

ANNUAL REPORT

beginning of financial year: 01.01.2023

end of the financial year: 31.12.2023

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Management report

The year 2023 has been a transformative period for BENEDIXUS OU, marked by significant strategic advancements and operational achievements. Our commitment to delivering exceptional value through our consulting services, business financing, and preparation for future growth areas has strengthened our market position. Below, we highlight the key activities and initiatives undertaken over the past year.

1. Strengthening Consulting Services

In 2023, BENEDIXUS OU significantly enhanced its consulting services. We focused on expanding our expertise and capabilities to better serve our clients across various industries. By integrating advanced analytical tools and methodologies, we provided deeper insights and more effective solutions, driving tangible improvements in our clients' business performance. This strategic enhancement has led to a substantial increase in client satisfaction and retention, establishing us as a trusted partner in the consulting domain.

2. Enhancing Business Financing for Real Estate in the European Union

Our efforts in business financing saw a targeted expansion towards supporting business goals related to real estate within the European Union. We recognized the growing demand for real estate financing and tailored our services to meet the specific needs of businesses operating in this sector. Through innovative financial solutions and flexible credit options, we enabled numerous enterprises to achieve their real estate objectives, fostering growth and development within the EU market. This initiative has not only diversified our portfolio but also reinforced our commitment to facilitating business growth through strategic financing.

3. Preparing for 2024: Focus on AIF and Fintech

Looking ahead to 2024, BENEDIXUS OU is gearing up to venture into new and promising areas: Alternative Investment Funds (AIF) and Fintech. We are in the preparatory stages of developing comprehensive service offerings in these domains, aiming to capitalize on the emerging opportunities within the financial sector. Our planned foray into AIF will cater to the evolving investment landscape, while our focus on Fintech aligns with the digital transformation trends, offering innovative financial technologies and solutions to our clients. These initiatives are poised to drive our growth and establish our leadership in these cutting-edge areas.

4. Development of P2P Lending Platform for Business Clients

As part of our strategic plan for 2024, we are also preparing to develop a peer-to-peer (P2P) lending platform specifically designed for business clients. This platform will facilitate direct lending between businesses, providing a flexible and efficient financing option. By leveraging technology to connect borrowers and lenders, we aim to streamline the lending process and offer competitive terms, further enhancing our portfolio of financial services.

5. Stabilizing the Credit Portfolio for Ukrainian Borrowers

In response to the ongoing restrictions imposed by the National Bank of Ukraine (NBU), we have implemented measures to stabilize our credit portfolio for borrowers from Ukraine. Despite the current limitations, we remain committed to supporting our Ukrainian clients by closely monitoring the situation and adapting our strategies to mitigate risks. Our proactive approach ensures that we maintain a balanced and resilient credit portfolio while adhering to regulatory requirements.

Conclusion

The year 2023 has been a pivotal year for BENEDIXUS OU, marked by strategic enhancements in consulting and business financing services. As we look forward to 2024, our focus on developing AIF, Fintech capabilities, and a P2P lending platform underscores our commitment to innovation and growth. We are confident that these initiatives will propel us to new heights, delivering sustained value to our stakeholders and clients.

The annual accounts

Statement of financial position

(In Euros)

| | 31.12.2023 | 31.12.2022 | Note |
|--|------------------|------------------|------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 55 015 | 76 158 | 2 |
| Receivables and prepayments | 1 204 205 | 107 575 | 3 |
| Inventories | 0 | 1 688 | |
| Total current assets | 1 259 220 | 185 421 | |
| Non-current assets | | | |
| Investments in subsidiaries and associates | 5 000 | 5 000 | 4 |
| Receivables and prepayments | 1 121 228 | 2 044 401 | 3 |
| Property, plant and equipment | 0 | 156 | |
| Total non-current assets | 1 126 228 | 2 049 557 | |
| Total assets | 2 385 448 | 2 234 978 | |
| Liabilities and equity | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Loan liabilities | 88 609 | 105 300 | 7 |
| Payables and prepayments | 286 024 | 76 402 | 8 |
| Total current liabilities | 374 633 | 181 702 | |
| Non-current liabilities | | | |
| Loan liabilities | 1 700 000 | 1 994 721 | 7 |
| Payables and prepayments | 120 601 | 151 587 | 8 |
| Total non-current liabilities | 1 820 601 | 2 146 308 | |
| Total liabilities | 2 195 234 | 2 328 010 | |
| Equity | | | |
| Issued capital | 75 000 | 75 000 | |
| Retained earnings (loss) | -168 032 | -154 943 | |
| Annual period profit (loss) | 283 246 | -13 089 | |
| Total equity | 190 214 | -93 032 | |
| Total liabilities and equity | 2 385 448 | 2 234 978 | |

Income statement

(In Euros)

| | 2023 | 2022 | Note |
|---|----------------|----------------|------|
| Revenue | 587 975 | 104 673 | 9 |
| Other income | 326 | 0 | |
| Other operating expense | -146 581 | -57 509 | 10 |
| Employee expense | -137 862 | -111 629 | 11 |
| Depreciation and impairment loss (reversal) | -156 | -374 | |
| Other expense | 0 | -1 596 | |
| Operating profit (loss) | 303 702 | -66 435 | |
| Interest income | 239 270 | 144 330 | |
| Interest expenses | -187 714 | -107 054 | |
| Other financial income and expense | -72 012 | 17 867 | |
| Profit (loss) before tax | 283 246 | -11 292 | |
| Income tax expense | 0 | -1 797 | |
| Annual period profit (loss) | 283 246 | -13 089 | |

Notes

Note 1 Accounting policies

General information

The objective of the 2023 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.

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)

| | 31.12.2023 | 31.12.2022 |
|--|---------------|---------------|
| Bank accounts | 55 015 | 76 158 |
| Total cash and cash equivalents | 55 015 | 76 158 |

Note 3 Receivables and prepayments

(In Euros)

| | 31.12.2023 | Allocation by remaining maturity | |
|--|------------------|----------------------------------|------------------|
| | | Within 12 months | 1 - 5 years |
| Accounts receivable | 10 000 | 10 000 | 0 |
| Accounts receivables | 10 000 | 10 000 | 0 |
| Receivables from related parties | 157 000 | 0 | 157 000 |
| Loan receivables | 1 797 950 | 959 955 | 837 995 |
| Other receivables | 359 945 | 233 712 | 126 233 |
| Interest receivables | 359 945 | 233 712 | 126 233 |
| Total receivables and prepayments | 2 325 433 | 1 204 205 | 1 121 228 |
| | | | |
| | 31.12.2022 | Allocation by remaining maturity | |
| | | Within 12 months | 1 - 5 years |
| Loan receivables | 1 998 224 | 93 955 | 1 904 269 |
| Other receivables | 152 334 | 12 202 | 140 132 |
| Interest receivables | 152 334 | 12 202 | 140 132 |
| Prepayments | 1 418 | 1 418 | |
| Deferred expenses | 1 118 | 1 118 | |
| Other paid prepayments | 300 | 300 | |
| Total receivables and prepayments | 2 151 976 | 107 575 | 2 044 401 |

Note 4 Investments in subsidiaries and associates

(In Euros)

| | 31.12.2023 | 31.12.2022 |
|---|--------------|--------------|
| Shares of subsidiaries | 5 000 | 5 000 |
| Total investments in subsidiaries and associates | 5 000 | 5 000 |

Note 5 Shares of subsidiaries

(In Euros)

| Shares of subsidiaries, general information | | | | | |
|---|-----------------------|--------------------------|--------------------|------------------------|------------|
| Subsidiary's registry code | Name of subsidiary | Country of incorporation | Principal activity | Ownership interest (%) | |
| | | | | 31.12.2022 | 31.12.2023 |
| 16622206 | BENEDIXUS ADVISORS OÜ | Estonia | | 100 | 100 |
| 16627534 | BENEDIXUS FINTECH OÜ | Estonia | | 100 | 100 |

| Shares of subsidiaries, detailed information: | | | |
|--|--------------|--------------|--|
| Name of subsidiary | 31.12.2022 | 31.12.2023 | |
| BENEDIXUS ADVISORS OÜ | 2 500 | 2 500 | |
| BENEDIXUS FINTECH OÜ | 2 500 | 2 500 | |
| Total shares of subsidiaries, at end of previous period | 5 000 | 5 000 | |

Note 6 Loan receivables

(In Euros)

| | 31.12.2023 | Allocation by remaining maturity | | Interest rate | Base currencies | Due date |
|-------------------------|------------------|----------------------------------|------------------|---------------|-----------------|----------|
| | | Within 12 months | 1 - 5 years | | | |
| Loan receivables | 1 797 950 | 959 955 | 837 995 | | | |
| | | | | | | |
| | 31.12.2022 | Allocation by remaining maturity | | Interest rate | Base currencies | Due date |
| | | Within 12 months | 1 - 5 years | | | |
| Loan receivables | 1 998 224 | 93 955 | 1 904 269 | | | |

Note 7 Loan commitments

(In Euros)

| | 31.12.2023 | 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 | 88 609 | 88 609 | 0 | | | | |
| Non-current bonds | | | | | | | |
| Non-current bonds total | 1 700 000 | 0 | 1 700 000 | | | | |
| Loan commitments total | 1 788 609 | 88 609 | 1 700 000 | | | | |
| | | | | | | | |
| | 31.12.2022 | 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 | 1 996 021 | 1 300 | 1 994 721 | | | | |
| Non-current bonds | | | | | | | |
| Non-current bonds total | 104 000 | 104 000 | | | | | |
| Loan commitments total | 2 100 021 | 105 300 | 1 994 721 | | | | |

Note 8 Payables and prepayments

(In Euros)

| | 31.12.2023 | Allocation by remaining maturity | |
|---------------------------------------|----------------|----------------------------------|----------------|
| | | Within 12 months | 1 - 5 years |
| Trade payables | 6 686 | 6 686 | |
| Employee payables | 21 746 | 21 746 | |
| Related parties payables | 39 210 | 39 210 | |
| Tax payables | 8 799 | 8 799 | |
| Other payables | 322 784 | 202 183 | 120 601 |
| Interest payables | 322 784 | 202 183 | 120 601 |
| Prepayments received | 7 400 | 7 400 | |
| Other received prepayments | 7 400 | 7 400 | |
| Total payables and prepayments | 406 625 | 286 024 | 120 601 |

| | 31.12.2022 | Allocation by remaining maturity | |
|---------------------------------------|----------------|----------------------------------|----------------|
| | | Within 12 months | 1 - 5 years |
| Trade payables | 2 675 | 2 675 | |
| Employee payables | 10 497 | 10 497 | |
| Related parties payables | 39 277 | 39 277 | |
| Tax payables | 6 248 | 6 248 | |
| Other payables | 167 712 | 16 125 | 151 587 |
| Interest payables | 167 712 | 16 125 | 151 587 |
| Total payables and prepayments | 227 989 | 76 402 | 151 587 |

Note 9 Net sales

(In Euros)

| | 2023 | 2022 |
|--|----------------|----------------|
| Net sales by geographical location | | |
| Net sales in European Union | | |
| Estonia | 2 850 | 4 800 |
| Cyprus | 446 100 | 68 500 |
| Slovenia | 8 700 | 0 |
| Bulgaria | 8 750 | 0 |
| Other European Union net sales | 0 | 633 |
| Total net sales in European Union | 466 400 | 73 933 |
| Net sales outside of European Union | | |
| United Kingdom | 53 050 | 30 740 |
| Canada | 57 700 | 0 |
| Ukraine | 10 425 | 0 |
| Other net sales outside of European Union | 400 | 0 |
| Total net sales outside of European Union | 121 575 | 30 740 |
| Total net sales | 587 975 | 104 673 |
| Net sales by operating activities | | |
| Financial services | 587 975 | 104 673 |
| Virtual currency exchange service | | |
| Total net sales | 587 975 | 104 673 |

Note 10 Miscellaneous operating expenses

(In Euros)

| | 2023 | 2022 |
|--|-----------------|----------------|
| Leases | -3 140 | -2 216 |
| Training expense | -1 576 | -1 205 |
| Allowance for doubtful receivables | -900 | 0 |
| Legal, accounting and auditing services | -45 765 | -28 659 |
| Costs related to the application of due diligence measures under the law | -11 767 | -7 178 |
| Software charges | -6 682 | -7 031 |
| Bank and payment institution charges | -12 020 | -8 535 |
| Communication services | -2 897 | -1 183 |
| Cryptocurrency exchange platform fees | -60 349 | 0 |
| Other | -1 485 | -1 502 |
| Total miscellaneous operating expenses | -146 581 | -57 509 |

Note 11 Labor expense

(In Euros)

| | 2023 | 2022 |
|---|-----------------|-----------------|
| Wage and salary expense | -108 199 | -86 680 |
| Social security taxes | -29 663 | -24 949 |
| Total labor expense | -137 862 | -111 629 |
| Average number of employees in full time equivalent units | 5 | 3 |

Note 12 Related parties

(In Euros)

Related party balances according to groups

| SHORT TERM | 31.12.2023 | 31.12.2022 |
|---|---------------|---------------|
| Receivables and prepayments | | |
| Subsidiaries | 538 | 0 |
| Total receivables and prepayments | 538 | 0 |
| Payables and prepayments | | |
| Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher | 39 210 | 39 277 |
| Total payables and prepayments | 39 210 | 39 277 |

| LONG TERM | 31.12.2023 | 31.12.2022 |
|--|----------------|------------|
| Receivables and prepayments | | |
| Subsidiaries | 157 000 | 0 |
| Total receivables and prepayments | 157 000 | 0 |

| | | |
|---|-------------|-------------|
| Remuneration and other significant benefits calculated for members of management and highest supervisory body | | |
| | 2023 | 2022 |
| Remuneration | 77 724 | 45 662 |