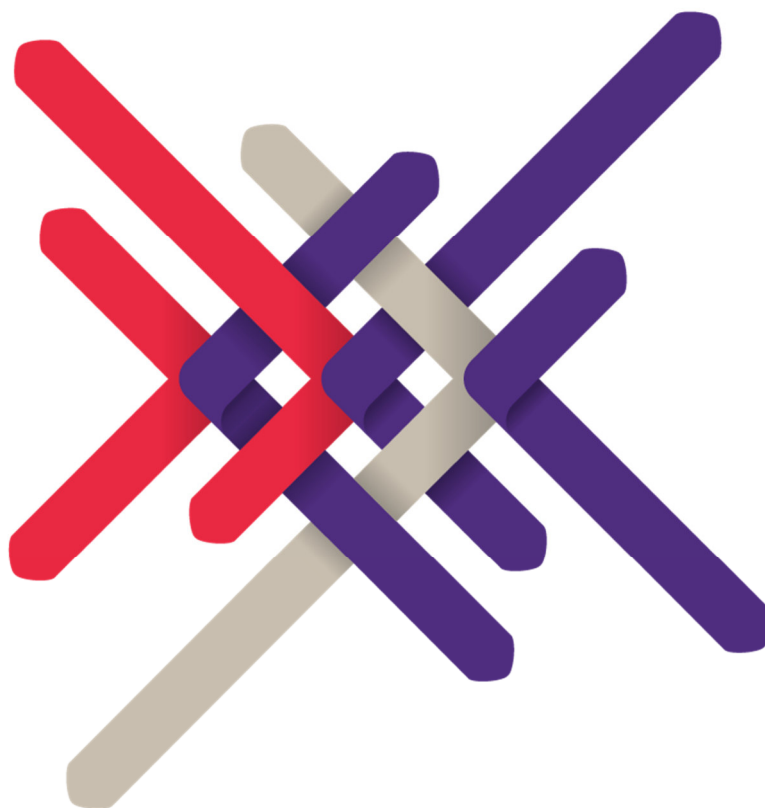


Consolidated Financial Statements and Independent Auditor's Report

“Invescore” NBFI JSC

31 December 2022



Group brief information

Name of Organization:	Invescore NBFI JSC	
Founding Decision:	The Invescore NBFI JSC was incorporated on 21 April 2016.	
Certificate and license	The State Registration Certificate № 9015003118 was granted by the General Authority for State Registration of Mongolia. License №1/554 on "Non-banking financial activities" was issued in accordance with the Resolution №159 of the Financial Regulatory Commission of Mongolia on 17 May 2016.	
Board	Chairman:	B.Ankhbold ("SIBJ Capital" LLC, CEO)
	Members:	D.Bayasgalan ("Invescore NBFI" JSC, CEO)
		R.Purev ("SIBJ" LLC, deputy director)
		G.Uyangakhishig ("Invescore Capital" LLC, Chairman of BoD)
		T.Telmen ("Amar Insurance" LLC, Director of Business development department)
		Namiki Hirohito ("Invescore Japan" LLC, CEO)
	Independent members:	Ch.Khashchuluun (Professor of Economics department of MNU)
		D.Enkhbat ("Kharkhorum Digital" JSC, Founder, CEO)
		Ch.Unurjargal (Senior teacher of Accounting department of the UFE)
Management team:	Chief Executive Officer	D. Bayasgalan
	First Deputy Director	N.Arslanbaatar
	Chief Operations Officer	G.Javkhlant
	Director of Department of Financial management and capital regulation	S.Tulga
	Director of Department of Internal audit	M.Nyamsuren
	Director of Department of Operations	Sh.Erdenebileg
	Director of Department of Financial accounting and reporting	Sh.Tserendavaa
	Director of Department of Human resources	Ts.Nemekhbayar
	Director of Department of System management	B.Onolbayar
	Director of Department of Marketing and public affairs	U.Bilguun
	Director of Department of Business development and innovation	J.Byamba-Erdene
	Director of Department of Branch management	E.Erdenekhuu
	Director of Department of Law and Risk management	Ts.Altannavch
Address:	14 th floor, IC tower, Paris street, 1 st khoroo, Sukhbaatar district, Ulaanbaatar, Mongolia	

Registration number:	6060854
Principal activities:	<ul style="list-style-type: none"> • Lending • Factoring services • Trust services • Investing in short-term financial instruments • Investment and financial consulting • Payment guarantees
Number of employees:	291
Auditor:	Grant Thornton Audit LLC - A Certified firm of audit, accounting, financial advisory, training and appraisal

Management's statement

Management is responsible for fair presentation of the Group'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 consolidated 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 Group's assets, to prevent any fraud and misconduct, and to identify such activities.
- The Group has prepared the separate financial statements on a going concern basis
- Obligated to constantly review things that are legitimately or derivative accountabilities as a result of past events or that may result in future losses, and it has clarified the legitimately and derivative responsibilities and contingencies.

B.Ankhbold, Board Chairman of the Invescore NBFJ JSC, and D.Bayasgala, Chief Executive Officer, and S.Tulga, Director of Department of Financial management and capital regulation, declare that the accompanying financial statements presented in page 14 to 64 of this report give a true and fair view of the financial position of the NBFJ as of 31 December 2022, and of its financial performance and its cash flows for the period, in accordance with International Financial Reporting Standards.

Board Chairmen

B.Ankhbold

Date: 2 March 2023

Chief Executive Officer

D.Bayasgala

Date: 2 March 2023

Director of Department of Financial
management and capital regulation
S.Tulga

Date: 2 March 2023

Independent Auditor's Report

“Грант Торнтон аудит” ХХК
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To the shareholders of the Invescor NBFI JSC:

Opinion

Audited the following financial statements (hereinafter referred to as "financial statements") of "Invescor NBFI" JSC (hereinafter referred to as "NBFI") and its subsidiaries (collectively referred to as the "group") as of December 31, 2022. It includes:

- Consolidated statement of profit or loss and other comprehensive income,
- Consolidated statement of financial position,
- Consolidated statement of changes in equity,
- Consolidated statement of cash flow and,
- A summary of significant accounting policies,
- Notes to the Financial Statements

In our opinion, the consolidated financial position of Invescor NBFI JSC and its subsidiaries (collectively, the "Group") as at 31 December 2022 and the financial results and cash flows for the year then ended are, in all material respects, It is presented accurately and objectively 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 NBFI 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">• According to IFRS 9 "Financial Instruments", NBFI classified the loan receivables into three stages and calculated the impairment using the expected loss model.
Audit scope	<ul style="list-style-type: none">• NBFI owns the subsidiaries listed in Note 6, and this report is a consolidated financial statement covering Invescor NBFI JSC and its subsidiaries.
Materiality	<ul style="list-style-type: none">• Overall materiality used in audit of the financial statements is MNT 4,267,844.7 thousand. The materiality was selected on the basis of 10% of total revenue.

- The NBF is a publicly traded company, therefore, profit before tax and total revenue have been selected as benchmark or basic indicator to estimate the materiality. Based on the results of a NBF's inquiry from employees, prior audit recommendations and the audit report, the risk has been assessed as 'medium', and 10% were selected.

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>Impairment of loans issued to customers:</p> <p>In determining a model for estimating the impairment of loans to customers, the NBF considered the historical information on credit losses in prior periods at each loan product and the impact of macroeconomic factors and modeled the calculation based on management's assumptions about probable future cash flows.</p> <p>According to IFRS 9 "Financial Instruments", loans granted to customers according to this model and similar assets are classified into three stages and the impairment is calculated using the expected loss model.</p> <p>We included this estimate in a key audit matter because the parameters and management assumptions used may not be appropriate and the results of the estimates are material.</p>	<p>We performed the following procedures in order to evaluate the loan impairment allowances:</p> <ul style="list-style-type: none"> • The completeness of loan data used, and the reliability of the input information used were reviewed, • A review was conducted whether loans included in collective provisioning are correct and whether ageing is appropriately determined, and respective re-classification was made in accordance with applicable procedure, • The assumptions used by management for determining the impairment of loan were reconciled with the NBF's information on loan. • Explanatory notes and disclosures related to expected credit losses were assessed whether it is complete, • Auditor's point estimate is developed by changing the macroeconomic indicators used in the calculation, the range of values between the Management point estimate and Auditor's point estimate was within the materiality

Other matters

Management is responsible for the other information. The other information comprises the information included in the annual report of the Group 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Group'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 Group'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 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 Group to cease to continue as a going concern.
- Evaluate the general presentation, structure, and content of the separate financial statements, including clarifications, and determines whether the main transactions and events are represented in the separate financial statements to the extent that they meet the requirements of accurate presentation.
- Obtaining sufficient audit evidence about the financial information of the entities and business operations within the group to provide an opinion on the consolidated financial statements. We are responsible for the direction, oversight and execution of group audits. We will take full responsibility for the audit findings.

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 [separated] 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 the Law on NBFIs of Mongolia, it is responsible for reporting transactions with parties with conflicts of interest, the Law on Securities Market, other information determined by the Financial Regulatory Commission and the Mongolian Stock Exchange, and other information specified in the Company Rules. No violations related to these items have been detected.

In the course of auditing the separate financial statements, we have performed a test on compliance with the rules and regulations issued by the regulatory body for complying with financial reporting by non-bank financial institutions. No non-compliance was identified in relation to breaches of Mongolian law or the rules and regulations of the Financial Regulatory Commission.

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

B.OSORGARAV
MANAGING PARTNER

N.ERDENETSOG
ENGAGEMENT PARTNER

2 March 2023
Ulaanbaatar

Consolidated statement of profit or loss and other comprehensive income

In thousand MNT	Note	2022	2021
Interest income calculated using effective interest rate	9	81,051,603	41,122,071
Interest expenses	9	(25,604,130)	(12,945,026)
Net interest income	9	55 447 473	28 177 045
Fee and commission income	10	13,244,471	8,886,652
Fee and commission expenses	10	(873,570)	(662,693)
Net fee and commission income	10	12 370 901	8 223 959
Net trading gain (loss)	11	(35,824)	(157,173)
Other income		393,282	211,410
Impairment losses/reversal	12	(5,712,620)	(851,246)
Personnel expenses	13	(8,858,395)	(5,525,727)
Depreciation and amortization expense		(2,154,380)	(1,694,572)
Operational and other expenses	14	(8,487,330)	(4,673,378)
Operational income		(24 855 267)	(12 690 686)
Profit before income tax		42 963 107	23 710 318
Income tax expense	15	(9,337,543)	(4,500,028)
Profit after income tax		33 625 564	19 210 290
Other comprehensive income		381,801	(165,585)
Total comprehensive income		34 007 365	19 044 705
Earnings per share		0.45	0.27

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 64.

Consolidated statement of financial position

In thousand MNT	Note	Balance 31 December 2022	Balance 31 December 2021
Assets			
Cash and cash equivalents	16	50,043,133	24,638,751
Derivative financial instruments	17	511,785	183,583
Loans to customers – net	18	282,331,254	175,508,816
Other financial assets – net	19	2,030,566	3,274,706
Investments in debt and equity instruments	20	6,922,715	-
Reposessed assets	21	561,450	783,568
Other non-financial assets	22	8,422,453	1,980,060
Fixed assets	23	1,812,913	1,558,138
Intangible assets - net	24	3,818,638	2,606,778
Right-of-use assets - net	25	1,763,367	1,395,288
Goodwill		292,627	292,627
Total assets		358 510 901	212 222 295
Equity and liabilities			
Liabilities			
Trust service liabilities	26	85,440,869	56,477,725
Loans taken from bank and financial institutions	27	69,458,371	34,396,459
Other sources	28	26,432,767	10,219,535
Bond issued by NBFI	29	44,170,514	27,620,907
Balance of deposit account	30	1,363,925	744,587
Other financial liabilities	31	2,245,243	2,629,289
Non-financial liabilities	32	2,023,510	1,844,771
Reserve liabilities	33	774,303	774,303
Income tax payable	34	2,920,848	1,664,171
Deferred tax liabilities	35	427,210	315,031
Total liabilities		235 257 560	136 686 778

Consolidated statement of financial position (*continued*)

In thousand MNT	Note	Balance 31 December 2022	Balance 31 December 2021
Equity			
Share capital	36.1	17,193,952	16,282,237
Share premium	36.3	29,820,733	15,377,738
Revaluation surplus	36.4	(16,638)	-
Retained earnings	36.5	70,616,038	38,903,472
Non-controlling interest	36.6	257,455	137,655
Other components of equity	37	5,381,801	4,834,415
Total equity		123 253 341	75 535 517
Total equity and liabilities		358 510 901	212 222 295

The consolidated financial statements were approved on 2 March 2023 by:

Board Chairmen

B.Ankhbold

Date: 2 March 2023

Chief Executive Officer

D.Bayasgalan

Date: 2 March 2023

Director of Department of Financial
management and capital regulation
S.Tulga

Date: 2 March 2023

The consolidated 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 14 to 64.

Consolidated statement of changes in equity

In thousand MNT	Equity	Share premium	Other components of equity	Non-controlling interest	Retained earnings	Revaluation surplus	Total
Balance 1 January 2021	16 282 237	15 377 738	(55 928)	(678)	21 050 890	-	52 654 259
Change in reporting period	-	-	5,000,000	-	-	-	5,000,000
Other comprehensive profit (loss) for the reporting year	-	-	(109,657)	-	-	-	(109,657)
Dividends paid	-	-	-	-	(1,219,375)	-	(1,219,375)
Net profit for the year	-	-	-	138,333	19,071,957	-	19,210,290
Balance 31 December 2021	16 282 237	15 377 738	4 834 415	137 655	38 903 472	-	75 535 517
Change in reporting period	911,715	14,442,995	-	-	-	-	15,354,710
Other comprehensive profit (loss) for the reporting year	-	-	547,386	-	-	(16,638)	530,748
Dividends paid	-	-	-	-	(1,793,198)	-	(1,793,198)
Net profit for the year	-	-	-	119,800	33,505,764	-	33,625,564
Balance 31 December 2022	17 193 952	29 820 733	5 381 801	257 455	70 616 038	(16 638)	123 253 341

The consolidated 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 14 to 64.

Consolidated statement of cash flows

In thousand MNT	Note	2022	2021
Cash flows from operating activities			
Profit before tax		42 963 107	23 710 318
Adjustment:			
Depreciation and amortization expenses		2,154,380	1,694,572
Unrealized foreign exchange loss/(gain)	23-25	2,399	123,605
Loss on impairment of repossessed collateral	12	170,357	(210,864)
Expected loss of loan receivables	12	5,100,701	520,045
Impairment on financial assets	12	258,069	30,181
Loss (gain) on disposal of assets	14	26,975	2,052
Finance cost	9	25,514,200	12,814,237
Interest expense on lease liabilities	9	89,930	130,592
Operating loss before changes in working capital		76 280 118	38 814 738
Decrease/(increase) in loans to customers	18	(106,420,134)	(79,099,014)
Decrease/(increase) in other financial and non-financial assets	19,22	(15,071,620)	(3,228,434)
Decrease/(increase) in repossessed collateral	21	222,119	38,324
Decrease/(increase) in other financial and non-financial liabilities	31,32	6,200,413	2,331,420
Operating outflow		(38 789 104)	(41 142 966)
Income tax paid	34	(7,963,914)	(3,370,954)
Interest paid		(20,133,814)	(14,201,992)
Net cash flow from operating activities		(66 886 832)	(58 715 912)
Cash flow from investing activities			
Acquisition of property and equipment	23	(1,406,507)	(1,064,183)
Disposal of property and equipment	23	614,393	-
Right-of-use lease assets	25	133,397	796,632

Consolidated statement of cash flows *(continued)*

In thousand MNT	Note	2022	2021
Acquisition of intangible assets	24	(1,707,198)	(119,793)
Sale of investment	20	245,759	591,122
Acquisition of investment	20	6,772,715	-
		-	-
Net cash flow from investing activities		4 652 559	203 778
Cash flow from financing activities			
Proceeds from bonds issued	29	26,260,000	25,000,000
Repayment of bonds	29	(9,667,200)	(4,349,000)
Loans taken from others	27	123,474,161	47,137,957
Repayment of loan	27	(83,088,187)	(22,600,918)
Proceeds from trust services	26	82,478,317	27,558,198
Repayment of trust services	26	(51,824,865)	(20,949,042)
Liabilities raised by secondary payables	37	-	5,000,000
Lease interest repayment	9	(89,930)	(130,592)
Net cash flow from financing activities		87 542 296	56 666 603
Foreign exchange equations for cash asset balances		96,359	(104,393)
Net total cash flow		25,404,382	(1,949,924)
Balance of cash and cash equivalents at the beginning of year	16	24 638 751	26 588 675
Balance of cash and cash equivalents at the end of year	16	50 043 133	24 638 751

The consolidated 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 14 to 64.