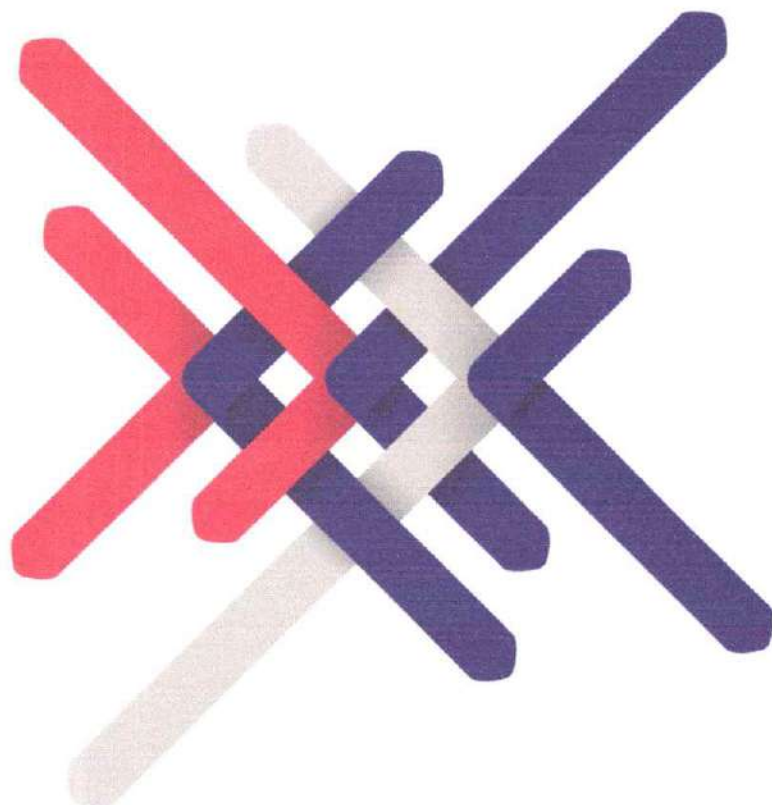


**Separate Financial Statements
and Independent Auditor's Report**

Ard Financial Group JSC

31 December 2022



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Background information about the organization

Name of Organization:	Ard Financial Group JSC	
Founding Decision:	The Ard Financial Group JSC was incorporated on 30 January 2007.	
Board:	Chairman	P. Batbayar
	Members	Ch. Ganhuyag
		Bruno Raschle
		A. Suhdorj
		O. Odbayar
	Independent members	M. Sergelen
		Ch. Munhbat
		Mikhail Zeldovich
		Arnaud Ventura
Management team:	Chief Executive Officer	Ch. Ganhuyag
	Chief Financial Officer	B. Zolboo
	Chief Digital Strategy Officer	J. Dashnyam
	Chief Human Resource Officer	B. Uyanga
	Chief Risk Officer	E. Turtogtokh
	Chief Technology Officer	G. Gantuya
	Senior Legal Counsel	U. Ashhuu
	Internal Auditor	M. Munh-Erdene
	General Accountant	G. Selenge
Address:	The 17th floor, Central Tower, the 8th Khoroo, the Sukhbaatar District, Ulaanbaatar, Mongolia	
Registration number:	2001861	
Principal activities:	Investment, business advisory	
Number of employees:	17	
Auditor:	Grant Thornton Audit LLC - Certified firm of audit, accounting, financial advisory, training and appraisal	

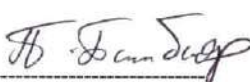
Management's statement of responsibility for financial reporting

Management is responsible for fair presentation of the Ard Financial Group JSC's separate financial statements for the year ended 31 December 2022, and of its financial performance, cash flows and changes in equity for the period in accordance with International Financial Reporting Standards.

Management has fulfilled the following responsibilities in preparing the separate financial statements:

- Complied all accounting standards through selection of and consistent adherence to appropriate accounting policy, as well as reasonable and accurate calculation and assessment.
- Taken necessary actions to safeguard the company's assets, to prevent any fraud and misconduct, and to identify such activities.
- The Company has prepared the separate financial statements on a going concern basis.
- Obligated to constantly review matters that may cause legal and constructive obligations as a result of past events or that may result in future losses and disclosed these legal and constructive obligations and contingencies.

P. Batbayar, the Board Chairman of the Ard Financial Group JSC, and Ch. Ganhuyag, the Chief Executive Officer, and B. Zolboo, Chief Financial Officer, declare that the accompanying financial statements presented on pages from 9 to 50 of this report give a true and fair view of the financial position of the Company as of 31 December 2022, and of its financial performance and its cash flows for the period, in accordance with International Financial Reporting Standards.



P. Batbayar
Board Chairman

Date: 31 March 2023



Date: 31 March 2023



B. Zolboo
Chief Financial Officer

Date: 31 March 2023

Independent Auditor's Report

"Grant Thornton Audit" LLC
A member firm of GTIL global network for assurance, tax and advisory services

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To shareholders of the Ard Financial Group JSC:

Opinion

We have audited the financial statements (hereinafter referred to as "Financial statement") of the Ard Financial Group JSC (hereinafter referred to as "Company"), which comprise the statements as of 31 December 2022, including:

- Separate statement of financial position,
- Separate statement of profit or loss and other comprehensive income,
- Separate statement of changes in equity,
- Separate statement of cash flows,
- A summary of significant accounting policies, and
- Notes to the separate financial statements.

In our opinion, the accompanying financial statements of the Ard Financial Group JSC give a true and fair view of the financial position as of 31 December 2022 and of its financial performance and its cash flows for the year then ended, in all material respects, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Code of Ethics for Professional Accountants of Mongolia, and we have fulfilled our other ethical responsibilities in accordance with those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of audit approaches

Key audit matters	<ul style="list-style-type: none">• Fair value of investments in closed subsidiaries was valued and recorded.
Audit scope	<ul style="list-style-type: none">• The Company owns subsidiaries disclosed in Note 16.1, however, this report is the separate financial statements of the Company.
Materiality	<ul style="list-style-type: none">• Overall materiality used in audit of the financial statements is MNT 1,448,000 thousand. The materiality was selected on the basis of average of 5% of net assets and 3% of total revenue.

Key audit matters

Key audit matters, in our judgement, are matters that have significant impacts on financial statements for the current period. Within the scope of our audit on financial statements, matters were addressed as a whole, and no separate opinions were given on each matter.

Key audit matters	Response
<p><i>Fair value of investments in closed subsidiaries</i></p> <p>In the reporting period, the Ard Financial Group JSC measured its investments in subsidiaries, which are under full control with 90-100% of holding, in accordance with IFRS 13 <i>Fair Value Measurement</i>, and recognised them in its financial statements at fair value.</p> <p>The subsidiaries are closed companies. In measuring the fair value of these companies, the Company's management has applied the market approach, particularly, comparative method, in accordance with International Valuation Standards.</p> <p>As a result of the valuation, the fair value of the closed companies has decreased in materiality, and a large amount of computation and professional judgement were used in the valuation, therefore, this is highlighted to be the key audit matters.</p>	<p><i>Audit procedure:</i></p> <p>The following procedures were used by the auditor to review matters on measurement of fair value of investments in closed subsidiaries and its recognition in the financial statements. It includes:</p> <ul style="list-style-type: none"> - In valuation of these investments, it has reviewed whether the estimates and professional judgement used by the company's management are justified and whether the methodology used and the valuations were realistic. - Because valuation was more focused on the net assets of subsidiaries, input and factors or investments that have the most material impact on owners' equity, assets held for sale, and rate fluctuations of virtual assets held by companies were compared and re-examined against the market value. - Approaches and methods used in the valuation, and matters related to a selection of calculations and professional judgement were discussed with the Company's management and the grounds were clarified.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report of the Company for the year ended 31 December 2022, but does not include the separate financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue operations, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

The extent to which the auditor has considered the ability to detect illegal actions, such as fraud

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other regulatory requirements

In accordance with articles 92 and 94 of Company Law of Mongolia, the Company is responsible to report transactions with conflict-of-interest subjects, and information specified in the law on Securities Market, and the Financial Regulatory Commission and Mongolian Stock Exchange as well as other information specified in the Company Charter. No non-compliance was identified in relation to these requirements.

Engagement partner of this Independent Auditor's Report is N. Erdenetsog.



B. OSORGARAN
MANAGING PARTNER

31 March 2023
Ulaanbaatar city



N. ERDENETSOG
ENGAGEMENT PARTNER

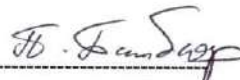
Separate statement of financial position

In thousand MNT	Note	Balance 31 December 2022	Balance 31 December 2021
Assets			
Current assets			
Cash and cash equivalents	8	3,916	330,722
Accounts and other receivables	9	21,837,849	23,576,380
Other financial assets	10	366,054	10,369,946
Inventory	11	97,615	107,959
Prepayments	12	4,643,904	3,708,456
Total current assets		26,749,338	38,093,463
Non-current assets			
Property and equipment	13	418,606	645,221
Intangible assets	14	12,020,050	59,160,237
Right-of-use assets	15.1	1,281,761	2,349,551
Long-term investment	16	96,138,283	231,730,778
Total non-current assets		109,858,700	293,885,787
Total assets		136,608,038	331,979,250
Equity and liabilities			
Liabilities			
Current liabilities			
Accounts and other payables	17	3,598,232	17,686,461
Short-term borrowings	18	2,578,482	6,182,791
Current private placement bond liabilities	19	2,603,000	3,685,489
Current finance lease payables	15.2	865,676	979,547
Unearned revenue	20	9,965,930	11,017,456
Total current liabilities		19,611,320	39,551,744

Separate statement of financial position *(continued)*

In thousand MNT	Note	Balance 31 December 2022	Balance 31 December 2021
Non-current liabilities			
Non-current finance lease payables	15.2	608,298	1,473,974
Long-term borrowings	18	6,589,586	6,633,373
Non-current liabilities of private placement bond	19	-	1,583,000
Deferred tax liabilities	21	6,186,750	24,188,557
Total non-current liabilities		13,384,634	33,878,904
Total liabilities		32,995,954	73,430,648
Equity			
Equity-shares	22.1	28,614,263	28,614,263
Share premium	22.3	2,927,696	2,927,696
Revaluation reserve	22.5	52,792,679	214,347,421
Other components of equity		13,799	13,799
Retained earnings	22.4	19,263,647	12,645,423
Total equity		103,612,084	258,548,602
Total equity and liabilities		136,608,038	331,979,250

The separate financial statements were approved on 31 March 2023 by:


P. Batbayar

Board Chairman

Date: 31 March 2023



Ch. Ganhuyag
Chief Executive Officer

Date: 31 March 2023



B. Zolboo
Chief Financial Officer

Date: 31 March 2023

The separate statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 15 to 50.

Separate statement of profit or loss and other comprehensive income

In thousand MNT	Note	2022	2021
Revenue from investment management services	23.1	2,837,210	2,030,180
Gain on sale of investment	23.2	3,657,162	3,356,706
Dividend income	23.3	1,012,491	1,004,162
Interest income from investment portfolio	23.4	18,247	1,316,383
Total investment income		7,525,110	7,707,431
Other non-investment income	24	6,250,462	784,268
Sales and marketing expenses	25	(2,227,526)	(1,095,852)
General and administrative expenses	26	(5,667,047)	(15,766,063)
Finance expenses	27	(3,159,929)	(3,346,137)
Other expenses	28	(1,633,147)	(2,349,625)
Foreign exchange loss		(30,959)	(361)
Loss on disposal of fixed assets		-	(26,955)
Loss on valuation of virtual assets		(17,653)	-
Gains on disposal of virtual assets		1,251,464	14,351,507
Profit before tax		2,290,775	258,213
Income tax recovery/(expense)	29	(180,049)	27,437
Profit after tax		2,110,726	285,650
Profit from discontinued operations	30	-	-
Net profit for the year		2,110,726	285,650
Other comprehensive income			
Gains (losses) on valuation of investments and virtual assets	31	(155,722,397)	198,869,019
Total other comprehensive income		(155,722,397)	198,869,019
Total comprehensive profit/(loss)		(153,611,671)	199,154,669
Basis earnings per share		0.07	0.01

The separate statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 15 to 50.

Separate statement of changes in equity

In thousand MNT	Equity	Treasury share	Share premium	Revaluation reserve	Other components of equity	Retained earnings	Total
31 December 2020	28,590,335	(1,414,706)	-	27,284,096	13,799	1,358,572	55,832,096
Net profit for the year	-	-	-	-	-	285,650	285,650
Changes in fair value of assets	-	-	-	198,869,019	-	-	198,869,019
Changes in equity	23,928	1,414,706	2,927,696	-	-	(23,928)	4,342,402
Realized revaluation reserve	-	-	-	(11,805,694)	-	11,025,129	(780,565)
31 December 2021	28,614,263	-	2,927,696	214,347,421	13,799	12,645,423	258,548,602
Impact on changes in accounting policies and correction of errors	-	-	-	-	-	8,005	8,005
Adjusted balance	8,614,263	-	2,927,696	214,347,421	13,799	12,653,428	258,556,607
Net profit for the year	-	-	-	-	-	2,110,726	2,110,726
Changes in fair value of assets	-	-	-	(155,722,397)	-	-	(155,722,397)
Dividend	-	-	-	-	-	(1,332,852)	(1,332,852)
Realized revaluation reserve	-	-	-	(5,832,345)	-	5,832,345	-
31 December 2022	28,614,263	-	2,927,696	52,792,679	13,799	19,263,647	103,612,084

The separate statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 15 to 50.

Separate statement of cash flows

In thousand MNT	2022	2021
Cash flows from operating activities		
Total cash inflow	3,778,396	2,782,715
Proceeds from sales of goods, provision of services	3,778,396	2,782,715
Other cash inflow	-	-
Total cash outflow	(8,401,355)	(8,302,909)
Paid to employees	(1,129,475)	(1,487,785)
Paid to social insurance administration	(228,277)	(271,633)
Acquisition of inventory	(7,670)	(117,682)
Paid for utilities	(82,169)	(52,037)
Paid for fuel, transportation, spare parts	(165,099)	(135,533)
Interest paid	(1,734,366)	(2,730,145)
Paid to taxation department	(1,016,971)	(1,001,667)
Insurance premium	(42,031)	(26,755)
Other cash outflow	(3,995,297)	(2,479,672)
Net cash flow from operating activities	(4,622,959)	(5,520,194)
Cash flow from investing activities		
Total cash inflow	23,441,530	51,176,390
Proceeds from sale of investment	7,518,941	10,800,405
Proceeds from sale of other non-current assets	-	20,850,000
Loan issued to others, repayment of cash advance	15,864,339	17,665,239
Interest received	15,948	957,000
Dividends received	42,302	903,746
Total cash outflow	(15,535,998)	(49,492,446)
Acquisition of property and equipment	-	(601,044)
Acquisition of intangible assets	-	(100,000)
Acquisition of investments	(353,807)	(13,587,474)
Loan issued; advance given to others	(15,182,191)	(35,203,928)
Net cash flow from investing activities	7,905,532	1,683,944

Separate statement of cash flows *(continued)*

In thousand MNT	Note	2022	2021
Cash flow from financing activities			
Total cash inflow		9,805,111	20,768,079
Received from loan, securities issued		9,805,111	20,768,079
Total cash outflow		(13,414,490)	(16,702,065)
Loan, securities payments		(11,293,169)	(16,415,124)
Finance lease paid		(979,548)	(137,863)
Dividends paid		(1,141,773)	(149,078)
Net cash flow from financing activities		(3,609,379)	4,066,014
Net total cash flow		(326,806)	229,764
Balance cash and cash equivalents at the beginning of the year		330,722	100,958
Balance cash and cash equivalents at the end of the year		3,916	330,722

The separate statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 15 to 50.