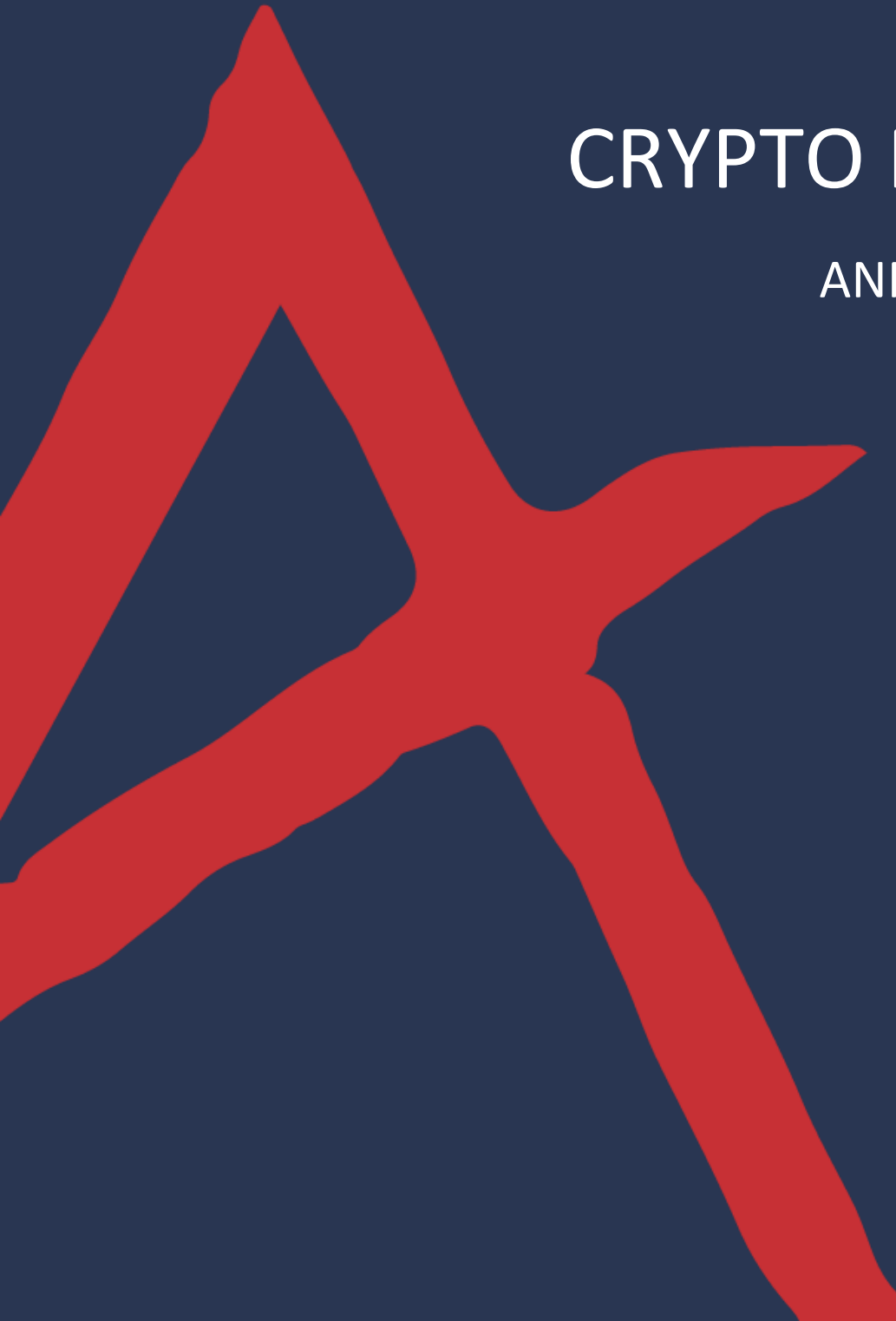




CRYPTO NATION JSC

ANNUAL REPORT 2022



ABOUT US

Established in 2002, we are a dynamic company operating in the water channels and maintenance sector. In 2020, we underwent transformative changes, with Ard Bit LLC acquiring 99.9 percent of our company's shares, ushering in a new era of growth and opportunity. Embracing the cutting-edge realms of blockchain technology and cryptocurrencies, we are poised to lead the industry into the future. With a steadfast commitment to our stakeholders and a vision of embracing change, we look forward to a future marked by continued success and innovation.

Our annual report highlights our dedication to strong corporate governance and active stakeholder engagement. Through regular meetings, we strategize expansion plans and make necessary operational changes. We value diverse perspectives and elect new Board of Directors representatives. Transparency is paramount, exemplified by our revised privacy policy. We remain committed to keeping shareholders informed with timely updates.

TOP 40 Market valuation

TOP 1 Top stock gainers

TOP 13 Actively traded 30 stocks



ABOUT CRYPTONATION



Name of the stock issuer, national records certificate number, stock code

Crypto Nation JSC, 410001002, MSE: CNF



Total number of shares issued by the issuer

113,212 shares



Name of the listed exchange

Mongolian Stock Exchange (MSE) state-owned joint-stock company



Sector of operation

**Foreign trade
Cryptocurrency research
Business consulting
Technology, investment consulting**

#STATEMENT OF FINANCIAL POSITION

(In thousand MNT)

Indicators	2021 -12-31	2022-12-31
Assets		
Current assets		
Cash & cash equivalents	1,014	470
Receivables	576,838	759,188
Other receivables		10,499
Financial assets	1,000	201,020
Prepayments	5,387	5,387
Other current assets	16,029,902	3,971,934
Non-current assets		
Deferred income tax assets		29,488
Total assets	16,614,140	4,977,985
Liabilities and owner's equity		
Short-term liabilities		
Accounts payable and other payables	5,338	381,814
Tax and social insurance fee payables	2,721	671
	8,059	382,485
Long-term liabilities		
Deferred tax liability	1,195,783	
	1,195,783	
Total Liabilities	1,203,842	382,485
Owner's equity		
Share capital	11,321	11,321
Share premium	8,421	8,421
Asset revaluation surplus	10,762,044	
Other components of equity	4,380,000	4,380,000
Retained earnings	248,512	195,757
Total owner's equity	15,410,299	4,595,500
Total equity and liabilities	16,614,140	4,977,985

#STATEMENT OF COMPREHENSIVE INCOME

(In thousand MNT)

Indicators	2021 -12-31	2022-12-31
Interest income		10,239
Other income	288,618	110,735
Sales, marketing expenses	9,326	
General, and administrative expenses	9,280	236,088
Finance expenses	86	
Other gains (losses)		62,212
Profit (loss) before tax	269,926	(52,903)
Income tax	2,721	
Profit (loss) after tax	267,205	(52,903)
Net profit (loss) for the period	267,205	(52,903)
Other comprehensive income	8,457,174	
Total comprehensive income	8,724,379	(52,903)
Profit (loss) per share	77	(-)

#STATEMENT OF CHANGES IN EQUITY

(In thousand MNT)

Indicators	Share capital	Share premium	Revaluation reserve	Other components of equity	Retained Earnings	Total
31 December 2020	11,321	8,421	10,762,044	4,380,000	(8,475,867)	6,685,920
Adjusted balance	11,321	8,421	10,762,044	4,380,000	(8,475,867)	6,685,920
Profit (loss) for the period	-	-	-	-	8,724,379	8,724,379
31 December 2021	11,321	8,421	10,762,044	4,380,000	248,512	15,410,299
Change in accounting calculation, Adjustments	-	-	-	-	148	148
Adjusted balance	11,321	8,421	10,762,044	4,380,000	248,660	15,410,447
Loss for the period	-	-	-	-	(52,903)	(52,903)
Investment revaluation increase/decrease						(10,762,044)
31 December 2022	11,321	8,421	-	4,380,000	195,757	4,595,500



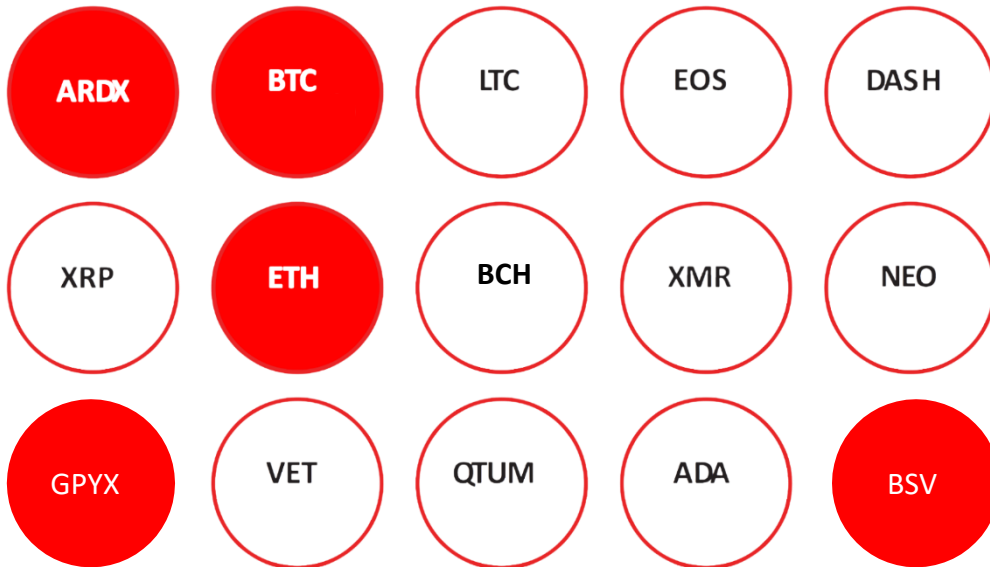
Independent auditor's opinion on year-end financial statements

We have audited the accompanying financial statements of Crypto Nation JSC (hereinafter referred to as "Company") as of 31 December 2022, which comprise:

- Statement of financial position
- Statement of comprehensive income for the year ended
- Statement of changes in equity
- Statement of cash flows for the year then ended, and
- Notes to the financial statements

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022 and the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended in compliance with International Financial Reporting Standards (hereinafter referred to as IFRS).

INVESTMENT PACKAGE



Guided by our team of experienced experts, we make informed decisions based on market sentiment and thorough research. At Crypto Nation JSC, we conduct forecasts and analyses of stock exchanges and cryptocurrency fluctuations. To optimize asset management, all assets, excluding ArdCoin, Bitcoin, Ethereum, Bitcoin SV, and Golden Pyrex, were transferred to USDT.

According to regulation no.23/02 set on the Board of Directors' meeting of Crypto Nation JSC on 6th of March 2023, shareholders decided to be given proportionate bonuses. The registration date of the proportionate bonus is the 25th of April 2023 and 100 (one hundred) units of ArdCoin are decided to be issued per share.

Crypto Nation JSC
Annual operational report 2022

Annual operational report /Form 1/

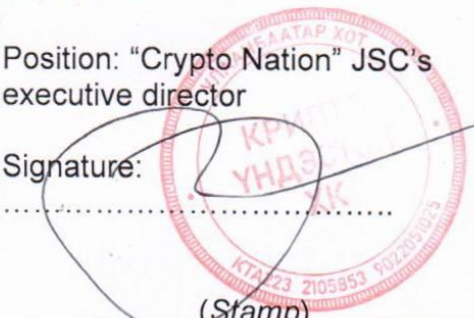

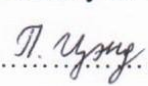
Article 20 of the Securities Market Law stipulates the ongoing obligations of the issuer, and the issuer is responsible for submitting annual operational report to the Financial Regulatory Commission and the exchange in accordance with the below form, and shall disclose to the public through its website.

<i>Reporting period</i>	From 1 January 2022 to 31 December 2022
<i>Issuer's name, state registration certificate number, securities symbol, phone number</i>	Crypto Nation JSC, 9007001008, 410001002, MSE: BUN
<i>Name of listed exchange</i>	Mongolian Stock Exchange (MSE) state-owned stock company
<i>Sector of business operation</i>	Wholesale trade on a payment or contract basis /foreign trade/
<i>Name and date of registration of the audit firm registered with the FRC that issued an audit opinion on the year-end financial statements</i>	"Hulegthunnu Audit" LLC, Financial Regulatory Commission's resolution no.297 on 18 September 2013
<i>Total number of shares issued by the issuer</i>	113,212 shares
<i>Names of the specialist who prepared and the official who reviewed the annual report</i>	Prepared: P. Tsend Reviewed: Executive director D. Chadraabal

	<i>Financial statement for the reporting period /fill out the summary report indicators and attach the financial statement/</i>	
1.	<i>Balance sheet</i>	Statement is attached
	<i>Income statement</i>	Statement is attached
	<i>Statements of retained earnings</i>	Statement is attached
	<i>Cash flow statement</i>	Statement is attached
1.1.	<i>Audit report on annual financial statement</i>	
	Audit report on annual financial statements is attached	

1.2.	<i>Audit opinion letter /the opinion letter must be developed within the context of the content mentioned in this instruction/</i>	
	Audit opinion letter is attached	
2.	<i>A brief description of factors affecting the issuer's financial condition and results of operations during the reporting period, as well as the management's assessment and the measures to be taken in the future.</i>	
2.1.	<i>Operational performance /Financial ratios /</i>	Return on Assets (ROA): 1.3% Return on Equity (ROE): 1.4%
2.2.	<i>Liquidity ratios and financial resources</i>	
2.3.	<i>The external and internal factors affecting the operations of the issuer, its market share in the operating industry, changes or developments in the range of products and services, and measures planned to be taken by the issuer in response to changes and development.</i>	Affected by the rise and fall of international cryptocurrencies
2.4.	<i>Details of off-balance sheet transactions and information on accounting policies</i>	No off-balance sheet transactions and information recorded on accounting policies
2.5.	<i>Information on loan repayment which received during the reporting period, and loan pledges and guarantees;</i>	No loans were received during the reporting period
3.	<i>Information on conflict of interest and significant transactions conducted by the issuer during the reporting period, the importance and the purpose of the transaction, and information about the person with a conflict of interest / all conflicts of interest transactions made during the reporting period shall be included/</i>	
	Name of the company: Ard Bit LLC Contract name: Receivables contract Contract period: 1 year Contract amount: assets worth 714,064,006 MNT Importance: reduced operational risk and opportunities to receive benefits	
4.	<i>Information on Compensation (salary, bonus etc).</i>	
	From September 2022 Crypto Nation JSC operated with 2 full-time employees and 1 contract employee, spending 13 million MNT on salary expense	
5.	<i>Information related to corporate governance</i>	
	In 2022, the Board of Directors of Crypto Nation JSC held a total of 9 meetings, 4 Board meetings and 5 extraordinary Board meetings, and made relevant decisions. A regular shareholders' meeting was also held	

7.	<i>Information of shareholders ownership /names of shareholders with ownership of 5 or more percent of total shares, and number of total shareholders/</i>
	1. Ard Insurance JSC: 22% 2. Ard Bit LLC: 17.8% 3. HVLL LLC: 8.5% 4. Ard Pension LLC: 7.1% Ard Financial Group JSC: 5.7%
8.	<i>If the issuer has issued shares to the public for the purpose of implementing a project, a report on the progress of project implementation and the use of funds raised during the period from the start of the project to its completion.</i>
	Didn't raise funds
9.	<i>Dividend information</i>
	By resolution 23/01 of the Board of Directors of Crypto Nation JSC, it was decided not to distribute dividends to shareholders to sustain the stable operation of the company
10.	<i>Information on the report of activities carried out by the issuer in the field of social responsibility during the reporting period</i>
	<ul style="list-style-type: none"> • "We can be better" campaign • AARD for 1.3 million children in Mongolia • 5 AARD for every child of shareholders and shareholder children
Signature of the person who prepared the information, the person who confirmed the accuracy of the information and the date:	

Full name: Davaanayam Chadraabal Position: "Crypto Nation" JSC's executive director Signature:  (Stamp)	Full name: I.Gurragchaа ✓ Position: "Hulegt Hunnu" LLC audit company's executive director Signature:  (Stamp)
Signature of the person who prepared and submitted the information and the date:	
Full name: P.Tsend Position: Secretary of Board of Directors Signature: 	

"CRYPTO NATION" JSC

Company information

Establishment decision

The Crypto nation JSC was established according to the Order No.A-12 of founders on April 23, 2002 as Joint stock Company.

During their meeting held on 02 August 2011, shareholders decided to change the name of the company by Resolution No. 21/06, to increase the number of shares by Resolution No. 21/07, and to revise the company's charter by Resolution No. 21/09. The company certificate was updated by the state registration on 22 May 2022.

State registration certification

Crypto nation JSC was registered on May 20, 2022 at the General Registration Office and obtained re-certificate with State registration number 000245492 and registration number 2105853.

Share holders

As of 31 December 2022, 2502 shareholders held a total of 113,212 shares.

Executive management

Chadraabal.D Executive director

Location

"Crypto nation" JSC
2nd floor, Ard Holdings building, Prime Minister Amar Street, Sukhbaatar district, Ulaanbaatar

Auditor

"Khulegkhunnu Audit" LLC
#1001, City tower, 8th khoroo, Sukhbaatar district, Ulaanbaatar

INDEPENDENT AUDITORS' REPORT

TO: SHAREHOLDERS OF CRYPTO NATION JSC

Opinion

We have audited the accompanying financial statements of the Crypto Nation JSC (hereinafter referred as Company) as of December 31, 2022, which comprise the statement of financial position, the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended, and significant accounting policies and notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December, 2022 and comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended in compliance with the International Financial Reporting Standards (hereinafter referred as IFRS).

Opinion basis

We conducted our audit in accordance with International Standards on Auditing (hereinafter referred as ISA). According to this ISA, the auditor's responsibilities for the financial statement audit stated in the auditor's responsibility part. We have complied with the ethical requirements stated in the Code of Ethics for Professional Accountants issued by International Federation of Accountants, relating to audit the financial statements and comply with the ethical responsibilities and other obligations under these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability of Executive Management and Governing Management Relevant to the Financial Reports

The management is responsible for preparation and fair presentation of financial statements in accordance with the IFRS, whereas these responsibilities include identifying the internal control relevant to the preparation and fair presentation of financial statements that are free from fraud and error incurred from material misstatement.

The management is responsible for the conducting operations in accordance with the principle of continuous financial statement preparation based on going concern and constantly evaluating the company's ability management financial statements, except the cases of insolvency, or ceasing its activities, and to have to disclose additional clarification relevant to continuity of the accounting basis used for accounting.

The Governing Management carries responsibility of implementing supervision over the preparation of financial statements of the Company.

► "Khulegikhunmu Audit" LLC
#1001, City tower, Sukhbaatar district,
Ulaanbaatar, Mongolia
Phone/Fax: +(976)-7014 0505

Auditor's responsibility in financial statement audit

Our responsibility is to express an independent opinion on these financial statements based on our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. The reasonable assurance is highest guarantee with high level of assurance, but it does not detect all misstatements upon audit conducted in accordance with ISA. If it's considered that error or fraud is in substantial amount, then it may influence the economic decisions of users of financial statements.

According to ISA, we had a professional skeptical approach throughout the audit. And we have performed the following tasks:

- We have assessed whether the financial statements have material misstatement incurred from fraud or error, undertaken audit procedures to determine its response, obtained sufficient appropriate audit evidence as basis for opinion. An alleged conspiracy to forging operations, and deliberate neglect, ignorance of internal controls have risks of not detecting material misstatements and misreporting, instead of one error. This may arise from trickery, counterfeiting, deliberate omission, misrepresentation, and neglecting of internal controls.
- In order to develop appropriate audit procedures we have gained an understanding of the company's internal control system, but we have no intention to evaluate the effectiveness of internal control.
- We have assessed the appropriateness of the Company's accounting policies and accounting estimates and disclosures used by the Management.
- If the company is going concern has a material uncertainty, then we will focus on in the relevant disclosure of financial statements. If this is enough to mention the relevant disclosures, we shall change our opinions. Our audit report related to the audit findings based on evidence until the date of the auditor's report. Therefore, the future events or condition may have the ability to influence the situation on a going concern basis of the company and its positive projection.
- We reviewed the entire structure, content, presentation and including disclosure of financial statements and assessed the the accuracy of transactions and events financial statement presentation.

We had contacted with the governing management in regard of the audit scope, timing, and other related issues, and in addition to significant and important issues during the audit and the internal control weaknesses observed during the audit.

The audit partner of this Independent auditor's report is Gurragchaa.I.

Signed by:



I. Gurragchaa
Executive Director
Khulegkhunnu audit LLC

Dated as of March 30, 2023
Ulaanbaatar, Mongolia

► "Khulegkhunnu Audit" LLC
#1001, City tower, Sukhbaatar district,
Ulaanbaatar, Mongolia
Phone/Fax: +(976)-7014 0505

▶ "Crypto Nation" Joint Stock Company
Statement of Financial position

In thousands of MNT	notes	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	5	470	1,014
Accounts receivables	6	759,188	576,838
Other receivables	7	10,499	-
Other financial assets	8	201,020	1,000
Prepayment and prepaid expenses	9	5,387	5,387
Other current assets	10	3,971,934	16,029,902
		4,948,497	16,614,140
Non-current assets			
Deferred tax assets	11	29,488	-
		29,488	-
Total assets		4,977,985	16,614,140
Liabilities and owner's equity			
Short-term liabilities			
Accounts and other payables	12	381,814	5,338
Tax and social insurance fee payables	13	671	2,721
		382,485	8,059
Long-term liabilities			
Deferred tax liability	-	-	1,195,783
		-	1,195,783
Total liabilities		382,485	1,203,842
Owner's equity			
Share capital	14	11,321	11,321
Share premium	14	8,421	8,421
Asset revaluation surplus	15	-	10,762,044
Other owners equity	16	4,380,000	4,380,000
Retained earnings/(loss)		195,757	248,512
Total owner's equity		4,595,500	15,410,299
Total liability and owner's equity		4,977,985	16,614,140

▶ The additional notes attached to pages 11 to 23 are inseparable part of these financial statements.

▶ "Crypto Nation" Joint Stock Company
Statement of Comprehensive income

In thousands of MNT	Notes	December 31, 2022	December 31, 2021
Interest income	18	10,239	-
Other income	19	110,735	288,618
Sales, marketing expenses	22	-	9,326
General and administrative expenses	21	236,088	9,280
Financial expenses	21	-	86
Other gain (loss)	20	62,212	-
Earnings (losses) before tax		(52,903)	269,926
Income tax expense	17	-	2,721
Earnings (losses) after tax		(52,903)	267,205
Total comprehensive income for the reporting period		(52,903)	267,205
Other comprehensive income		-	8,457,174
Total income		(52,903)	8,724,379
Basic earnings (loss) per share		-	77

▶ The additional notes attached to pages 11 to 23 are inseparable part of these financial statements

▶ "Crypto Nation" Joint Stock company Statement of changes in equity

In thousands of MNT	Share capital	Share premium	Revaluation reserve	Other owners equity	Retained earnings	Total
Equity as at 01 January 2021	11,321	8,421	10,762,044	4,380,000	(8,475,867)	6,685,920
Adjusted balance	11,321	8,421	10,762,044	4,380,000	(8,475,867)	6,685,920
Reporting period earnings(loss)	-	-	-	-	8,724,379	8,724,379
Equity as at 01 January 2022	11,321	8,421	10,762,044	4,380,000	248,512	15,410,299
Accounting policy effect, error adjustment	-	-	-	-	148	148
Adjusted balance	11,321	8,421	10,762,044	4,380,000	248,660	15,410,447
Reporting period earnings(loss)	-	-	-	-	(52,903)	(52,903)
Other comprehensive income	-	-	(10,762,044)	-	-	(10,762,044)
Equity as at 31 December 2022	11,321	8,421	-	4,380,000	195,757	4,595,500

▶ The additional notes attached to pages 11 to 23 are inseparable part of these financial statements

► "Crypto Nation" Joint Stock Company
Statement of cash flow

In thousands of MNT	Dec 31,2022	Dec 31,2021
Cash flows from operating activities		
Cash inflow (+)	65,317	1,000
Other cash inflow	65,317	1,000
Cash disbursements (-)	65,861	3,181
Salary transfer to employees	8,898	-
Insurance premium paid	3,080	-
Cash paid for utility expenses	21,940	976
Tax paid	3,052	-
Other cash outflow	28,891	2,204
Amount of cash flows operating activities	(545)	(2,181)
Cash flows from financing activities		
Cash inflow (+)	-	6,932
Investment inflow	-	6,932
Cash disbursements (-)	-	3,737
Other cash outflow	-	3,737
Amount of cash flows financing activities	-	3,195
The effect of change rate residuals on the cash balance	-	-
Total of net cash flows	(545)	1,014
Beginning balance of cash and cash equivalents	1,014	-
Ending balance of cash and cash equivalents	470	1,014

► The additional notes attached to pages 11 to 23 are inseparable part of these financial statements