

ANNUAL REPORT

beginning of financial year: 01.01.2021

end of the financial year: 31.12.2021

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Management report

In 2021, BENEDIXUS OU will focus on increasing the volume of financing transactions offered to legal entities. As a result, there were no loan requests from Estonian companies - 100% of the loans issued are loans to foreign companies. Despite COVID-19, the repayment of loans issued in 2021 has been made on time. However, in 2022, due to the war between Russia and Ukraine, the Central Bank of Ukraine imposed a restriction on Ukrainian companies to repay foreign currency loans to non-residents. As a result, our Ukrainian borrowers will not be able to make loan repayments until the restrictions are lifted. Necessary agreements have been reached with investors to restructure the commitments to them. To date, the borrowers and their assets have been affected by the war to a non-critical extent and are effectively solvent.

The financial performance of the financial services segment is positive.

In 2021, the company has not made progress in virtual currency trading. Also, in 2022, Estonia significantly tightened the requirements and supervision of virtual currency service providers. In view of these circumstances, the Board of Directors of the company considered such a business to be uneconomic under the current circumstances. In June 2022, the company voluntarily relinquished its licence as a virtual currency provider.

The company therefore decided to focus on traditional financial services and advice. And in 2022, new loans were issued to EU companies and the financial advisory business was actively launched.

In October 2021, the company started the process of registering as an Alternative Investment Fund Manager (AIF) with the Estonian Financial Supervision Authority.

The registration decision is expected in the third quarter of 2022. The company expects the financial performance of this new segment to grow.

The annual accounts

Statement of financial position

(In Euros)

	31.12.2021	31.12.2020	Note
Assets			
Current assets			
Cash and cash equivalents	9 008	94 536	2
Receivables and prepayments	2 112 106	1 693	3
Inventories	9 680	348	5
Total current assets	2 130 794	96 577	
Non-current assets			
Property, plant and equipment	530	905	
Total non-current assets	530	905	
Total assets	2 131 324	97 482	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	2 008 628	1 300	6
Payables and prepayments	98 639	60 197	7
Total current liabilities	2 107 267	61 497	
Non-current liabilities			
Loan liabilities	104 000	50 000	6
Total non-current liabilities	104 000	50 000	
Total liabilities	2 211 267	111 497	
Equity			
Issued capital	65 000	65 000	8
Unregistred equity	10 000	0	
Retained earnings (loss)	-79 015	-14 824	
Annual period profit (loss)	-75 928	-64 191	
Total equity	-79 943	-14 015	
Total liabilities and equity	2 131 324	97 482	

Income statement

(In Euros)

	2021	2020	Note
Revenue	13 982	443	9
Other income	408	10	
Other operating expense	-60 575	-33 521	10
Employee expense	-55 670	-30 852	11
Depreciation and impairment loss (reversal)	-374	-218	
Operating profit (loss)	-102 229	-64 138	
Interest income	98 469	0	4
Interest expenses	-63 301	-53	6
Other financial income and expense	-1 899	0	
Profit (loss) before tax	-68 960	-64 191	
Income tax expense	-6 968	0	12
Annual period profit (loss)	-75 928	-64 191	

Notes

Note 1 Accounting policies

General information

The objective of the 2021 annual accounts of Benedixus OÜ is to provide users of the report, who have sufficient financial knowledge to understand the report, with relevant and fairly presented information about the financial position and performance of Benedixus OÜ to enable them to make informed economic decisions. These are condensed financial statements and have been prepared in accordance with the Estonian Financial Reporting Standard. The Estonian Financial Reporting Standard is a set of publicly available financial reporting requirements based on internationally accepted accounting and reporting principles, the basic requirements of which are laid down in the Accounting Act and specified in the Accounting Standards issued by the Accounting Standards Board in accordance with a regulation of the Minister of Finance. The financial statements have been prepared on the assumption that Benedixus OÜ is a going concern and has no intention or need to cease trading.

The financial statements are presented in euros.

Financial assets

A financial asset is an asset that is:

- (a) money;
- (b) a contractual right to receive cash or another financial asset (eg a receivable from a buyer) from another party;
- (c) a contractual right to exchange financial assets with another party on potentially beneficial terms (e.g. positive fair value derivatives);
- (d) an equity instrument of another entity (e.g. an investment in shares of another entity).

Financial assets are initially recognised at cost, which is the fair value of the consideration to be paid for the financial asset. The initial cost includes all transaction costs directly attributable to the acquisition of the financial asset. Financial assets are derecognised when Benedixus OÜ loses the right to the cash flows from the financial asset or when it transfers substantially all the risks and rewards of the financial asset to a third party.

Cash and cash equivalents

Cash and cash equivalents in the financial statements include cash on hand, balances on current accounts (except bank overdrafts) and short-term (generally up to 3 months) highly liquid investments that are convertible into a known amount of cash and which are not subject to a significant risk of changes in market value (e.g. short-term deposits).

Foreign currency transactions and assets and liabilities denominated in a foreign currency

Transactions in foreign currencies, transactions in virtual currencies and financial assets and liabilities denominated in foreign currencies and virtual currencies.

Transactions denominated in a foreign currency are translated at the exchange rates of the European Central Bank on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into euro using the official exchange rates of the European Central Bank at the balance sheet date. Exchange differences arising on revaluation are recognised in the economic outturn account as foreign exchange gains/losses.

Transactions fixed in virtual currency are recorded on the basis of the closing rate on the BITSTAMP cryptocurrency exchange on the day of the transaction. Assets and liabilities denominated in virtual currencies are translated into euro at the balance sheet date using the crypto exchange rates prevailing on the BITSTAMP crypto exchange on the balance sheet date. Gains and losses on virtual currency transactions are recognised in the income statement as income and expenses.

Virtual currency assets and liabilities:

- receivables (including receivables from buyers, loans granted) that are settled in virtual currency;
- debts (including debts owed to suppliers, debts owed to contractors, loan obligations, bonds and debentures) that are payable in virtual currency;
- virtual currency, which is accounted for using the fair value method.

Receivables and prepayments

Receivables are receivables (current and non-current receivables (including loan receivables)) arising in the ordinary course of business of Benedixus OÜ. Receivables are valued in the balance sheet on the basis of the amounts likely to be received. The valuation of receivables has been based on an individual assessment of each receivable, taking into account known information about the customer's ability to pay. Receivables are stated at adjusted cost (i.e. nominal value less any write-downs).

Inventories

In accordance with Accounting Interpretation RTT 1 and the purpose of acquiring and holding cryptocurrency, Benedixus OÜ has chosen the following accounting policies for cryptocurrency: Benedixus OÜ recognises both its own and its customers' cryptocurrency as current assets, within inventories.

Cryptocurrencies are carried at fair value. The fair value is the market price of the cryptocurrency at the date of the transaction (the closing price of the BITSTAMP cryptocurrency on the exchange on the day of the transaction).

Gains/losses on the revaluation of liabilities/claims related to operating activities recognised in the profit and loss account at adjusted cost and of virtual currency recognised at fair value are offset and the result is recognised in other operating income/expenses.

Plant, property and equipment and intangible assets

Tangible fixed assets are assets with a cost of EUR 1 000 or more and a useful life of more than one year. Assets with a useful life of more than one year but a cost of less than EUR 1 000 are recorded as low-value inventories until they are brought into use and are charged at 100% to expenses when they are brought into use. Low-value items of inventory written off are accounted for off-balance-sheet.

Tangible fixed assets are initially recognised at cost, being the purchase price plus the costs directly attributable to their acquisition and necessary to bring them to their working condition and location.

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated using the straight-line method.

Minimum threshold for the inclusion of fixed assets EUR 1000

Useful life by fixed asset group (in years)

Name of fixed asset group Useful life

Computers and computer systems 3 years

Leases

A finance lease is a lease where all the risks and rewards incidental to ownership of the asset are transferred to the lessee. Ownership may or may not ultimately pass to the lessee.

An operating lease is a lease that is not a finance lease.

Financial liabilities

A financial commitment is a contractual obligation:

(a) to pay cash or other financial assets (e.g. a liability to suppliers) to another party; or

(b) exchange financial assets with another party on potentially unfavourable terms (e.g. negative fair value derivatives).

Financial liabilities are initially recognised at cost, being the fair value of the consideration payable for the obligation. The initial cost includes all transaction costs directly attributable to the acquisition of the liability.

Financial liabilities are carried in the balance sheet at adjusted cost. A financial liability is removed from the balance sheet when it is discharged, cancelled or expires.

Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable.

Revenue from the provision of services is recognized when the service is provided.

Interest and dividend income is recognized when it is probable that the income will be received and the amount can be estimated reliably.

Expense recognition

Expenses are recognized on an accrual basis using the matching principle.

Taxation

Under the Income Tax Act currently in force in Estonia, corporate profits are taxed only on distribution. From 2019, the final income tax rate will depend on the timing and compression of dividend payments. The income tax relating to the payment of dividends is recognised as an expense in the period in which the dividends are declared.

Related parties

A party is considered to be linked if one party either controls the other party or has significant influence over the other party's business decisions.

The related parties of OÜ Benedixus are the management, the significant private owners.

Profit and loss account

The profit and loss account has been drawn up using schedule I. Both in the profit and loss account and in the notes disclosing explanations of the items in the profit and loss account, income is shown as positive amounts and expenses as negative (i.e. with a minus sign) amounts.

Events after the balance sheet date

The recognition in the financial statements of events occurring after the balance sheet date but before the approval of the financial statements depends on whether they are adjusting or non-adjusting. The effects of adjusting events are recognised in the balance sheet and profit and loss account for the year. The effects of non-adjusting events are not recognised in the balance sheet and income statement for the year then ended but are disclosed in the notes, if material.

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2021	31.12.2020
Bank accounts	9 008	94 536
Total cash and cash equivalents	9 008	94 536

Note 3 Receivables and prepayments

(In Euros)

	31.12.2021	Within 12 months	Note
Accounts receivable	200	200	
Accounts receivables	200	200	
Loan receivables	2 081 285	2 081 285	4
Other receivables	28 930	28 930	
Interest receivables	28 930	28 930	
Prepayments	1 659	1 659	
Deferred expenses	1 659	1 659	
Total receivables and prepayments	2 112 106	2 112 106	
	31.12.2020	Within 12 months	Note
Accounts receivable	200	200	
Accounts receivables	200	200	
Tax prepayments and receivables	59	59	
Loan receivables	0	0	
Prepayments	1 414	1 414	
Deferred expenses	1 414	1 414	
Total receivables and prepayments	1 693	1 693	

Note 4 Loan receivables

(In Euros)

	31.12.2021	Within 12 months	Interest rate	Base currencies	Due date	Note
Loan receivables	2 081 285	2 081 285				
	31.12.2020	Within 12 months	Interest rate	Base currencies	Due date	Note
Loan receivables	0	0				

Note 5 Inventories

(In Euros)

	31.12.2021	31.12.2020
Tether USD	7 609	0
Other virtual currency	2 071	348
Total Inventories	9 680	348

Note 6 Loan commitments

(In Euros)

	31.12.2021	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Non-current loans							
Non-current loans total	2 008 628	2 008 628					
Non-current bonds							
Non-current bonds total	104 000		104 000				
Loan commitments total	2 112 628	2 008 628	104 000				
	31.12.2020	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Current loans							
Current loans total	1 300	1 300					
Non-current bonds							
Non-current bonds total	50 000		50 000				
Loan commitments total	51 300	1 300	50 000				

Note 7 Payables and prepayments

(In Euros)

	31.12.2021	Within 12 months
Trade payables	1 552	1 552
Employee payables	13 689	13 689
Related parties payables	296	296
Tax payables	6 464	6 464
Other payables	60 999	60 999
Interest payables	60 999	60 999
Liabilities to customers EUR, USD	14 002	14 002
Liabilities to customers in virtual currency	1 637	1 637
Total payables and prepayments	98 639	98 639
	31.12.2020	Within 12 months
Trade payables	2 562	2 562
Employee payables	7 473	7 473
Related parties payables	21	21
Tax payables	2 318	2 318
Other payables	8	8
Interest payables	8	8
Liabilities to customers EUR	47 603	47 603
Liabilities to customers in virtual currency	212	212
Total payables and prepayments	60 197	60 197

Note 8 Share capital

(In Euros)

	31.12.2021	31.12.2020
Share capital	65 000	65 000
Number of shares (pcs)	1	1

In December 2021, a decision has been taken to increase the share capital. In January 2022, the share capital increase has been registered in the Commercial Register and the nominal value of the issued share capital is EUR 75 000.

Note 9 Net sales

(In Euros)

	2021	2020
Net sales by geographical location		
Net sales outside of European Union		
Other net sales outside of European Union	13 982	443
Total net sales outside of European Union	13 982	443
Total net sales	13 982	443
Net sales by operating activities		
Financial services	12 000	200
Virtual currency exchange service	1 982	243
Total net sales	13 982	443

Note 10 Miscellaneous operating expenses

(In Euros)

	2021	2020
Leases	-1 860	-1 240
Legal, accounting and auditing services	-14 893	-4 261
Costs related to the application of due diligence measures under the law	-6 552	-10 495
Software charges	-8 345	-3 804
Bank and payment institution charges	-17 967	-7 665
Communication services	-2 387	-2 343
Hosting services	-5 981	-1 137
Cryptocurrency exchange platform fees	-1 158	0
Miscellaneous	-671	-33
Other	-761	-2 543
Total miscellaneous operating expenses	-60 575	-33 521

Note 11 Labor expense

(In Euros)

	2021	2020
Wage and salary expense	-41 796	-23 290
Social security taxes	-13 874	-7 562
Total labor expense	-55 670	-30 852
Average number of employees in full time equivalent units	2	1

Note 12 Income tax

(In Euros)

The income tax expense for the reporting period is EUR 6 968.
Income tax has been paid on income earned abroad (interest income).

Note 13 Related parties

(In Euros)

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2021	2020
Remuneration	39 287	4 783

Note 14 Going concern

The amount of equity capital of Benedixus OÜ does not meet the requirements of the Commercial Code as of the balance sheet date and this fact may raise significant doubts about the ability of Benedixus OÜ to continue as a going concern. The management of Benedixus OÜ is confident that Benedixus OÜ will continue as a going concern.

As of 1 July 2022, the shareholder has made an additional equity contribution of EUR 36 000.00 (not yet registered in the commercial register). Also, Benedixus OÜ's income from consultancy activities has increased in the second or third quarter of 2022. The situation should stabilise by the end of 2022. After the company has discontinued the activity of providing virtual currency services, the costs have decreased.