



PREMIUM NEXUS JSC

2024 INTERIM REPORT

Disclaimer

The report from Premium Nexus JSC includes "forward-looking" statements, which are identified by terms such as "we anticipate," "we estimate," "we intend," "we plan," and other future-oriented expressions. It is important to understand that these statements do not guarantee future events or conditions. The anticipated conditions may not occur, and placing undue reliance on these assumptions is inadvisable.

The future trajectory of the Company's business could diverge significantly due to various factors, including, but not limited to the risks and uncertainties in the market. As a result, given these risks and uncertainties, forward-looking statements and projections should not be taken at face value. Additionally, the company explicitly states that it is not obligated to update or revise any forward-looking statements in this report based on new information, different future results, or any other requirements.

Agenda

- Company overview
- Annual General Meeting, share performance
- CU convenience store business
- 2024 half year significant events
- Summary of consolidated financial statements

Premium Nexus JSC organizational structure



SHAREHOLDERS

Board of Directors

A. Gankhuyag

CEO

G. Chinzorig

Deputy CEO

G. Bat-Erdene

CFO

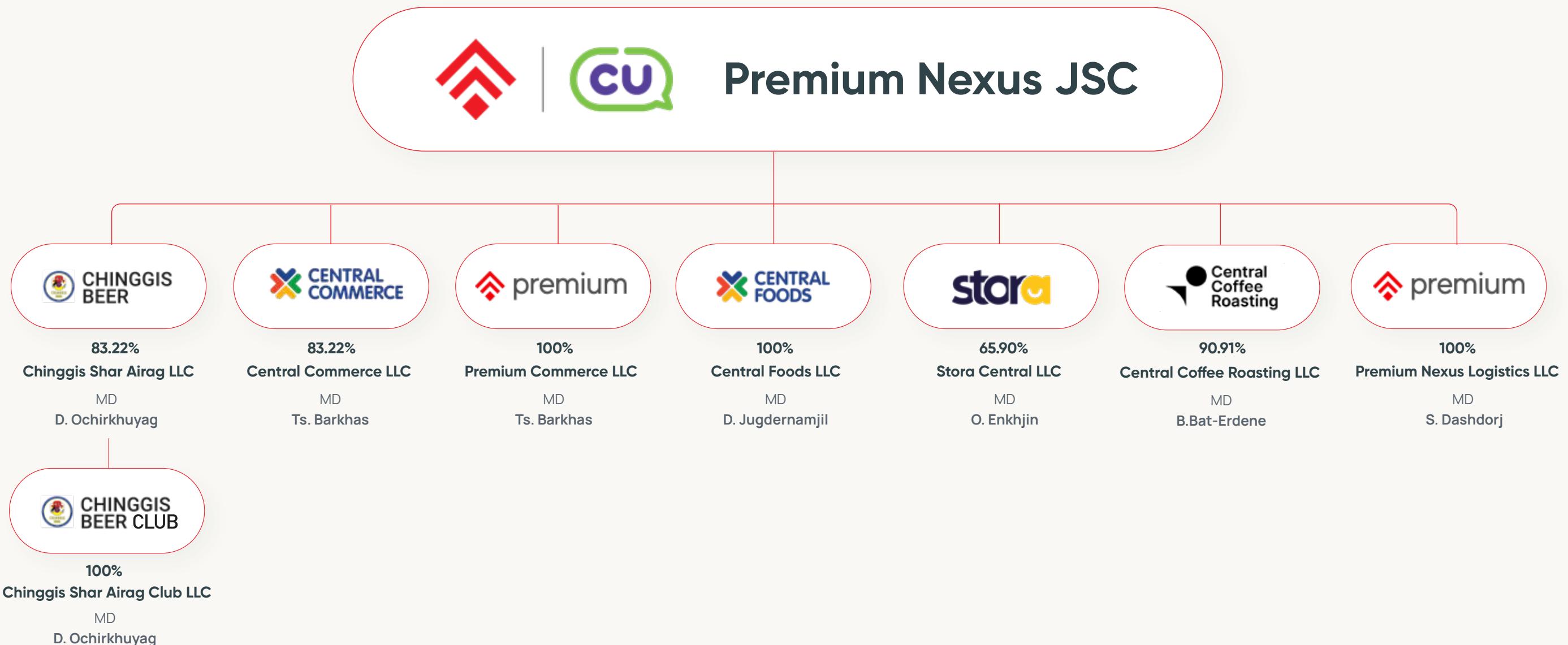
N. Enkhbold

EVP Portfolio

S. Dashdorj

MD Commerce

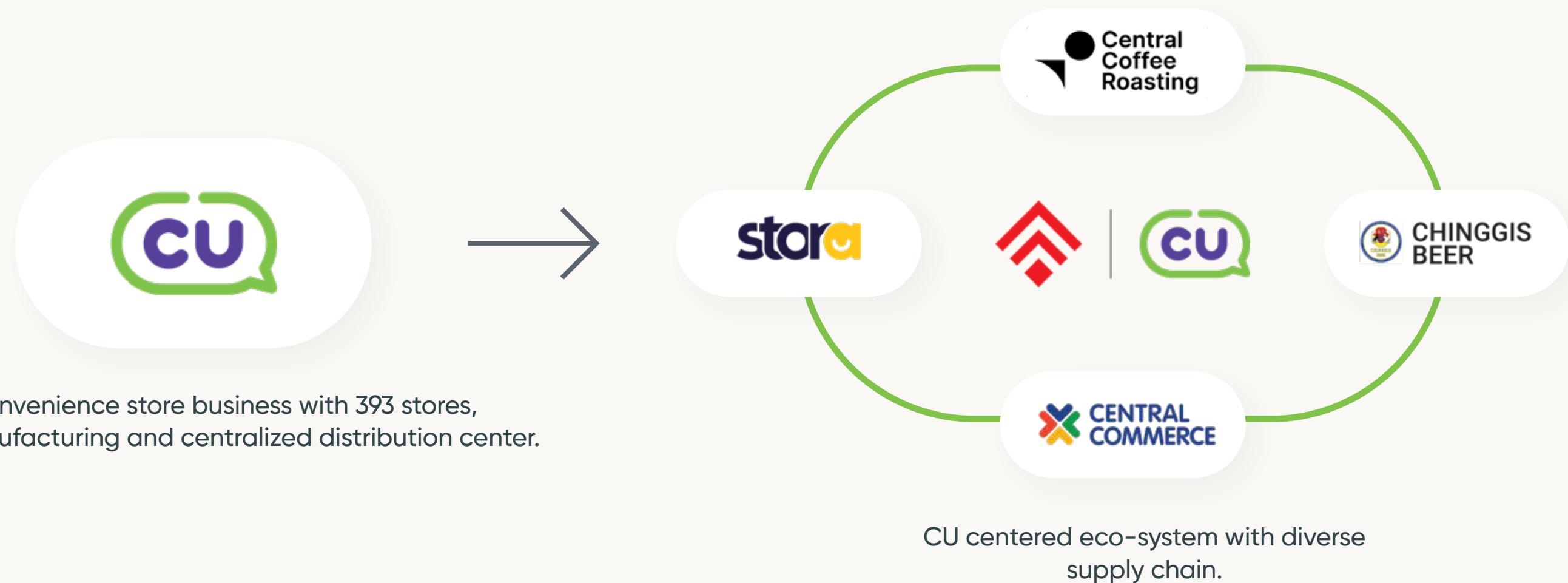
Premium Nexus JSC business structure



Business development and Premium Nexus

In 2015, Premium Corporation launched Mongolia's first convenience store, Central Express, with full ownership. In 2017, Central Express CVS LLC was established, and in August 2018, Central Express CVS LLC attracted strategic investment from BGF Retail Co. Ltd., the founder of CU brand, which leads the South Korean market with approximately 18,000 stores, acquiring a 10% stake and introducing the CU brand to Mongolia.

In 2021, Central Express CVS LLC successfully completed an IPO on the Mongolian Stock Exchange, becoming a joint-stock company. By the end of 2023, the Shareholders' Meeting approved a decision to advance to the next development stage, renaming the company to Premium Nexus LLC. This transformation began with the acquisition of Chinggis Shar Airag LLC, Central Commerce LLC, Central Coffee Roasting LLC, and Stora Central LLC, all facilitated through the issuance of new shares for vertical integration investments.



Premium Nexus ecosystem and its advantages

1 Increased Sales and Profitability

By collaborating with CU chain stores, suppliers can further optimize their sales plans, efficiently stock raw materials and inventory, and reduce unnecessary costs. This strategic partnership aims to enhance joint profitability by improving supply chain management and reducing waste.

2 Customer Satisfaction

CU chain stores' collaboration with manufacturers in product development ensures that the products meet customer needs precisely. This customer-centric approach enhances customer satisfaction and loyalty, as the products offered are tailored to their preferences and demands.

3 Investors' Interest Alignment

Bringing together businesses that rely on CU chain stores and related enterprises can create a synergistic environment that generates substantial value. This collaboration enables investors to capitalize on the combined opportunities, driving collective growth and profitability across the involved businesses.

4 Broader impact of Environment, Society, and Governance standards

Suppliers associated with CU chain stores, particularly small and medium-sized manufacturers, can benefit from adopting international standards of Good Manufacturing Practices (GMP) as implemented by Premium Nexus. This integration helps suppliers enhance their operational standards, contributing to broader environmental, social, and governance (ESG) goals.

5 Efficiency of Logistics and Integrated Distribution

By creating a unified distribution infrastructure, Premium Nexus aims to reduce common inefficiencies and generate positive economic and environmental impacts.

6 Employee Growth Opportunities and Satisfaction

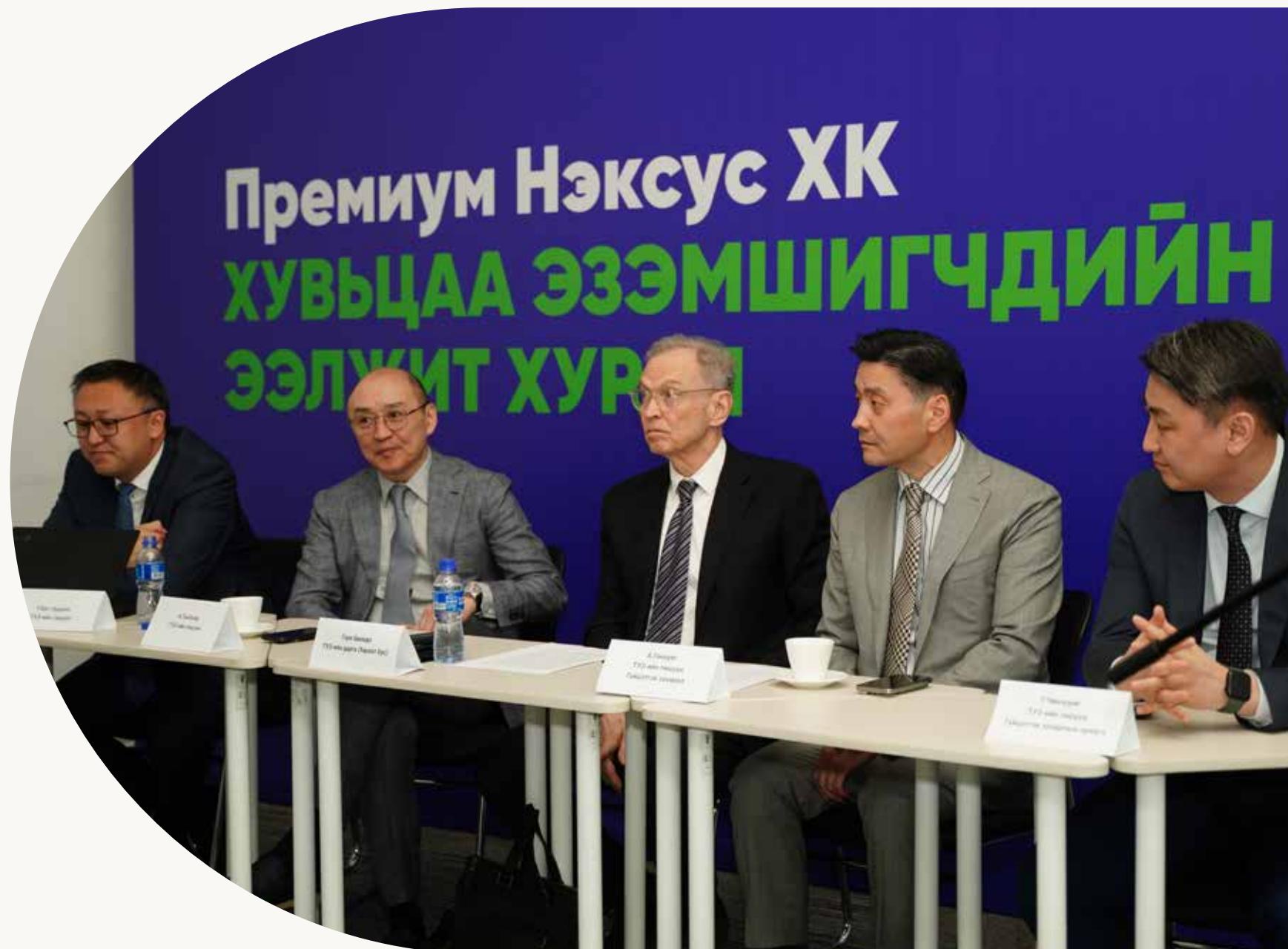
Employees will have the opportunity to work with a rapidly growing prestigious company in Mongolia, grow and develop within the group company, and learn from Premium's extensive experience.

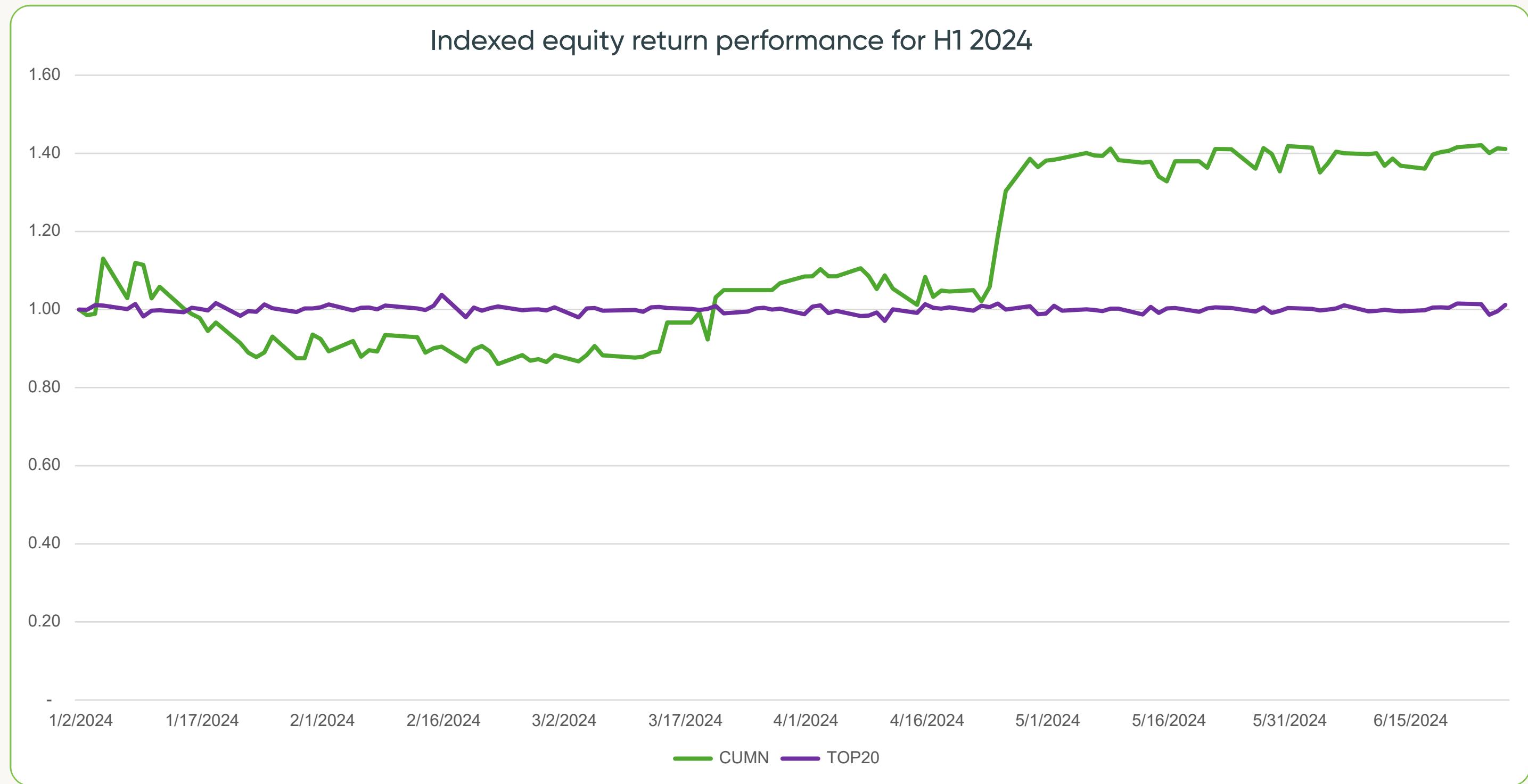
Annual General Meeting

The main form of exercising the rights of shareholders of the Company is a general meeting which discusses and resolves issues within the authority of the shareholders of the Company in accordance with the relevant provisions of the Company Law and the Company's Charter.

Annual General Meeting of the Company was convened on 25 April 2024 at 11 a.m. with participation of 89.04 percent of all shareholders with voting rights and in accordance with the relevant provisions of the Company Law, the Procedure for Convening a General Meeting approved by the Board of Directors of the Company ("Board") and the Procedure on Giving Notice of General Meeting of Listed Companies approved by the Financial Regulatory Commission; and approved the Board Statement on the Annual Report 2023 and noted the decision of the Board considering not to declare a final dividend and reasons for such decision.

Metrics	2023	2024
Total shares	817,768,643	1,114,252,034
Total shareholders	9,615	9,300
AGM attendance	84.94	89.04





CU convenience business mission, vision



Mission

Simplify daily lives through
world-class services



Vision

Achieve global
recognition

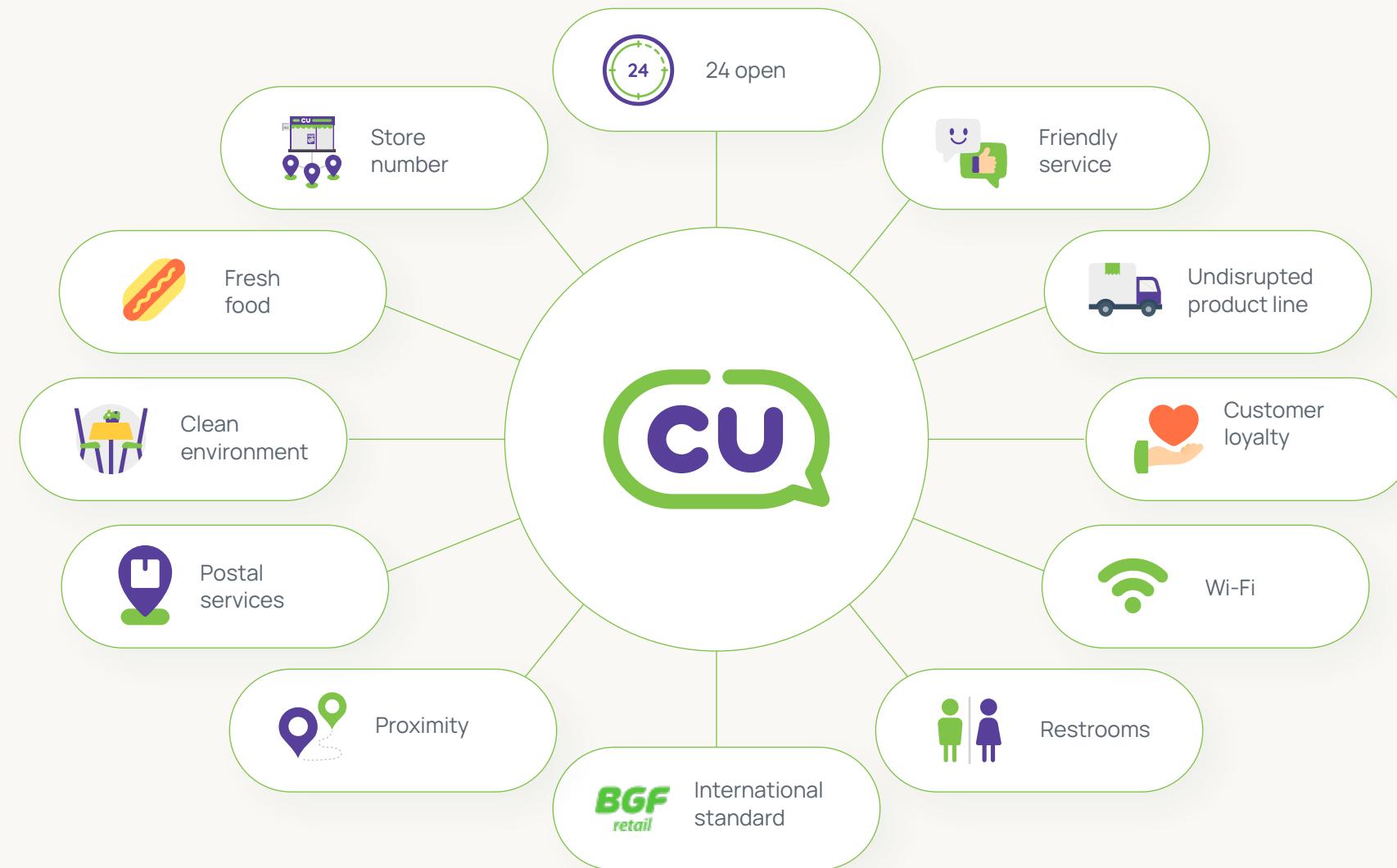


Business mandate

Our core 4 values

- Customer centered
- Best-partnership
- Growth oriented
- Business success

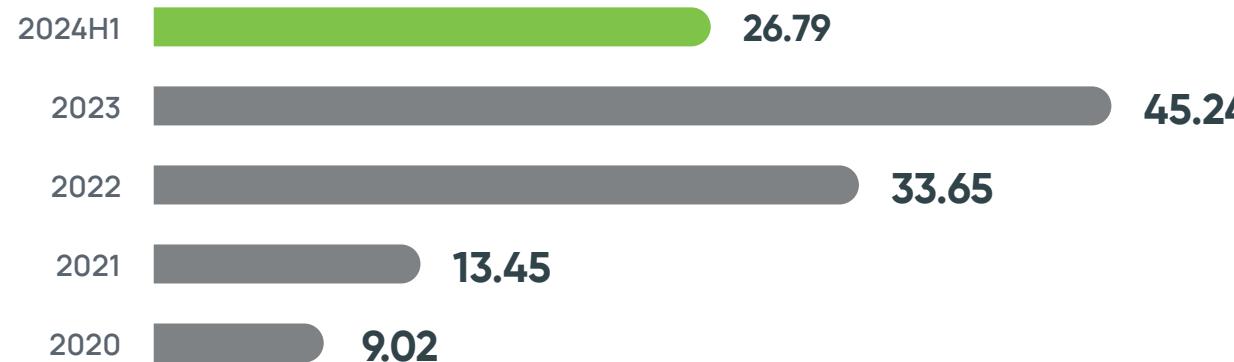
Operational characteristics and advantages



Premium Nexus JSC is committed to offering the most convenient and accessible 24-hour products and services essential for consumers' daily lives through CU brand convenience stores. Our dedication lies in providing uninterrupted access to products and services, putting customer satisfaction as our top priority. To achieve this, we are actively developing comprehensive solutions encompassing product and service differentiation, logistics, and technology, all aimed at improving the overall customer experience.

CU Convenience store operational highlights

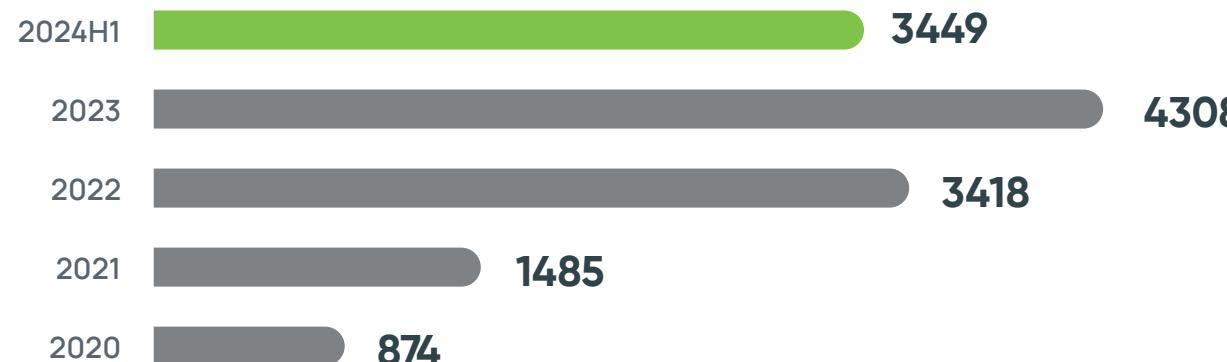
Number of costumers (millions)



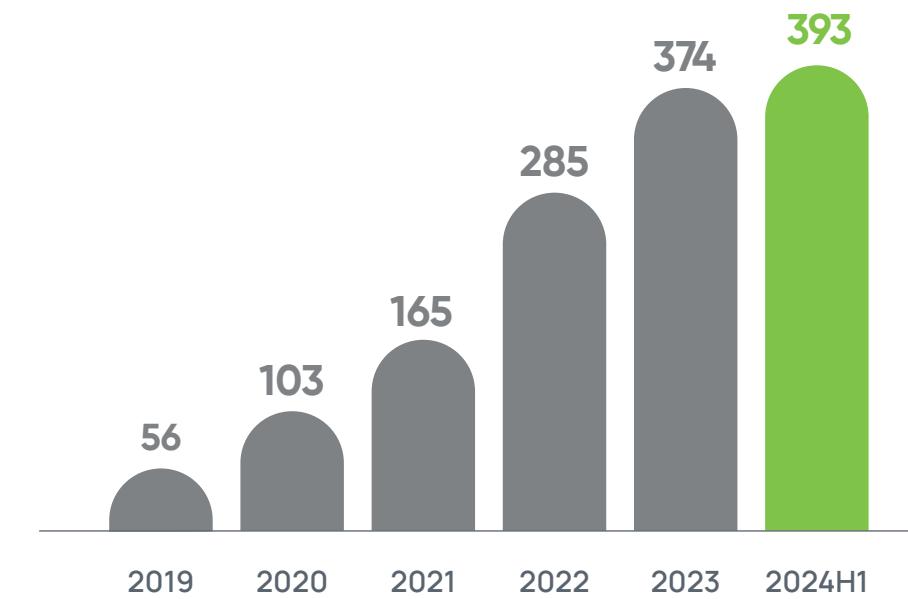
2024 first half

Ulaanbaatar	+23
Rural area	+5

Number of employees



Store expansion



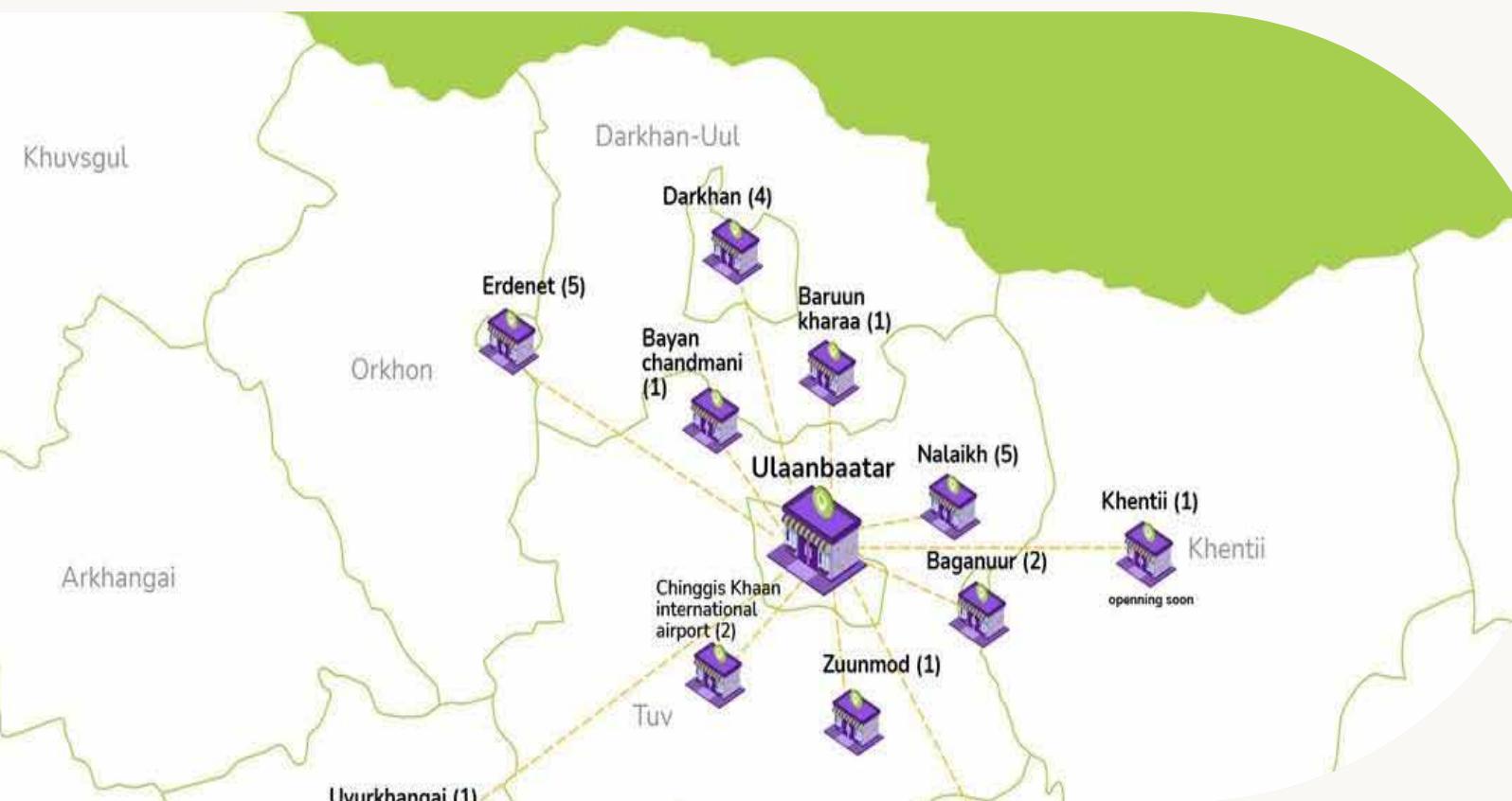
Opening of CU branch in Zamiin-Uud

In April 2024, CU convenience store opened a new branch in Zamiin-Uud. This new branch brings the standard services of CU convenience store closer to the citizens of the province, merchants, and commuters, offering them the opportunity to receive quality services in a comfortable environment.

The opening of the CU branch in Zamiin-Uud will create new jobs and open doors for cooperation with local entrepreneurs. We are committed to delivering convenience store services to every corner of Mongolia and accelerating the development of a new service culture.



At the opening of the Zamiin-Uud branch, the CU convenience store team and the young local consumers of the province cut the ribbon and warmly commenced the store's operations.



Store Expansion

Ulaanbaatar

In the first half of 2024, 12 branch stores opened in the city center area, and 11 branch stores opened along the outskirts of the city and on the roads leading out of the city. These stores will provide customers with the standard services of the CU brand.

Rural area

Local stores are being opened approximately 660 km away from Ulaanbaatar, providing CU brand standard services to local customers. These services include a continuous supply of fresh food, necessary goods, and products from our food factory and distribution center every day.

Specific Locations: Khentii province: Tsenhermandal sum, Dornogovi province: Zamiin-Uud town and Sainshand sum, Arkhangai Province: Hotont sum.

Snack Library – 300 concept store

CU convenience store's first concept store, "Snack Library," has opened at its 300th branch located at the Gerlug Vista. This branch offers a wide variety of innovative desserts that are not available at other locations.



Ready for the future, franchise program

In line with the 17 Sustainable Development Goals, we have supported the "Future Preparation Franchise Program" from the second quarter of 2024. This program is run by the Education Initiatives NGO, which initiates and implements projects and programs aimed at sustainable growth in support of quality education.

Public Transport Umoney card top-ups at CU

Starting from April 2024, it became possible to purchase and top up Umoney cards at 250 branches of CU convenience stores, making this service even closer and more accessible to citizens.

Adult and child cards are available at branch stores for MNT 3,600. When buying or topping up a card, you can pay with cash or a bank card.

Ulaanbaatar Smart Card LLC, the Umoney card issuing company, and Premium Nexus JSC, the CU convenience store service provider, have been collaborating since 2018 and are working to further expand their cooperation.



"Let's show it" initiative

CU brand introduces world-class services, a comfortable environment, and a friendly culture, initiating and implementing innovative activities that positively impact the lifestyle of the city's youth. This time, the "Let's show it" campaign was launched to prevent minors from buying e-cigarettes, traditional cigarettes, and alcoholic beverages, and to reduce smoking among teenagers.

We believe that the "Let's show it" campaign will not only ensure compliance with the current tobacco control law and anti-alcoholism law but will also set a new standard in the retail industry, becoming a timely and responsible initiative.

CU Convenience Store calls on retail organizations and traders to join this campaign and support the "Let's Show It" initiative.

Megaball lottery physical tickets are now available at CU convenience stores

Mongolia's first Megaball lottery ticket, with a prize fund of ONE BILLION MNT, is now available at CU convenience stores. Premium Nexus LLC, the owner of the CU brand master franchise, and Megaball LLC have signed a cooperation agreement to sell Megaball lottery physical tickets through CU convenience stores. The Megaball lottery was first introduced to users in December 2022 and is hosted on the online payment application Hipay, allowing participants to either automatically select six lottery numbers or fill them in them-

selves. However, the physical ticket option has been introduced. Physical tickets do not require a smartphone app to fill in, making it easier and more accessible for everyone to try their luck. The socially beneficial Megaball lottery, which fully meets American standards, now sells physical Megaball lottery tickets at 100 branches of CU convenience stores in Ulaanbaatar. This allows users to choose the branch closest to them and try their luck.



Central Foods LLC – certificate of conformity to the Unified Standard and Product and Services

Central Foods LLC, also known as the CU Food Production Center, became the first food production company in Mongolia to receive a certificate confirming compliance with international HACCP standards in 2023. Monsertf LLC, accredited by the National Trust Center of Mongolia, conducted a comprehensive conformity assessment and integrated management system audit for the food production operations of Central Foods LLC. This included product and service conformity assessments at every stage, from the receipt of raw materials to the completion of the final product.

As a result of the comprehensive audit, conducted in accordance with three management system standards, appropriate practice standards, and a total of 121 food production criteria, Central Foods LLC was awarded three certificates of unified standards and a certificate of conformity for product and service certification. Consequently, Central Foods LLC became the first food production organization in Mongolia to certify that its food industry meets all five standards.



Central Commerce LLC introduces Asahi Super Dry "Cherry blossom" edition to the market.

Central Commerce LLC officially introduced Japan's No.1 Asahi Super Dry beer to Mongolian consumers in September 2023. In April 2024, Asahi launched a new limited edition of its super dry beer, "Cherry Blossom" beer. As part of this initiative, we hosted a POP-UP store for three days to promote the Asahi brand and create the atmosphere of Japanese spring flowers at Shangri-La Mall.

Looking ahead, we aim to expand our cooperation to import other world-famous beer and beverage products.



Became the official distributor for the Golden Duck brand

Central Commerce LLC aims to bring the world's best brands to Mongolian consumers. Starting in June 2024, it has officially begun supplying Mongolian consumers with four new products from the Golden Duck brand, which are enjoyed by millions of people in more than 20 countries.

Golden Duck chips' innovations have introduced more flavors and are surprising the world with their new taste sensations!

Central Commerce LLC has official distribution channels in rural areas

Since May, 2024, Central Commerce LLC has expanded its sales channel of the Asahi brand by partnering with a local contracted distributor company, and has begun supplying their products to local customers.

In May, 2024, more than 100 customers at the Darkhan and Erdenet branches received training on the Asahi brand and participated in consumer-oriented events.



Central Coffee Roasting LLC – freshly roasted beans to CU branches

Central Coffee Roasting LLC began supplying roasted beans to all CU branches from May 2024. Previously, GET Coffee's roasted beans, imported from Korea, were familiar to consumers. However, starting in the second quarter of 2024, we have transitioned to importing new green coffee beans directly from their origin. These beans are roasted locally using state-of-the-art German technology and delivered to consumers across CU's 393 branch stores.

Our green coffee supply partner is a leading global trading company with operations in major coffee-producing countries, ensuring an ethical, sustainable, and environmentally friendly supply chain covering 85% of coffee origin countries.

We roast the purchased green beans using top-tier Probat equipment from Germany, adhering strictly to roasting profiles, processes, quality standards, and food safety requirements throughout our roasting and packaging operations.



Easily order items from China through [stora.mn](#)

Starting from January 2024, users who previously ordered items from America through Stora Central LLC's Stora.mn online shopping platform will now also be able to order goods from China's largest online shopping site, Taobao. This expansion allows Stora's users to access convenient and reliable service for purchasing and returning items from a selection of 2.5 billion Chinese products, using their MNT payment method.



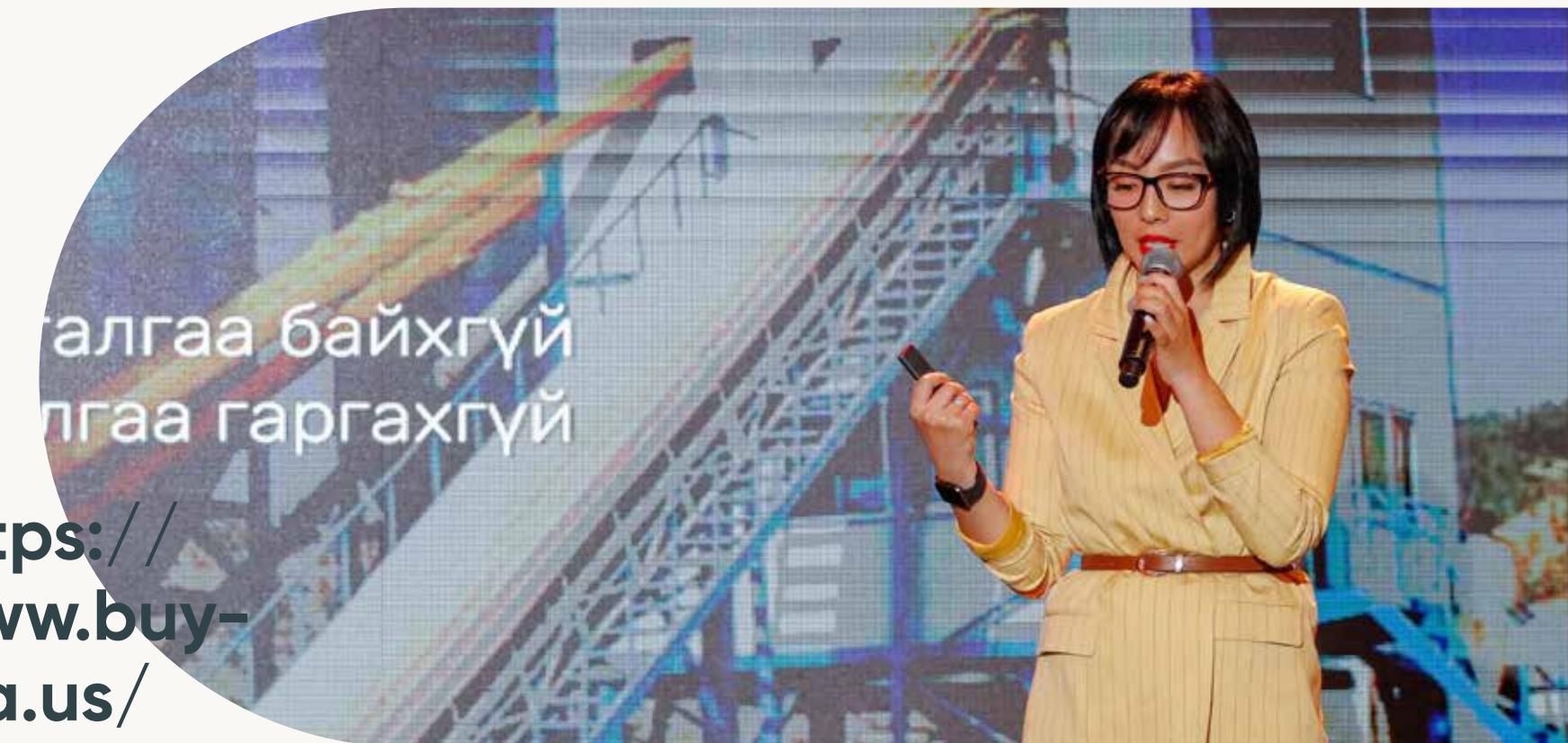
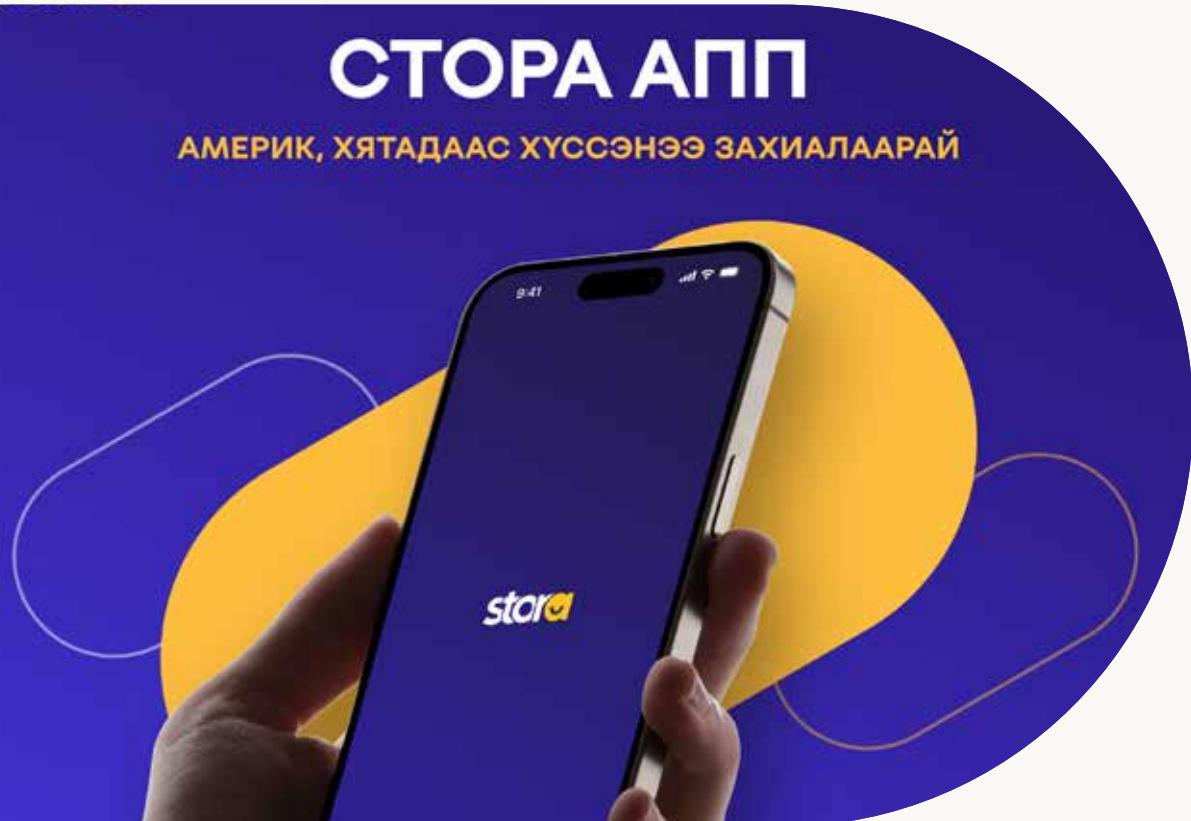
Storepay payment solution on Stora

Stora.mn has introduced Storepay's installment payment solution to its service, revolutionizing the concept of paying in installments for goods purchased from abroad. This allows Stora users and all Mongolian buyers to pay for goods from America and China without any interest, commission, or additional charges through Stora.

A groundbreaking innovation for the construction industry

Premium Building Materials LLC a provider of comprehensive services for mass production of concrete, with Stora Central LLC have jointly introduced a revolutionary new solution for purchasing construction materials, including concrete for building and renovating homes, landscaping yards, and constructing playgrounds. This solution is available through an online shopping platform, making it as convenient as buying mobile phones and clothing.

At the 8th "Tugs Buteegch" event, the two companies jointly presented the opportunity for anyone who implements personal needs, construction crews, and large projects to order and deliver the concrete they need in just 4 steps through the Stora.mn platform.



Stora application launch

Stora Central LLC has launched its new application with a completely redesigned user experience and interface. This app offers all the services available on their website, www.stora.mn, allowing users to access a vast selection of 2.5 billion products from America and China. Additionally, the app provides credit and installment payment options for convenient purchasing.

Chinggis Shar Airag LLC

Founded in 1997, Chinggis Shar Airag LLC has established itself as one of Mongolia's premier enterprises by introducing Pilsner and live open type of beers using German technology, adhering to the "Reinheitsgebot" or "Purity Law."

Since its inception, Chinggis Shar Airag LLC has utilized fresh Mongolian water and high-quality European raw materials in its production process, ensuring same-day distribution to customers.

In the first half of 2024, Chinggis Shar Airag LLC plans to expand its sales points across Ulaanbaatar city and rural areas to enhance market leadership through product quality, improve end-user satisfaction, and increase accessibility. The company will also provide training, recommendations, and guidance to its staff serving end-users at these points. Additionally, efforts will be focused on enhancing the frequency of maintenance and cleaning services for underground equipment.



More accessible Chinggis beer

Chinggis Shar Airag LLC has launched a new 2-liter packaging to enhance accessibility for consumers. This initiative aims to allow end users to enjoy Chinggis beer not only in bars and restaurants but also at home and while traveling in rural areas, which was previously not available.



CONSOLIDATED STATEMENT OF PL AND OCI

(MNT mln)	2022H1	2022H2	2023H1	2023H2	2024H1
Net Sales Revenue	111,166.4	149,852.5	167,246.8	223,249.8	263,631.9
COGS	103,951.6	144,778.0	161,315.2	206,327.8	217,698.5
Gross profit/(loss)	7,214.7	5,074.5	5,931.6	16,921.9	45,933.3
<i>Gross margin</i>	6.5%	3.4%	3.5%	7.6%	17.4%
Operating Expenses	3,181.8	6,131.8	4,336.2	6,786.4	8,991.1
EBITDA	4,032.9	(1,057.3)	1,595.5	10,135.5	36,942.2
<i>EBITDA margin</i>	3.6%	-0.7%	1.0%	4.5%	14.0%
Depreciation & Amortization	7,235.7	10,683.9	12,817.9	14,738.8	15,965.7
EBIT	(3,202.8)	(11,741.2)	(11,222.4)	(4,603.4)	20,976.5
Financing cost	3,796.8	7,350.8	8,165.4	9,341.1	9,746.0
EBT	(6,999.6)	(19,092.0)	(19,387.8)	(13,944.5)	11,230.5
Income tax	94.6	(501.8)	(14.8)	(611.1)	578.0
Net Profit/(loss)	(7,094.3)	(18,590.1)	(19,373.0)	(13,333.3)	10,652.5
<i>Net Profit margin</i>	-6.4%	-12.4%	-11.6%	-6.0%	4.0%

Disclaimer: The financial statements provided are unaudited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MNT mln)	2022H1	2022H2	2023H1	2023H2	2024H1
Total current assets	38,382.2	44,439.9	37,645.9	40,170.3	62,036.9
Cash and cash equivalents	3,863.1	4,280.7	2,389.8	2,980.6	7,088.5
Accounts receivables	494.4	432.7	372.0	653.7	3,374.8
Inventory	23,417.8	31,838.4	27,855.9	28,250.0	34,354.2
Other current assets	10,606.9	7,888.1	7,028.2	8,285.9	17,219.5
Total non-current assets	112,461.1	126,608.8	140,061.2	153,324.6	182,210.9
Tangible and Intangible assets	71,942.8	73,192.6	80,535.2	90,196.5	114,667.5
ROU assets	33,739.6	46,960.5	49,771.2	50,532.2	51,367.7
Other non-current assets	6,778.7	6,455.6	9,754.8	12,595.9	16,175.7
TOTAL ASSETS	150,843.3	171,048.7	177,707.1	193,494.9	244,247.9

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MNT mln)	2022H1	2022H2	2023H1	2023H2	2024H1
Total current liabilities	46,886.4	73,761.6	82,073.1	116,172.9	84,272.1
ST liabilities	36,943.3	44,972.4	64,602.4	74,851.5	56,992.5
Current loans and borrowings	2,169.9	17,290.8	4,823.9	19,969.9	12,740.8
Other current liabilities	7,773.2	11,498.4	12,646.8	21,351.4	14,538.9
Total non-current liabilities	55,486.3	78,849.4	96,569.4	91,590.7	98,607.7
Non-current loans and borrowings	14,441.5	27,932.9	36,371.2	33,882.0	30,995.4
Other non-current liabilities	41,044.8	50,916.5	60,198.2	57,708.6	67,612.3
Total equity	48,470.6	18,437.6	(935.3)	(14,268.7)	61,368.1
Common shares	81,776.9	81,776.9	81,776.9	81,776.9	111,425.2
Share premium	13,820.5	13,820.5	13,820.5	13,820.5	45,757.9
Other parts of equity	11,558.6	318.7	318.7	318.7	3,717.2
Retained earnings	(58,685.3)	(77,478.5)	(96,851.4)	(110,184.8)	(99,532.3)
TOTAL EQUITY AND LIABILITIES	150,843.3	171,048.7	177,707.1	193,494.9	244,247.9

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CONSOLIDATED STATEMENT OF CASH-FLOW

(MNT mln)	2022H1	2022H2	2023H1	2023H2	2024H1
Operational cash-flow					
Cash in-flow	125,358.8	165,659.0	189,164.7	240,620.1	300,144.7
Cash out-flow	(119,373.0)	(163,536.5)	(180,819.6)	(229,742.4)	(267,487.8)
Operational cash-flow balance	5,985.8	2,122.5	8,345.1	10,877.8	32,657.0
Investing cash-flow					
Cash in-flow	19,742.6	6,710.7	53.7	55.4	1,277.5
Cash out-flow	(19,434.8)	(20,808.2)	(12,108.6)	(17,184.8)	(11,032.0)
Investing cash-flow balance	307.9	(14,097.5)	(12,054.9)	(17,129.4)	(9,754.4)
Financing cash-flow					
Cash in-flow	2,782.0	43,560.0	14,800.0	19,027.0	30,891.3
Cash out-flow	(9,045.2)	(24,452.1)	(23,990.1)	(21,295.9)	(49,185.2)
Related party transactions	(111.9)	(6,558.3)	11,020.1	9,206.3	(429.2)
Financing cash-flow balance	(6,375.1)	12,549.6	1,830.0	6,937.4	(18,723.0)
Cash and equivalents foreign exchange difference	(116.6)	(157.0)	(11.1)	(95.0)	(71.6)
Total cash-flow	(198.1)	417.6	(1,890.9)	590.8	4,107.9
Cash and equivalents beginning balance	4,061.2	3,863.1	4,280.7	2,389.8	2,980.6
Cash and equivalents ending balance	3,863.1	4,280.7	2,389.8	2,980.6	7,088.5

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THANK YOU

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