30	2024.06.30																	
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Inventory Turnover	527	510																	
Price per Share /¥/	295	262																	
3.2.	<i>Liquidity and Financial Resource Indicators</i>																		
3.3.	<p data-bbox="236 1182 608 1440"><i>Impact of External and Internal Environment on the Issuer's Operations, Changes in Product and Service Types, and the Company's Measures in Response to These Changes</i></p> <ul data-bbox="639 622 1444 2000" style="list-style-type: none"> • Domestic market sales increased by 8% compared to the same period last year. To enhance customer convenience and support sales, we renovated our main store adjacent to the factory. • For the Global market, we plan to reduce marketing expenses in 2024 and focus more on branding-oriented marketing. Although the reduction in marketing expenses is expected to directly impact sales revenue, resulting in a decrease, our focus in 2024 is on improving profitability rather than sales growth. In the first half of the year, we reduced marketing expenses by 69% compared to the same period last year, resulting in a 63% decrease in sales but a 41% reduction in losses compared to the same period last year. • To increase brand recognition and expand our market in the international market, we conducted a rebranding and updated the company's image. • We expanded our product range by launching 100% cashmere hats in the first quarter of 2024 and introduced new products such as Vulcanized Sole Sneakers and cashmere Ballerina shoes in the second quarter of 2024. The cashmere Ballerina flats are notable for their breathable technology, which prevents overheating and allows full air permeability, making them highly favored by customers. We are also working on developing new products, including cashmere bags. • On a company-wide scale, we successfully implemented the SAP S/4 HANA ERP system to improve operations. • We have initiated preparations for implementing the INA MES system in our knitting and sewing factories to enhance product manufacturing, unit product efficiency, intermediate process information, production quality, traceability, real-time production data, and control of normal operations, with the goal of improving operational efficiency and productivity. 																		

3.4.	<i>Details of Transactions and Operations Recorded Outside the Financial Statements and Accounting Policies</i>	There are no transactions or operations recorded outside the financial statements.																											
4.	<i>Information on Related Party Transactions and Significant Transactions during the Reporting Period, Including the Purpose and Importance of These Transactions and Details on Conflict-of-Interest Parties /Includes Information on All Related Party Transactions during the Reporting Period/</i>																												
<p>MAJOR TRANSACTIONS</p> <p>No major transactions were conducted during the reporting period.</p> <p>CONFLICT OF INTEREST TRANSACTIONS</p> <p>On November 20, 2023, by Resolution No. 36 of the Board of Directors of Gobi JSC, the "Procedure for Conducting Related Party Transactions" was approved. According to this procedure, at the beginning of each year, a list of unified interested parties and a transaction budget for purchasing and selling goods and services essential for the company's daily operations at market prices and conditions is approved by the majority vote of the independent members of the Board of Directors.</p> <p>Any transaction with a party not included in the approved list or exceeding the approved budget requires a specific resolution and approval by the Board of Directors.</p> <p>The Risk and Audit Committee of the Board of Directors ensures that all related party transactions conducted within the company are within the approved budget, at market prices and conditions, and in compliance with legal requirements through its regular quarterly committee meetings.</p> <p>TRANSACTIONS WITH RELATED PARTIES</p> <p style="text-align: right;"><i>(thousand MNT)</i></p> <table border="1" data-bbox="240 1227 1449 1644"> <thead> <tr> <th data-bbox="240 1227 1008 1294">Transactions with related parties</th> <th data-bbox="1008 1227 1236 1294">2023.06.30</th> <th data-bbox="1236 1227 1449 1294">2024.06.30</th> </tr> </thead> <tbody> <tr> <td data-bbox="240 1294 1008 1339">Advances to related parties</td> <td data-bbox="1008 1294 1236 1339">57,950,000</td> <td data-bbox="1236 1294 1449 1339">329,554,048</td> </tr> <tr> <td data-bbox="240 1339 1008 1384">Advances from related parties</td> <td data-bbox="1008 1339 1236 1384">78,490,000</td> <td data-bbox="1236 1339 1449 1384">345,297,000</td> </tr> <tr> <td data-bbox="240 1384 1008 1429">Sales to related parties</td> <td data-bbox="1008 1384 1236 1429">146,267</td> <td data-bbox="1236 1384 1449 1429">81,044</td> </tr> <tr> <td data-bbox="240 1429 1008 1473">Purchases from related parties</td> <td data-bbox="1008 1429 1236 1473">1,126,822</td> <td data-bbox="1236 1429 1449 1473">1,119,522</td> </tr> <tr> <td data-bbox="240 1473 1008 1518">Interest income</td> <td data-bbox="1008 1473 1236 1518">195,185</td> <td data-bbox="1236 1473 1449 1518">-</td> </tr> <tr> <td data-bbox="240 1518 1008 1563">Interest expense</td> <td data-bbox="1008 1518 1236 1563">1,442,510</td> <td data-bbox="1236 1518 1449 1563">4,618,436</td> </tr> <tr> <td data-bbox="240 1563 1008 1608">Lease income</td> <td data-bbox="1008 1563 1236 1608">128,081</td> <td data-bbox="1236 1563 1449 1608">134,204</td> </tr> <tr> <td data-bbox="240 1608 1008 1644">Lease expense</td> <td data-bbox="1008 1608 1236 1644">686,371</td> <td data-bbox="1236 1608 1449 1644">688,036</td> </tr> </tbody> </table> <p>Note: The term "related parties" includes subsidiaries of Tavan Bogd Group. The company's Board of Directors authorized the purchase and sale of essential goods and services necessary for the company's daily operations with these related parties at market prices and conditions through Resolution No. 03 dated January 26, 2024.</p>			Transactions with related parties	2023.06.30	2024.06.30	Advances to related parties	57,950,000	329,554,048	Advances from related parties	78,490,000	345,297,000	Sales to related parties	146,267	81,044	Purchases from related parties	1,126,822	1,119,522	Interest income	195,185	-	Interest expense	1,442,510	4,618,436	Lease income	128,081	134,204	Lease expense	686,371	688,036
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5.	<i>If the securities issuer has issued shares to the public for project implementation, provide details of the project's progress after its commencement and the report on the use of the funds raised</i>																												
The company has not issued shares to the public.																													

6. Information Related to Corporate Governance

GOVERNANCE STRUCTURE AND ACTIVITIES



The Board of Directors (BoD) is elected and appointed by the Annual General Meeting. The BoD aims to safeguard the interests of shareholders and investors, increase the returns and efficiency of assets, oversee the executive management’s activities, and provide appropriate guidance.

Three committees operate under the BoD: the Nomination Committee, the Remuneration Committee, and the Risk and Audit Committee. Each committee implements policies according to their functions and evaluates the performance of the company’s management team, reporting their findings to the BoD. The Internal Audit Division, under the Risk and Audit Committee, independently implements internal controls within the company.

The BoD also has a working office comprising the Board Secretary and a Board Specialist. The Board office is responsible for organizing Board and committee meetings, ensuring transparency in public communications, developing and monitoring governance policy documents, addressing corporate governance issues, and handling shareholder inquiries and information requests.

ANNUAL GENERAL MEETING OF SHAREHOLDERS 2024

Gobi JSC’s Annual General Meeting of Shareholders 2024 was successfully held on April 29, 2024, at 10:00 AM at the Khaan Theater (1st Floor, Seoul Office of Khan Bank, Seoul Street-25, 3rd khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia).

Meeting Attendance

A total of 629 shareholders, holding 12,462,706 shares (1.60%), voted in advance. Additionally, 74 shareholders, holding 678,761,381 shares (87.01%), attended the meeting in person on the day. Therefore, a total of 703 shareholders, holding 691,224,087 shares, participated, resulting in an attendance rate of 88.61%, making the meeting valid.

Meeting agenda items

1. 2023 Operational and Financial Performance Report of Gobi JSC.
2. Board resolution not to distribute dividends from the 2023 financial results.
3. Board’s evaluation of the company’s 2023 operations and financial performance.

4. 2023 Board activity report.
5. Proposal to revise Board members' remuneration.
6. 2024 Board remuneration budget.
7. Introduction of Board member candidates

Meeting resolutions

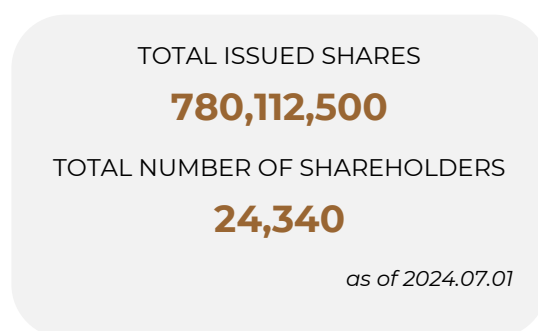
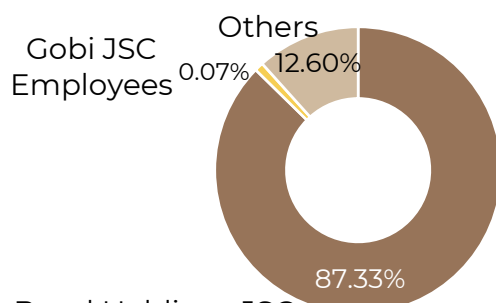
After listening to the reports and presentations on the agenda items, engaging in questions, answers, and discussions, the shareholders cast their votes on the following resolutions at the Annual General Meeting:

1. The Board of Directors' assessment that "Gobi JSC's executive team fully utilized their resources to achieve their 2023 goals" was approved with 99.99% of the votes.
2. The proposal to revise the remuneration of the Board of Directors' members was approved with 99.99% of the votes.
3. The 2023 remuneration budget of the Board of Directors was approved with 99.99% of the votes.
4. The election of 9 members to the Board of Directors, consisting of 3 independent members and 6 regular members, for a term of 3 years, was approved.

Post-Meeting report

During the meeting, shareholders' questions and suggestions were collected, and responses were provided afterward. On May 2, 2024, the meeting materials (110 pages of printed materials, 1 booklet, and 2 electronic documents) were submitted to the Financial Regulatory Commission (FRC) and the Mongolian Stock Exchange (MSE) within the legal deadline.

SHAREHOLDER STRUCTURE



Tavan Bogd Holdings JSC

CHANGES IN THE STRUCTURE OF SIGNIFICANT SHAREHOLDERS

Shareholder Name	2023.12.31		2024.03.31		2024.07.01	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tavan Bogd Holdings LLC	400,140,072	51.29%	665,378,372	85.29%	681,267,736	87.33%
Hide Inter LLC	265,238,300	34.00%	-	-	-	-

Tavan Bogd Holdings LLC is the parent company of Tavan Bogd Group. Tavan Bogd Group is a leading group company in Mongolia, operating in eight main business sectors with 22 subsidiary companies, three investment companies, and over 12,000 employees.

ON GOBI JSC IMPLEMENTING THE SHAREHOLDER RIGHT TO DEMAND SHARE BUYBACK AS A FULFILLMENT OF LEGAL OBLIGATION

Gobi JSC's significant shareholder, Tavan Bogd Holdings LLC, increased its ownership stake to 85.29% in March 2024. According to Article 53.2 of the Company Law, since Tavan Bogd Holdings LLC's share ownership exceeded 75%, Gobi JSC was legally obligated under Articles 53 and 54 of the Company Law to implement the right of other shareholders to demand the buyback of their shares. To fulfill this legal obligation and protect the interests of other shareholders, the Board of Directors of Gobi JSC passed a resolution on April 19, 2024, to implement the "Shareholder Right to Demand Share Buyback."

Requests for share buyback from shareholders were accepted in both paper and electronic forms from April 24, 2024, to June 5, 2024. During this period, Gobi JSC received buyback requests from 96 shareholders for a total of 3,427,017 shares. The payments for these shares were transferred to the respective shareholders' centralized securities accounts on June 12, 2024.

A report on the implementation of the buyback was prepared and submitted to the Financial Regulatory Commission and the Mongolian Stock Exchange on June 13, 2024.

TAVAN BOGD HOLDINGS LLC'S SHARE PURCHASE OFFER AS A FULFILLMENT OF LEGAL OBLIGATION

In compliance with Article 57.1 of the Company Law, due to the increase in its ownership stake, Tavan Bogd Holdings LLC extended an offer to purchase shares from other shareholders from May 27, 2024, to June 27, 2024. During this period, Tavan Bogd Holdings LLC received offers of a total of 12,462,347 shares, and the payments for these shares were completed on July 1, 2024..

CHANGES IN COMPANY KEY OFFICIALS

According to [Resolution No.08](#) of the Board of Directors on February 28, 2024, CEO Ts. Batarsaihan was released from his duties upon his request, effective February 29, 2024. Starting March 1, 2024, B. Amarsaikhan was appointed as the new CEO of Gobi JSC.

COMPANY MANAGEMENT EXPENSES

(thousand MNT)

Nº	Expense type	2023.06.30	2024.06.30	Diff %
1	Annual General Meeting of Shareholders Expenses	20,545	23,830	16%
2	Board Remuneration			
2.1	Base Salary	72,400	78,600	9%
2.2	Attendance Pay	16,050	23,400	46%
2.3	Additional Pay	-	-	
2.4	Social Insurance Contributions	11,415	13,739	20%
	Total	99,865	115,739	16%
3	Management Team Remuneration			
3.1	Base Salary	783,530	1,067,837	36%
3.2	Bonus	-	-	
3.3	Social Insurance Contributions	105,673	134,762	28%
	Total	889,203	1,202,599	35%

For detailed information regarding the governance structure and operations, please refer to the attached activity report.

7. *Reports and Information Related to Issuer's Governance*

BOARD MEETING INFORMARTION

Meeting	Regular meeting	Extraordinary meeting	Unanimous written consent	Discussed agenda items	Decisions	Recinnebdatuibs	Directive	Approved resolution
Board Meeting	3	6	5	37	28	7	5	26
Risk and Audit Committee Meeting	1	-	2	7	2	1	2	1
Nomination Committee Meeting	1	-	3	14	8	7	9	3
Remuneration Committee Meeting	1	-	-	8	6	4	4	1
Total	6	6	10	66	44	19	20	31

During the first half of 2024, the Board of Directors and its committees held a total of 6 regular meetings, 6 extraordinary meetings, and conducted 10 unanimous written consents, demonstrating proactive engagement from the members.

BOARD RESOLUTIONS AND DECISIONS

During the reporting period, the Board of Directors and its committees discussed a total of 66 issues, made 44 decisions, and approved 31 resolutions. These include:

- 26 resolutions from the Board of Directors (17 related to internal operations, 8 related to financing, and 1 related to business expansion and human resources)
- 1 resolution from the Risk and Audit Committee
- 3 resolutions from the Nomination Committee
- 1 resolution from the Remuneration Committee.

Additionally, within its scope of responsibilities, the Board provided 19 recommendations and 20 directives to management and monitored their implementation. The fulfillment of Board decisions and directives to management was 100% compliant айв.

DIVIDENDS

According to the Board [Resolution No. 01](#) dated January 26, 2024, the financial results of Gobi Corporation for 2023 did not meet the conditions for dividend distribution as stipulated in clause 2.3 of the company's dividend policy, nor did they maintain the required financial ratios. Therefore, it was decided not to distribute dividends.

TRANSPARENCY AND DISCLOSURE

For the half-year period, the following reports and information were submitted to the Financial Regulatory Commission and the Mongolian Stock Exchange within the legal deadlines and reported to the public:

- 2023 Annual Activity Report (in Mongolian and English)

- 2023 Audited Financial Statements and Audit Opinion (in Mongolian and English)
- 2023 Environmental, Social, and Governance Report
- 2023 Sustainability Report
- Governance Code Compliance Report (as of December 31, 2023)
- Financial and Operational Report for Q1 2024
- Report on the Annual General Meeting of Shareholders for 2024
- Report on the Implementation Shareholders' Rights to Demand Buyback.

NEWLY APPROVED POLICIES AND DOCUMENTS

Gobi JSC approved the "[Corporate Governance Code Implementation Program](#)" in November 2022. To ensure the implementation of this program, the Board of Directors approved the following policies and procedures in 2024:

Principles of Remuneration for Board Members were discussed and approved at the Remuneration Committee meeting on January 22, 2024.

The "[Remuneration Policy](#)" was revised, discussed at the Remuneration Committee meeting, and approved at the Board of Directors meeting on January 26, 2024.

For detailed reports related to governance, please refer to the attached activity report.

For detailed information regarding the governance structure and operations, please refer to the attached activity report..

Information Provider and Reviewer Signatures and Dates:

Name: B.Amarsaikhan

Position: CEO of "Gobi" JSC

Signature: _____

(Stamp/Seal)



Name:

Position : "... Executive Director of the audit company

Signature:

(Stamp/Seal)

Signature and Date of the Personnel Prepares and Submitted the Information:

Name: M.Selenge

Position: Board Secretary

Signature: _____

Date: July 19, 2024



GOBI

**GOBI JSC
2024 - Q2
ACTIVITY REPORT**



1.	COMPANY INTRODUCTION	03
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COMPANY INTRODUCTION

Gobi JSC, the pioneer of Mongolia's wool and cashmere industry, was established in 1981 and is one of the biggest national factory with a history of operating successfully for 43 years.

Gobi JSC uses 100% Mongolian goat cashmere and the latest technology, placing it among the world's top 5 cashmere product manufacturers in terms of production capacity, quality, and service.

Market valuation



204.7

billion MNT

as of 2024.06.30

PRODUCTION CAPACITY



600 tons of combed cashmere



1,280 tons of yarn
30 tons of fine yarn



1,650,000 pieces of knitted products

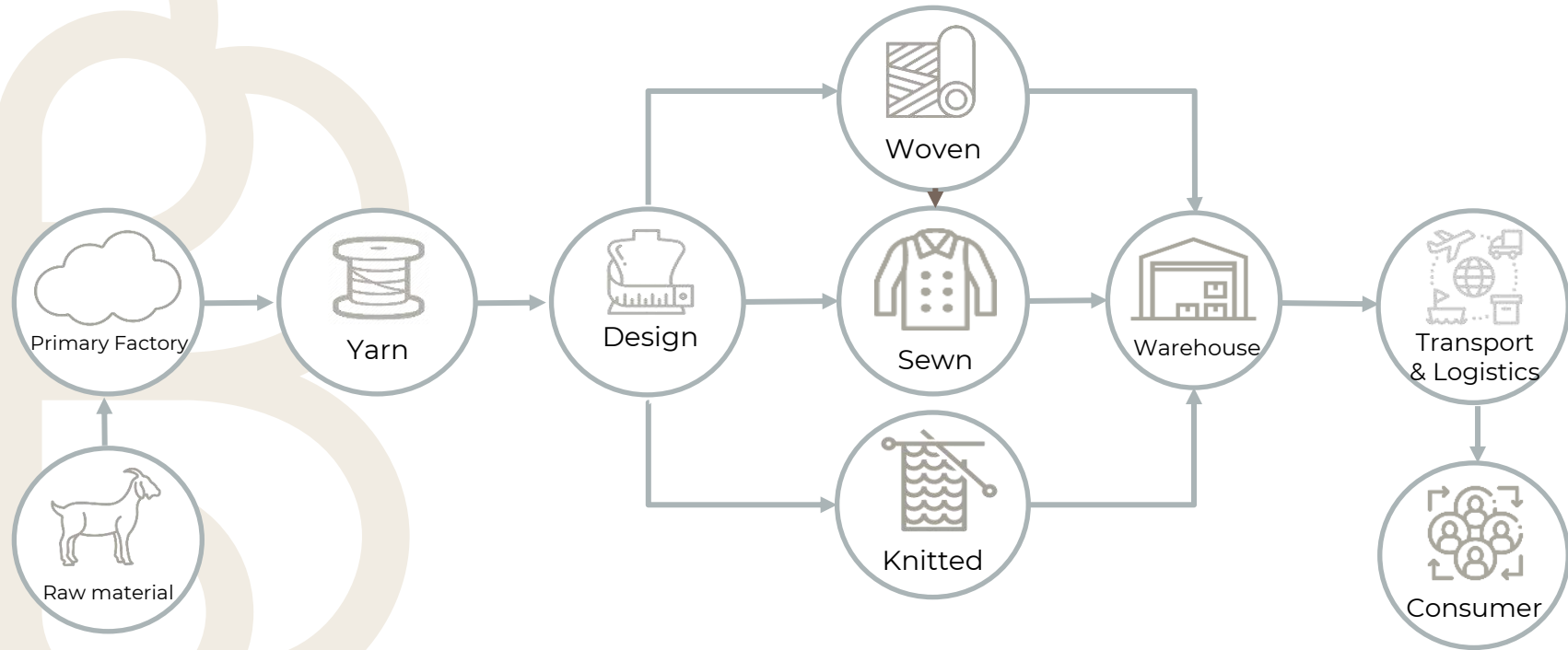


640,000 pieces of woven products



160,000 pieces of sewn products

Total of **2,450,000** finished products



Depending on the type of product, there are about **70-130** production stages and around **300-500** operations to create a finished product.

OUR ACHIEVEMENTS AND HIGHLIGHTS



Learned and gained experience in the knitting, sewing, and ironing technology processes of the South Korean knitting factory.



Signed a memorandum of cooperation within the framework of the "Gobi Academy" with the Mongolian-Korean Polytechnic College



On March 1st, a ceremony was held to appoint B. Amarsaikhan as the new CEO.



Go-Live of SAP S/4 HANA ERP system.



Awarded the "OEKO-TEX STANDARD 100" certificate for the first time in Mongolia for finished products through the UNIDO grant.



Signed a cooperation agreement with the Asian Development Bank to implement the "Pilot Project for Climate Change Adaptation of Herdsmen through Grouping and Sustainable Pasture Management".



Organized an employee celebration meeting for the 90th anniversary of the light industry.



The internal control laboratory became an accredited testing laboratory.

OUR ACHIEVEMENTS AND HIGHLIGHTS



On April 29, the Annual General Meeting was held, where the 2023 operational and financial results report, as well as the 2023 activities report of the Board of Directors, were presented. During this meeting, the 2024 budget for the Board of Directors was approved, and new board members were selected and appointed.



We successfully installed the world's most advanced crawler spinning machine "BIGAGLI" from Italy, significantly enhancing our yarn production capacity. As a result, the production of knitted yarn increased by 50%, and the total yarn production capacity rose by 20%, enabling us to produce 1,300 tons of yarn annually.



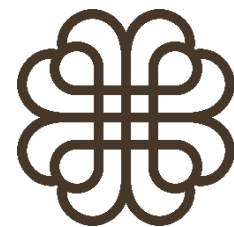
Our "Flagship Store" underwent a significant renovation and was officially reopened. During the opening ceremony, guests had the opportunity to tour the factory and witness the transformation from raw materials to finished products. A highlight of the event was a fashion show within the factory, showcasing the 2024 spring-summer collection and the "Naadam" collection.



As part of our commitment to sustainable development, Gobi JSC successfully renewed its certification for the third consecutive year under the unified management system standards ISO 14001:2015, ISO 45001:2018, and ISO 9001:2015.

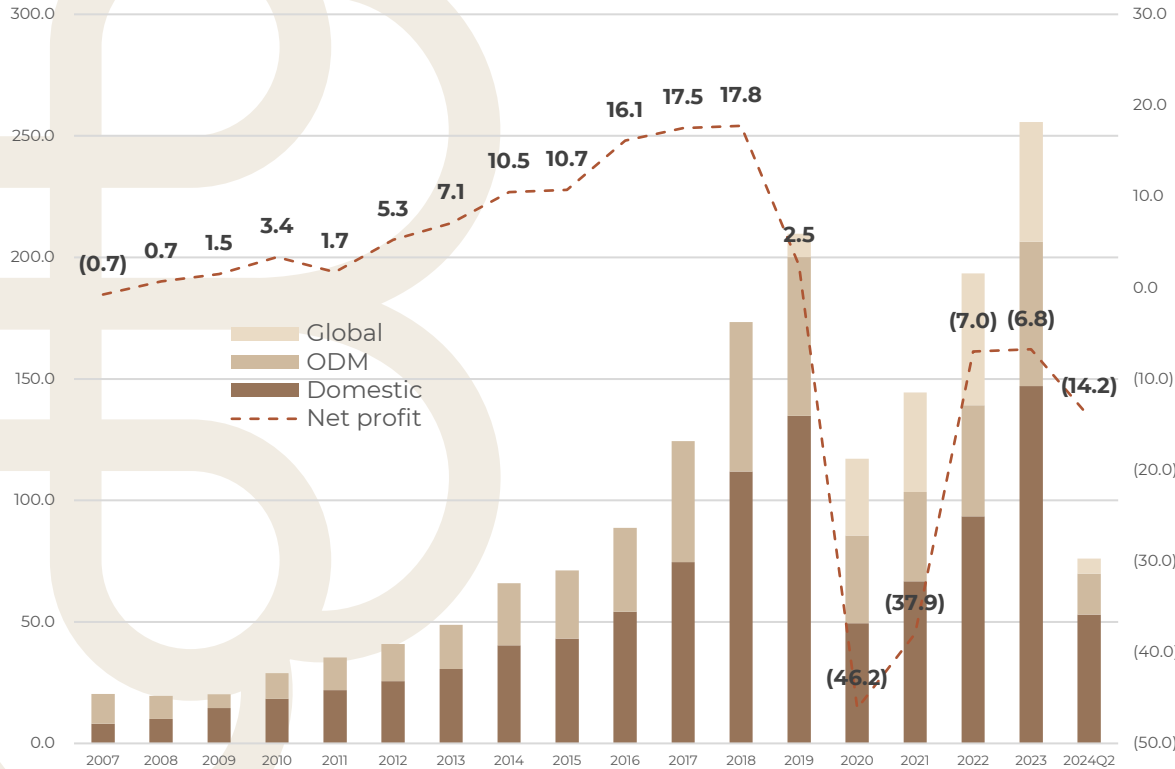


To enhance our brand recognition in international markets and expand our market reach, we initiated a rebranding campaign at the beginning of the year. On July 2, we introduced the new symbol, updated logo, and refreshed image of the Gobi brand.

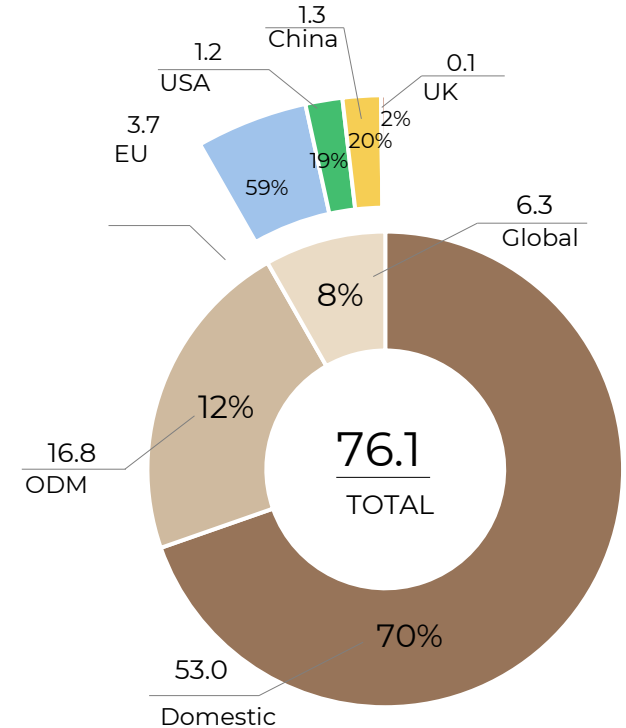


FINANCIAL AND OPERATIONAL RESULTS

SALES, NET PROFIT
/billion MNT/



SALES REVENUE BY SEGMENT
/billion MNT, %/



INDICATORS	Unit	2023.06.30	2024.06.30			
		Performance	Performance	Difference		
				Amount	%	
SALES REVENUE	<i>million MNT</i>	83,523	76,094	(7,429)	-9%	
Domestic	million MNT	49,289	52,999	3,709	8%	
ODM	million MNT	17,315	16,822	(492)	-3%	
Global	million MNT	16,918	6,273	(10,646)	-63%	
Number of Goods Sold	thousand pcs	351	308	(43)	-12%	
COST OF GOODS SOLD	<i>million MNT</i>	42,747	42,300	(447)	-1%	
GROSS PROFIT	<i>million MNT</i>	40,775	33,794	(6,981)	-17%	
Gross Profit Margin	%	49%	44%		-4%	
Operating Expenses	million MNT	49,493	47,209	(2,284)	-5%	
OPERATING PROFIT	<i>million MNT</i>	(8,718)	(13,415)	(4,697)	-54%	
Operating Profit Margin	%	-10%	-18%		-7%	
Non-Operating Expenses	million MNT	1,098	72	(1,026)	-93%	
Pre-Tax Profit	million MNT	(9,816)	(13,487)	(3,671)	-37%	
NET PROFIT	<i>million MNT</i>	(9,974)	(14,151)	(4,177)	-42%	
Net Profit Margin	%	-12%	-19%		-7%	
Total Operating Expenses	million MNT	92,241	89,509	(2,732)	-3%	
PRODUCTION	<i>thousand pcs</i>	505	531	26	5%	
Knitted Products	thousand pcs	369	343	(26)	-7%	
Woven Products	thousand pcs	119	172	53	44%	
Sewn Products	thousand pcs	17	16	(1)	-7%	
Coat	thousand pcs	8	8	(0)	-2%	
Blazer	thousand pcs	3	3	0	17%	
Yarn	tons	127	112	(15)	-12%	
NUMBER OF EMPLOYEES	<i>persons</i>	1,574	1,723	149	9%	
Revenue per Employee	million MNT	53,064	44,164	(8,900)	-17%	
INVESTMENTS	<i>million MNT</i>	2,543	15,594	13,051	513%	
TOTAL LIABILITIES	<i>million MNT</i>	360,969	370,892	9,923	3%	
Bank Loans	million MNT	287,025	312,873	25,848	9%	
TOTAL ASSETS	<i>million MNT</i>	358,852	360,337	1,485	0%	
Inventory	million MNT	183,042	181,945	(1,097)	-1%	
MARKETING EXPENSES	<i>million MNT</i>	8,979	3,229	(5,750)	-64%	
Global marketing	million MNT	8,136	2,502	(5,634)	-69%	

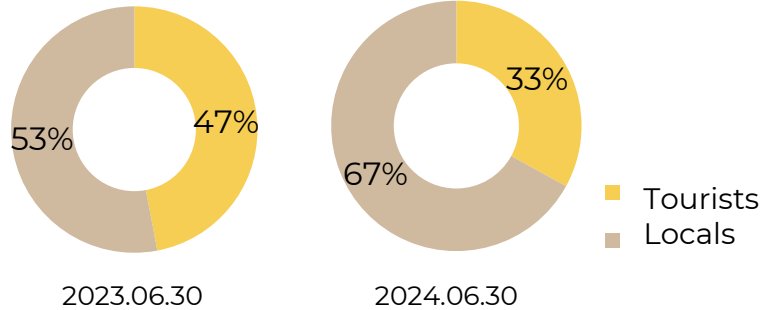
FINANCING INFORMATION

NAME	Currency	Annual Interest Rate (%)	Maturity date	2023.12.31		2024.06.30	
				Final balance (thousand currency)	Loan Balance (thousand MNT)	Final balance (thousand currency)	Loan Balance (thousand MNT)
Bank Loan							
Golomt Bank (Long-term Loan)	MNT	11.00%	2025	-	13,333,333	-	8,123,764
Golomt Bank (Credit Line)	MNT	15.60%	2026	-	48,950,000	-	37,930,000
	USD	11.05%	2026	-	-	1,121	3,791,418
Golomt Bank (Short-term Loan)	MNT	5.00%	2025	-	-	-	9,500,000
Khan Bank (Credit Line)	MNT	12.60%	2025	-	6,500,000	-	5,600,000
	USD	7.00%	2025	-	-	5,013	16,949,204
Khan Bank (Long-term Loan)	MNT	3.00%	2024	-	4,202,775	-	-
Khan Bank (Short-term Loan)	MNT	5.00%	2024	-	10,000,000	-	-
XAC Bank (Credit Line)	USD	9.75%	2026	-	-	\$ 11,840	40,031,632
XAC Bank (Short-term Loan)	MNT	5.00%	2024	-	16,666,667	-	-
XAC Bank (Short-term Loan)				-	-	-	10,000,000
Arig Bank (Short-term Loan)	MNT	5.00%	2024	-	14,500,000	-	-
ADB	USD	3.89%+SOFR	2026	-	-	\$ 18,000	60,858,900
ADB	USD	3.89%+SOFR	2026	\$ 12,000	40,928,280	\$ 12,000	40,572,600
IIB	EUR	4.25%	2027	€ 8,000	30,333,280	€ 8,000	28,914,720
IIB	EUR	5.25%	2027	€ 14,000	53,083,240	€ 14,000	50,600,760
Total Bank Loans					238,497,575		312,872,998
Bond Financing							
Bond (Short-term Loan) *	USD	8.50%	2025	-	-	\$ 3,250	10,988,413
Total Financing					238,497,575		323,861,411

- *Gobi JSC obtained approval from the relevant authorities on April 23, 2024, to issue "Gobi Bond 2" amounting to \$16,800,000 with a 12-month term and an annual coupon rate of 8.5% for working capital, refinancing, and investment purposes in a closed subscription. As of June 30, 2024, \$3,250,000 of the bonds had been raised from investors.

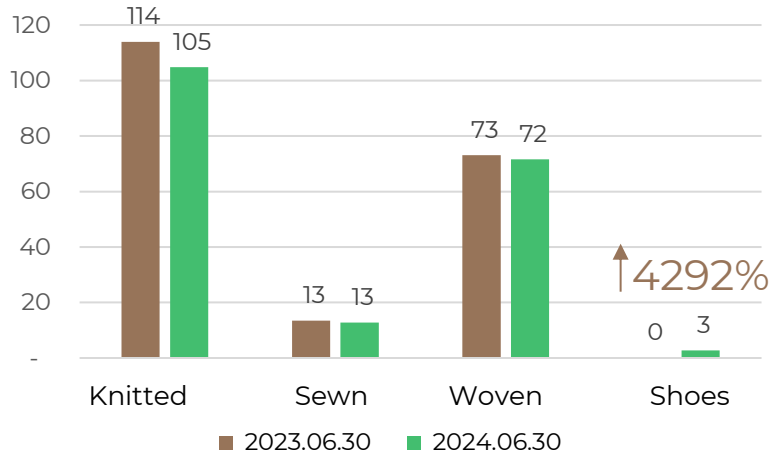
	MongolBank Exchange Rate /MNT/	
	2023.12.31	2024.06.30
USD	3,410.69	3,381.05
EUR	3,791.66	3,614.34

SALES STRUCTURE



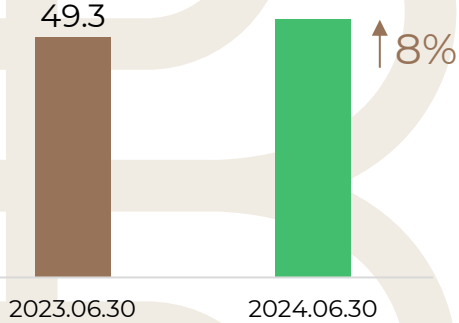
When breaking down the domestic market sales by structure, tourist sales accounted for 33% (compared to 47% in the same period of 2023).

GOODS SOLD /thousand pcs/



Regarding the number of units sold by product type, the introduction of new cashmere shoe models resulted in a remarkable 4292% increase in shoe sales.

SALES
53.0
billion MNT



In the first half of 2024, Gobi JSC achieved domestic sales of 53.0 billion MNT, marking an 8% increase compared to the same period last year.



A new branch for dry cleaning and repair services was opened inside the E-Mark Khan-Uul branch.

2024.01



An event was organized to introduce the FW24 collection to VIP customers and tourism company executives.

2024.02



Based on feedback received during the collection presentation, the styling, window displays, and product arrangements in stores were revamped to provide a complete look.

2024.02



Implemented the updated POS systems in the stores.

2024.03



An event was organized to open the tourist season, where collaboration plans were presented to 217 guests, including guides, drivers, and representatives from tourism companies.

2024.03



Renovation and upgrades were completed for the main section of the Flagship Store located next to the factory.

2024.05



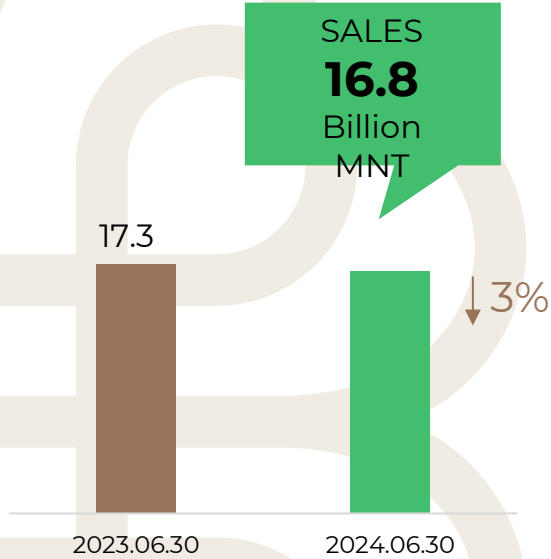
The opening ceremony of the renovated Flagship Store was held, including a fashion show at the factory.

2024.06



A connecting passageway between the factory and the Flagship Store was constructed and put into operation.

2024.06



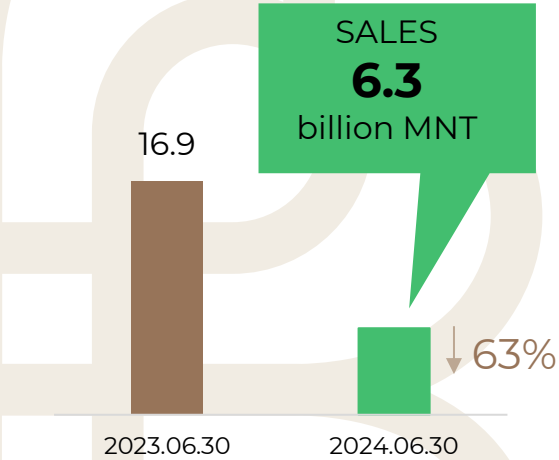
In the first half of 2024, Gobi JSC supplied products to 31 partners in the export market, achieving sales of 16.8 billion MNT. Although this represents a 3% decrease compared to the same period last year, it is a 105% fulfillment of the business plan



As of the first half of 2024, Gobi JSC operates **20** franchise stores in **19** cities across **7** countries.



The ODM Sales Department, in collaboration with the factory and factory management team, worked at a knitting factory in South Korea to study and enhance productivity. This experience provided valuable insights into the production line, sewing, and ironing technologies of the South Korean knitting industry.



In 2024, Gobi JSC has focused on reducing marketing expenses while shifting towards branding-focused marketing to improve profitability rather than just sales growth. Consequently, in the first half of the year, marketing expenses were reduced by 69% compared to the same period last year. Although this resulted in a 63% decrease in sales, the company managed to reduce its losses by 41% compared to the same period last year.

GOBI BRAND ORGANIC SEARCH

DATE	Keyword ranking				Total number of keywords	
	1-3		4-10			
2024.06.30	1,030	172%	2,257	100%	14,825	41%
2023.06.30	379		1,129		10,525	

Since 2023, the company has been working with SEO (Search Engine Optimization) companies to improve the brand's organic search presence in the international sales market, taking phased actions



Gobi JSC initiated a collaboration with NPDI Agency, conducting and implementing new keyword research together.



More than 10 blogs have been added to each website to enhance SEO. As a result of these blog posts, organic traffic to the websites has increased.

2024.01

2024.01-06

NPDI x GOBI
COLLABORATION

60,000+

Characters worth of
text content were added

100+

Tasks and improvements were
implemented on the website

30+

Online meeting and
conferences were held

Neil Patel is recognized by The Wall Street Journal, Forbes, and the United Nations as one of the world's most influential and successful marketers and entrepreneurs

+41.7%

increase in the number of
keywords, reaching the highest
number of keywords ever.

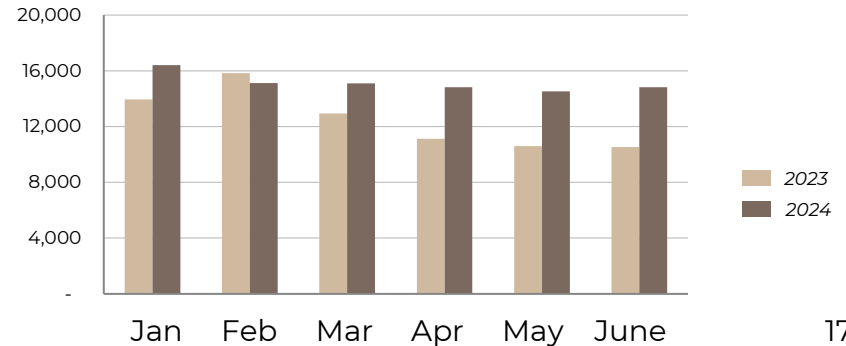
+75.8%

Increase in organic traffic



GOBI |  digital

Number of Keywords



Collaborative Efforts in the First Half of 2024:

Influencer PR: 80, Internal: 16,

Digital Magazines Rollacoaster: 1,

Celebrity VIP: 4

Press and Magazines Online: 77 Paperback: 4

Blogs 14

Others Press days /4.18-4.19/: - Brand presentation event involving 250 journalists and celebrities

- Podcast: Konfekt Corner by Monocle Radio Chapter 4

Customer Satisfaction Survey Results

86.5%

 **@Asap12vy,**
391K
followers
/USA/



 **@julienpicket,**
128K followers
/USA/




 **@herstyleboard,**
672K followers
/Germany/



 **@laurengiraldo,**
1M followers
/USA/

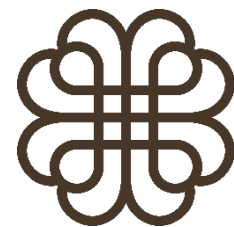


 **@Pamelaandersson,**
3.4M followers
/USA/



 **@rollacoaster,**
298K followers
/UK Digital
magazine/



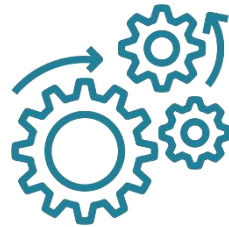


GOBI IN FIRST HALF OF 2024

ENTERPRISE RESOURCE MANAGEMENT (ERP)

The company has expanded its system updating efforts and began preparations to implement the SAP S/4 HANA ERP system from 2023. The system was successfully implemented and put into operation starting from March 2024.

The implementation of this system will significantly enhance the efficiency of various operations at Gobi JSC, including product development, unit product efficiency, inter-process information, finished product quality, tracking, and the stability and smooth operation of production processes. This will mark a major advancement in improving operational efficiency and increasing productivity.



BUSINESS PROCESS

Collaborate with departments and units to work in coordination according to international standards. Improve business processes and thereby expand operations.



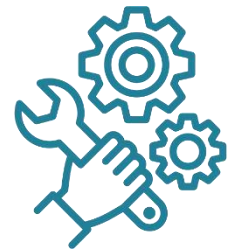
WORK PRODUCTIVITY

Save time, improve work quality, and increase productivity.



DECISION MAKING

Ensure management reports and information are accurate and make data-driven decisions. Receive information quickly.



MANUAL LABOR

Reduce misunderstandings, improve work history and succession. Decrease errors from manual labor."

MANUFACTURING EXECUTION SYSTEM (MES)

Gobi JSC has begun preparations to implement the INA MES system starting from July 2024, with plans to successfully integrate it into operations from January 2025.

The implementation of this system will bring significant advancements to Gobi JSC's knitting and sewing factories by improving product manufacturing, unit product efficiency, inter-process information, production quality, tracking, real-time production data, and overall operational control and management. This will greatly enhance the efficiency and productivity of various operations.

01 Improve inventory management operations

02 Make data-driven decisions and allocate resources

03 Implement real-time control and management of production processes

04 Track product manufacturing and quality control

05 Increase productivity in product manufacturing





GOBI & ORGANIC FW 24/25 Presentation

- Company Employees
 - VIP customers
 - Shareholders
 - Representatives from Tourism Companies
 - Partners
- In total 7 presentations over 4 days for a total of 107 guests.

We continue to work in collaboration with designer Giorgio Spina on the development of the following collections:

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



In the First Half of 2024, we introduced the following to our customers:

- **3** main collections and **12** capsule collections
- **5** 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



MATERNITY
CAPSULE
COLLECTION



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

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
- Promotion of Products with High Inventory
- Series of Styling Video Content



CUSTOM ORDER HIGHLIGHTS



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

- A gift for the Royal Family in connection with the visit of the King of Bhutan
- A gift for the President of the Lao People's Democratic Republic
- A gift for President Alexander Lukashenko of the Republic of Belarus
- A gift for the visit of Nurlanbek Shakyev, Chairman of the Parliament of the Kyrgyz Republic
- A gift for the President of the Republic of Korea



NEW INITIATIVES AND RESULTS



- 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 drapings.



6

Organic SS, Gobi SS,
Cashmere hat, Coat new
colors, Sport casual,
Whole Garment

COLLECTION PHOTOSHOOTS

9

Lunar New Year, Shawl,
Women's Day,
Chinese 5/20, 6/18,
Summer Getaway

STANDARD PHOTOSHOOTS

14

Organic SS, GOBI SS,
Whole Garment,
Cashmere hat, Ballerina
Flats, Basic Collection

**ACTIVATION
PHOTOSHOOTS**

2

Winter and Spring In
Mongolia

TRACEABILITY PHOTOSHOOTS

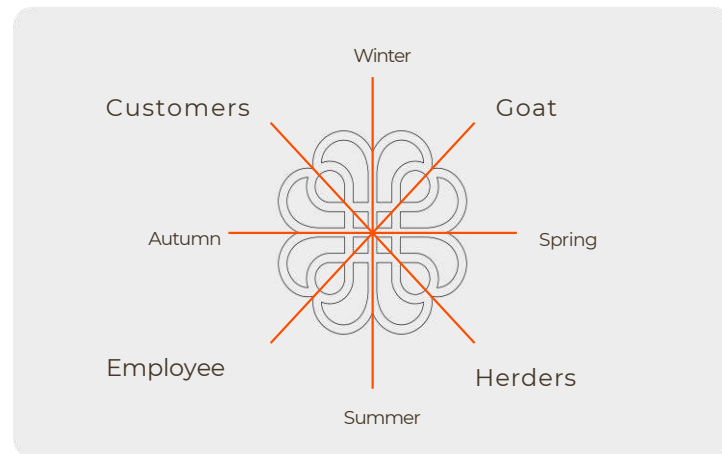
REBRANDING

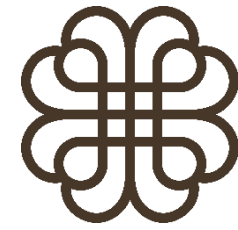
To increase brand recognition and expand market presence internationally, we began a rebranding effort at the start of 2024. On July 2, we unveiled the new look of the GOBI brand, updated our logo, and introduced the brand's first-ever symbol.

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



Truly Mongolian.





SUSTAINABLE DEVELOPMENT

SUSTAINABLE DEVELOPMENT MANAGEMENT



We added a section on sustainable development to the “New Employee Training” program and started conducting bi-weekly 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."

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 began a project to upgrade the industrial wastewater pre-treatment facility.



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



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

SOCIETY

Sustainable Cashmere Tripartite 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 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."

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 district 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.

This certification was granted under the "Export Support Project" implemented by the Government of Mongolia, with funding from UNIDO (United Nations Industrial Development Organization) and compliance with the standards set by the OEKO-TEX® organization based in Zurich, Switzerland.



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.

COMPLIANCE MANAGEMENT

Source	Type	Repetition	Status
Whistleblow system-21; Written- 1; Other Channels-1;	Communication Disputes	8	4- Warnings and recommendations issued.
			2- Investigations ongoing
			2- Returned due to insufficient evidence.
	Employment Relations	4	1- Recommendation and directives issued
			3- Investigations ongoing
	Suggestions and Requests	4	4- Information forwarded to relevant departments and units.
	Code of Conduct Violations	2	2- Recommendations and decisions issued and responses received.
	Misuse of Money, Goods, and Other Assets	2	1- Recommendation and improvement plan issued.
			1- Closed due to duplicate resolution.
Personal Rights Violations	1	1- Recommendations provided to relevant departments and individuals.	
Violations of Internal Rules and Regulations	1	Investigations ongoing	
Non-Compliance with Acceptance Requirements	1	Closed	
Total	23		



The 2023 report of the "Whistleblowing System" was published on the website, transparently introducing the implementation of the "Ethics Code."



To monitor the implementation of policies and procedures and to improve the process, document compliance control activities have been initiated.



The 2023 report and performance of the Whistleblowing System were presented in person to 727 employees from 5 factories, representing 43% of all employees.

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, PREVENT OCCUPATIONAL DISEASES, AND MAINTAIN AND IMPROVE EMPLOYEES' HEALTH.

Lost Time Injury Frequency Rate	Number of incidents * 1,000,000 /Total hours worked/	LTIFrequency
	0*1,000,000/5,362,200 person-hours	0.0

Lost Time Injury-Free Days:	419 days /1,600 employees/
Lost Time Injury-Free Hours :	5,362,200 person-hours
Counting Start Date:	2023.05.12
Most Recent Date:	2024.07.04

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 OHS were successfully conducted. These included:

- General OHS training for all employees
- Electrical safety training
- Confined space safety training
- High-temperature work safety training
- Crane and lifting machinery operator training
- Chemical hazard safety training
- Safety training for employees working with pressurized vessels and connected pipelines

In the first half of 2024, a total of **2,624** employees received **16,027** person-hours of training.

Огноо	Ажлын нэр	Төрөл	МБ
2024 оны 01	Төрийн албан хаагчид Хүнд ажиллагааны Төрийн албан хаагчид Хүнд ажиллагааны Төрийн албан хаагчид	Мэдээлэл өгөх Мэдээлэл өгөх Мэдээлэл өгөх	9:00-11:00 11:00-13:00 9:00-11:00
2024 оны 02	Хүнд ажиллагааны Төрийн албан хаагчид Хүнд ажиллагааны Төрийн албан хаагчид	Мэдээлэл өгөх Мэдээлэл өгөх	11:00-13:00 11:00-13:00
2024 оны 03	Хүнд ажиллагааны Төрийн албан хаагчид Хүнд ажиллагааны Төрийн албан хаагчид	Мэдээлэл өгөх Мэдээлэл өгөх	9:00-11:00 9:00-11:00





Prevention of Tick-Borne Infections

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.



Collaboration with the Institute of Traditional Medicine and Technology

In collaboration with the Institute of Traditional Medicine and Technology and the Trade 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.



Distribution of Mineral Supplements to Employees Working in Hot Conditions

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



Safety Campaign

The annual 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.



Disaster Alert Drill

On March 28, 2024, employees from Gobi, Goyo, Gobi Kids Kindergarten, and the Khentii province branch factory participated in the nationwide "Disaster Alert Drill."



Drinking Water Testing

Drinking water was tested at **69** points according to the **MNS 9000:2018** standard. The results showed that 95.6% of the samples met the standard for clean, safe drinking water, free of bacterial contamination.



Periodic Health Check-Ups

The periodic health check-ups for 2024 are planned in two phases. The first phase, in collaboration with "Buyant-Onoshlogoo" LLC, was conducted between **May and June**, covering a total of **540** employees.



Health Insurance Enrollment

To support employee health and prevent illnesses, health insurance services were introduced to 2,486 employees, with **511** employees voluntarily enrolling in the health insurance program.



Abnormal Working Conditions Check-Ups

A checkup session for abnormal working conditions, in collaboration with "Buyant-Onoshlogoo" LLC, was planned for 110 employees. Out of these, 91 employees, or 82.7%, participated in the examination. Based on the labor conditions assessment of this examination, 4 suitable packages were selected for the workplace.

Total number of employees



1,723

By location:

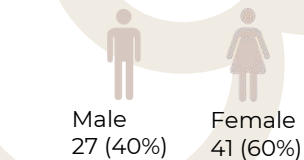
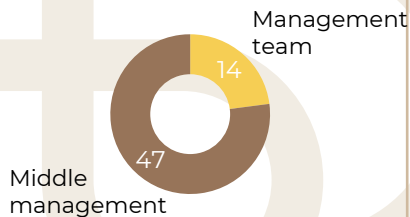


Mongolia-1,710 (99.2%)
 Ulaanbaatar - 1,648
 Darkhan - 3
 Khentii - 59



Global -13 (1%)
 USA - 1
 EU - 12

Executives and Management:



Employees on Childcare Leave



322

Average age of employees



35



Male
 541/31%
 Average age-32



Female
 1,182/69%
 Average age-37

2012

Generation Z 18-22



1997

Generation Y 23-38



1981

Generation X 39-54



1965

Baby Boomers 55-73



1946

05 PURPOSE  GOBI

- 1. Alignment of Company and Employee Goals
- 2. Impact on Society and the World

04 GROWTH  GOBI

- 1. Challenging Work Experience
- 2. Challenging Work Experience
- 3. Global Business Trip and Work

03 PEOPLE  GOBI

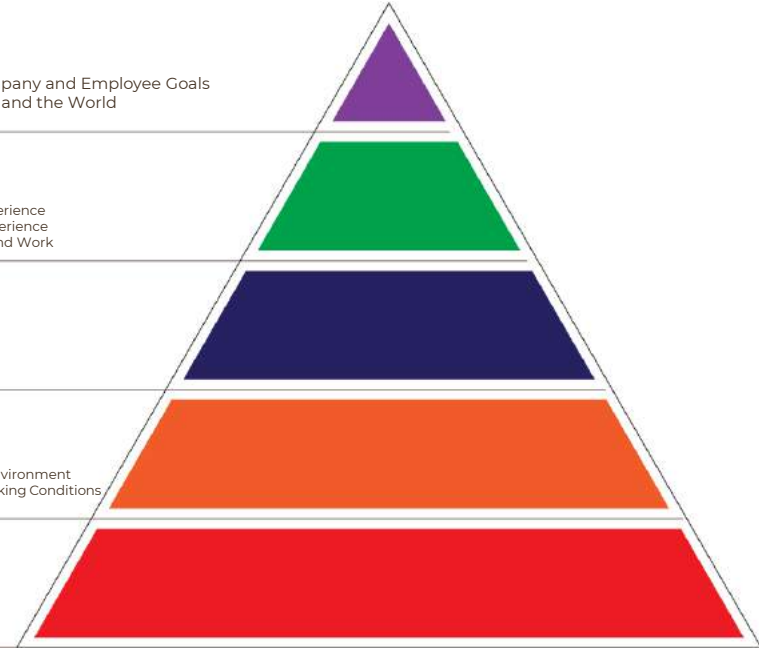
- 1. The best employee
- 2. The best team

02 ATMOSPHERE  GOBI

- 1. Office and Environment
- 2. Flexible Working Conditions

01 HEALTH  GOBI

- 1. Financial Well-Being
- 2. Physical Well-Being
- 3. Mental Well-Being



RESPONSIBLE HUMAN RESOURCE MANAGEMENT



To prevent traffic congestion, balance employees' work and rest time, and implement child protection policies, a **flexible working hours system** has been implemented for the third year for **over 500** office employees.



To balance employees' work and rest time and implement child protection policies, **24 seamstresses** with infants and preschool-aged children in the knitting factory are working **shortened hours**.



Under the “Health at Gobi” policy, which aims to support the physical, psychological, and financial health of employees, we have partnered with MIG Insurance LLC to voluntarily provide health insurance to our 637 employees and their families at discounted rates.

As a result, employees can promptly address financial issues and prevent potential health risks by utilizing this insurance for health services such as check-ups, diagnostics, inpatient and outpatient treatments.

TRAINING & DEVELOPMENT

TRAINING HOURS PER EMPLOYEE



1.32 person-hours

TOTAL TRAINING EXPENSE



146.8 million

NUMBER OF TRAININGS

66

NUMBER OF EMPLOYEES TRAINED

777

Overseas Training

- 5 training sessions
- 12 employees
- Expense: 25.9 million MNT

Training by External Organizations

- 18 training sessions
- 100 employees
- Expense: 120.9 million MNT

Internal Training

- 43 training sessions
- 665 employees
- Expense: 0 MNT

EMPLOYEE ACTIVATION AND ENGAGEMENT ACTIVITIES

3x3 Basketball Championship Held



2023 trip for Best employees of the year



Gobi JSC employee received the State Honor



Family day for Design Development Department



Introduction of Gobi JSC's Operations during Tavan Bogd Group's Executive Training



Yarn Factory Employees Visit Japan



Factpu tours were organized at GOBI JSC



International Design Day celebration for the Design Development Department



Organized Gobi Leaders Meeting for Heads and Directors Empowerment Training



Family day for Knitting Factory Employees



Family day for Global Sales Department



Participated in Tavan Bogd Group's Championship 2024 Sports Event



International Lawyer's Day celebration for the Legal Division



Celebrated 50 Employees Who Successfully Participated in the Sports Competition



CULTURAL AMBASSADOR PROGRAM

OBJECTIVE: To promote the company's vision, mission, and values based on the support and involvement of all employees and to strengthen the organizational culture.



On March 29, 2024, during the all-employee meeting, the **CULTURAL AMBASSADOR** program was launched, and official information was delivered to all employees.

DURATION:

2024.04.01 - 2024.12.31

APRIL "RESPECT"	MAY "HONESTY & TRANSPARENCY"	JUNE "PASSION"
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WORK ETHIC SERIES

Content has been prepared and introduced to instill workplace ethics in all employees and support the strengthening of organizational culture.

WORK ETHIC СЭРЭЭНИЙ
СОЁЛЫН ЭЛН ХӨТӨЛӨӨР

Хурлын дэг

- MS Teams ашиглан хурлын хуваарийг оролцогч талуудад 1-2 өдрийн өмнө илгээсэн байх
- Хурлын хуваарь мэдэгдэхийн өмнө MS Teams-н хурлын өрөөний цаг тоололт хэсэгт захиалга өгч баталгаажуулсан байх
- Оролцогч талууд ирсэн хурлын хуваарийн дагуу оролцох болонжтой эсэхийг мэдэгдэж асвэрт хийх
- Хурал эхэлжээ 3-5 минутын өмнө хуваа бодох газар ирэх хэвэ эрхэлж болонжтой бэлэн байхыг мэдэгдэж өссөн байх
- Тухайн хурлын тэмдэглэлийг MS Teams групп чатанд бичиж байх
- Хурлаар өгөгдсөн үүрэг даалгаврыг MS Teams Task үүсгэж хэрэгжилтийг хангаж байх
- Хурлын дундуур хүндэтгэн узах шалтгаангүй орж гаралгүй байх (Хүндэтгэвэр) трий шийдэвч өгөх аргаар хэлэлцсэн үеэ
- Хурал эхэлхийн өмнө утасны дугаар хэлсэн байх

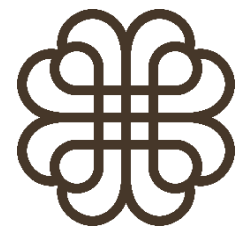
Excellence & Happiness

WORK ETHIC СЭРЭЭНИЙ
СОЁЛЫН ЭЛН ХӨТӨЛӨӨР

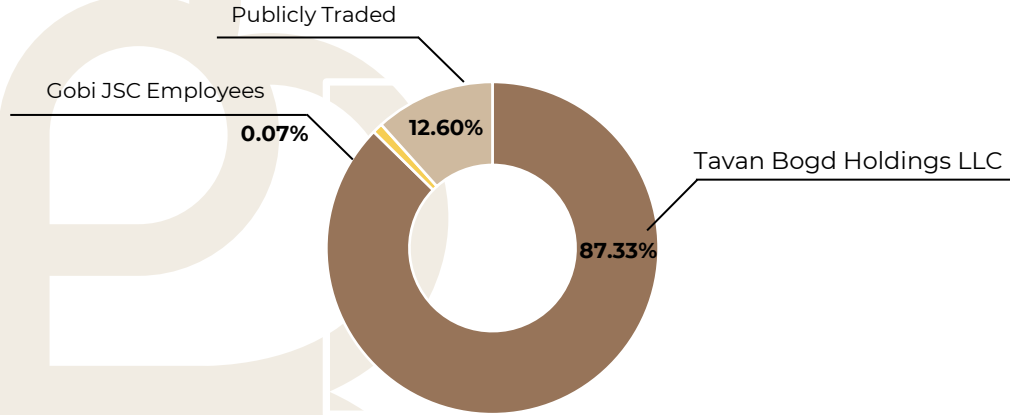
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- СС хэсэгт хяналт тавих хүнийг
- Subject** хэсэгт и-мэйлийн гэрчлэлийг цөөн үгээр тодорхойлж бичиж
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- Айваар бичгийн үг хэллэг ашиглах

Excellence & Happiness



CORPORATE GOVERNANCE



TOTAL ISSUED
SHARES

780,112,500

TOTAL NUMBER OF
SHAREHOLDERS

24,340

As of 2024.07.01

CHANGES IN THE STRUCTURE OF INFLUENTIAL SHAREHOLDERS

Shareholder Name	2023.12.31		2024.03.31		2024.07.01	
	Number of Shares	Ownership (%)	Number of Shares	Ownership (%)	Number of Shares	Ownership (%)
Tavan Bogd Holdings LLC	400,140,072	51.29%	665,378,372	85.29%	681,267,736	87.33%
Hide Inter LLC	265,238,300	34.00%	-	-	-	-

Tavan Bogd Holdings LLC is the parent company of Tavan Bogd Group. Tavan Bogd Group is a leading group company in Mongolia, operating in eight main business sectors with 22 subsidiary companies, three investment companies, and over 12,000 employees.

BOARD MEMBERS

INDEPENDENT MEMBERS



**Damba
GERELMAA**

*Chairwoman of the Board,
Risk and audit committee member,
Nomination committee member*
PROFESSOR OF THE BUSINESS
ADMINISTRATION DEPARTMENT,
UFE



**Dambijav
KHURELBAATAR**

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



**Altangerel
JARGALMAA**

*Chair of Risk and audit committee,
Remuneration committee
member*

GAPE, ACCA Senior Lecturer and
Program Leader, GAPE academy



**Tsagaach
BAATARSAIKHAN**

*Nomination committee
member*

President of Tavan Bogd
Group



**Nyamaa
MUNKHBAT**

*Risk and audit committee
member*

CFO of Tavan Bogd
Holdings LLC



**Dashdavaa
KHULAN**

Chairwoman of Tavan
Bogd Group



**Enkhtur
PUREVLKHAM**

*Remuneration committee
member*

Deputy Director, Tavan
Bogd Holdings LLC

ТУЗ-ИЙН ЕРДИЙН ГИШҮҮД



**Baatarsaikhan
AMARSAIKHAN**

CEO of Gobi JSC



**Tsogtgerel
ORGILBOLD**

Deputy CEO & Executive VP,
Gobi JSC;
CEO of Gobi Cashmere
Europe LLC

MAJOR CHANGES IN THE COMPOSITION OF THE BOARD

At the 2024 Annual General Meeting
of Gobi JSC, board members were
elected and appointed for a term of
3 years. /N. Munkhbat, E. Purevlkham
were newly elected/

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
E.Purevlkham

MANAGEMENT TEAM



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



DEPUTY CEO &
EXECUTIVE VP:
Domestic
Sales
B.ARIUNAA



DEPUTY CEO &
EXECUTIVE VP:
Design, production
and support
B.ENKHMANKH



EXECUTIVE VP:
Design and
production
B.BOLORMAA



EXECUTIVE VP:
Global sales
O.MISHEEL



CHIEF
FINANCE &
ACCOUNTING
OFFICER
D.SODGEREL



CHIEF HR
OFFICER
D.SOYOLMAA



CHIEF ODM
SALES OFFICER
G.ANUDARI



CHIEF DESIGN &
DEVELOPMENT
OFFICER
A.UCHRAL



CHIEF
MERCHANDISING
OFFICER
O.TSENDEL



CHIEF
TECHNOLOGY
OFFICER
B.ERDENE



CHIEF
COMPLIANCE
OFFICER
B.CHINGUUN



CHIEF LEGAL
OFFICER
Ts.TSASCHIKHER



BOARD
SECRETARY
M.SELENJE



HEAD OF
INTERNAL AUDIT
DIVISION
Ts.URANCHIMEG

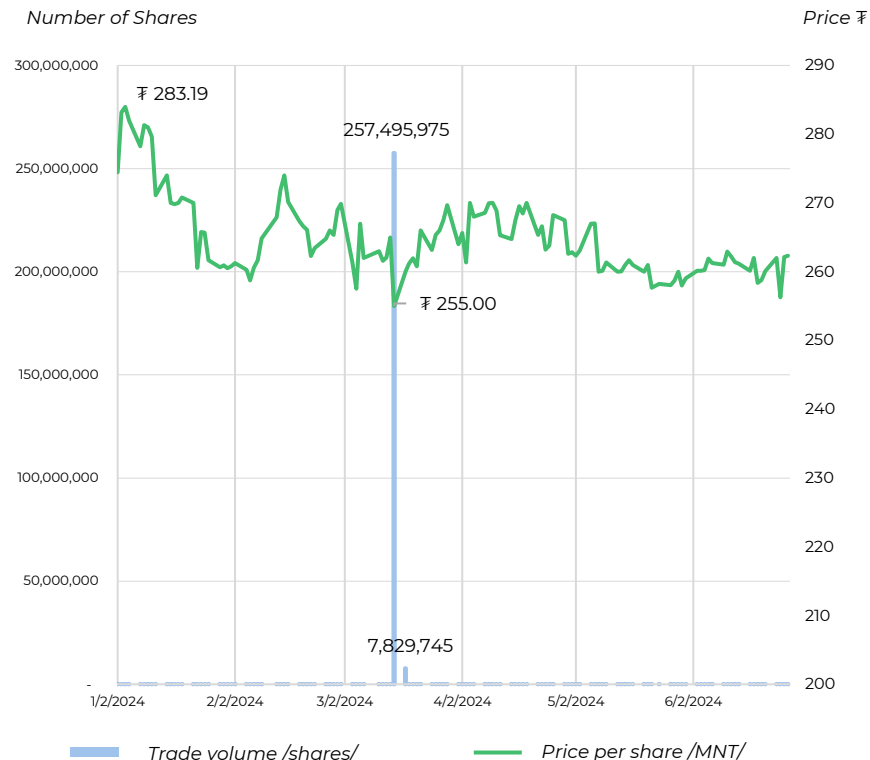


CEO
B.AMARSAIKHAN

Major Changes in Management Team Composition
By resolution of the Board of Directors of Gobi JSC, B. Amarsaikhan was appointed as Chief Executive Officer effective March 1, 2024..

As of June 30, 2024, the market valuation of Gobi JSC is **204.7 billion MNT** at the closing price.
The average price per share is **264.85 MNT**. (▲ 0.4%)

INDICATORS	2023.12.31	2024.06.30	Change (%)
STOCK PRICE /MNT/			
Closing Price	273.59	262.34	-4.1%
Highest Price	350.00	283.98	-18.9%
Lowest Price	240.69	255.00	5.9%
Average Price	263.90	264.85	0.4%
TRADE VOLUME /shares/			
Highest (daily)	7,500,000	257,495,975	3,333.3%
Lowest (daily)	179	638	256.4%
Average (daily)	62,704	2,138,315	3,310.2%
Total	15,676,081	267,289,413	1,605.1%
TRADE VALUE /MNT/			
Highest (daily)	2,625,000,000	65,661,782,758	2,401.4%
Lowest (daily)	52,805	168,698	219.5%
Average (daily)	18,985,172	545,392,131	2,772.7%
Total	4,746,292,927	68,174,016,399	1,336.4%
Market Valuation /MNT/	213,430,978,875	204,654,713,250	-4.1%



№	Chapter title	Points Available	2023.12.31-ний өдрийн байдлаар	
			FRC Evaluation Score	Implementation %
1	Composition and Organization of the Board of Directors	12	11	91.7%
2	Board Committees and their Functions	10	9	90.0%
3	Reporting and Transparency	6	6	100.0%
4	Audit and Control System	6	6	100.0%
5	Risk Management	8	8	100.0%
6	Remuneration of Key Officials	6	6	100.0%
7	Rights of the Stakeholders	8	8	100.0%
8	Corporate Culture	6	6	100.0%
9	Rights of the Shareholders	10	10	100.0%
	Total score	72	70	97.2%

As of December 31, 2023, the implementation of the "Corporate Governance Code" of Gobi JSC was evaluated by the Board office, and the results of the self-evaluation were reviewed and approved by the Financial Regulatory Commission.

According to the overall results, the implementation of the "Corporate Governance Code" of Gobi JSC was assessed at **97.2%** by the end of 2023, indicating that the governance is **stable and risk-free**. With this score, we were ranked first among publicly traded companies in Mongolia.

The detailed report of the governance assessment can be accessed on the Mongolian Stock Exchange website, the company's website, and also [by clicking here](#).

In June 2024, the evaluation was updated and submitted to the Financial Regulatory Commission for review. The results will be publicly disclosed once the review is completed..



GOBI

THANK YOU
FOR YOUR ATTENTION

