

ANNUAL REPORT

beginning of financial year: 01.01.2020

end of the financial year: 31.12.2020

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Management report

In 2020, BENEDIXUS OU was still in the preparatory phase and began conducting test transactions to test the operation of the company's software and internal procedures as a financial institution.

Unlike most activities, the field of financial services always requires more thorough preparation before launching a business than other fields of activity. On 11 December 2019, the Estonian Parliament passed the Act amending the Money Laundering and Terrorist Financing Prevention Act and the Act amending the State Duties Act. This act tightened the requirements for obligated persons - virtual currency service providers and financial service providers. On 10 March 2020 above mentioned act came into force and by 01 July 2020 all the above mentioned market participants had to bring their procedures and business processes into compliance. This entailed an additional waste of resources and time and delayed the launch of services. The Company received confirmation of its license to provide virtual currencies services on 06 July 2020 and was able to proceed with preparations for the launch and testing of the software.

In turn, the delay in the launch was also due to the difficulty of opening accounts with payment institutions and banks, as the company's activities are considered risky from an AML/CFT point of view. Nevertheless, in the fourth quarter of 2020, the company already had all the necessary payment mechanisms in place and began trial transactions.

In the first half of 2021, the company began making its first enterprise loan transactions. The source of funds is the issuance of debt securities and loans from qualified investor clients.

Financial services

As at 01 June 2021, BENEDIXUS OU has issued loans in the following amounts (summary data):

■	Currency	Amount	Amount in EUR	% annual interest rate average
1	USD	2 250 850.00	1 871 569.53	5%
2	EUR	94 000.00	94 000	6%
Total			1 965 569,53	X

The net margin on the interest rate is about 1.5%. By the end of 2021, the company plans to increase the loan portfolio to EUR 20,000,000.00.

Virtual currency services

As of June 01, 2021, BENEDIXUS OU has provided virtual currency exchange services in test mode for EUR 192,374.56 with commission income from these transactions amounting to EUR 769.49 By the third quarter of 2021, the company will install new software that will enable it to serve more customers in the virtual currency business. The Company plans to reach the volume of served virtual currency exchange transactions in the amount of EUR 3,000,000.00. (average return per transaction 0.4%)

The interest and fee income stated in the forecast is sufficient to support an adequate financial position of the company and bring its equity in line by the end of 2021.

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The interest and fee income stated in the forecast is sufficient to support an adequate financial position of the company and bring its equity in line by the end of 2021.

The annual accounts

Statement of financial position

(In Euros)

	31.12.2020	31.12.2019	Note
Assets			
Current assets			
Cash and cash equivalents	94 536	100	2
Receivables and prepayments	1 693	2 656	3
Inventories	348	0	5
Total current assets	96 577	2 756	
Non-current assets			
Property, plant and equipment	905	0	6
Total non-current assets	905	0	
Total assets	97 482	2 756	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	1 300	0	7
Payables and prepayments	60 197	15 080	8
Total current liabilities	61 497	15 080	
Non-current liabilities			
Loan liabilities	50 000	0	7
Total non-current liabilities	50 000	0	
Total liabilities	111 497	15 080	
Equity			
Issued capital	65 000	2 500	
Retained earnings (loss)	-14 824	0	
Annual period profit (loss)	-64 191	-14 824	
Total equity	-14 015	-12 324	
Total liabilities and equity	97 482	2 756	

Income statement

(In Euros)

	2020	29.05.2019 - 31.12.2019	Note
Revenue	443	0	9
Other income	10	0	
Other operating expense	-33 521	-14 824	10
Employee expense	-30 852	0	11
Depreciation and impairment loss (reversal)	-218	0	6
Operating profit (loss)	-64 138	-14 824	
Interest expenses	-53	0	
Profit (loss) before tax	-64 191	-14 824	
Annual period profit (loss)	-64 191	-14 824	

Notes

Note 1 Accounting policies

General information

The objective of the 2020 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)

	31.12.2020	31.12.2019
Bank accounts	94 536	100
Total cash and cash equivalents	94 536	100

Note 3 Receivables and prepayments

(In Euros)

	31.12.2020	Within 12 months
Accounts receivable	200	200
Accounts receivables	200	200
Tax prepayments and receivables	59	59
Prepayments	1 414	1 414
Deferred expenses	1 414	1 414
Total receivables and prepayments	1 693	1 693
	31.12.2019	Within 12 months
Tax prepayments and receivables	2 656	2 656
Total receivables and prepayments	2 656	2 656

Note 4 Tax prepayments and liabilities

(In Euros)

	31.12.2020		31.12.2019
	Tax prepayments	Tax liabilities	Tax prepayments
Value added tax	46		326
Personal income tax		500	
Social tax		1 704	
Contributions to mandatory funded pension		52	
Unemployment insurance tax		62	
Prepayment account balance	13		2 330
Total tax prepayments and liabilities	59	2 318	2 656

Note 5 Inventories

(In Euros)

	31.12.2020	31.12.2019
Virtual currency	348	0
Total Inventories	348	0

Note 6 Property, plant and equipment

(In Euros)

	Total	
	Computers and computer systems	
Acquisitions and additions	1 123	1 123
Other acquisitions and additions	1 123	1 123
Depreciation	-218	-218
31.12.2020		
Carried at cost	1 123	1 123
Accumulated depreciation	-218	-218
Residual cost	905	905

Note 7 Loan commitments

(In Euros)

	31.12.2020	Allocation by remaining maturity			Interest rate	Base currency	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 8 Payables and prepayments

(In Euros)

	31.12.2020	Within 12 months
Trade payables	2 562	2 562
Employee payables	7 473	7 473
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
Other debts	21	21
Total payables and prepayments	60 197	60 197
	31.12.2019	Within 12 months
Obliged to the shareholder in connection with the share capital payment for the increase	15 080	15 080
Total payables and prepayments	15 080	15 080

Note 9 Net sales

(In Euros)

	2020	29.05.2019 - 31.12.2019
Net sales by geographical location		
Net sales outside of European Union		
Other net sales outside of European Union	443	0
Total net sales outside of European Union	443	0
Total net sales	443	0
Net sales by operating activities		
Financial services	443	0
Total net sales	443	0

Note 10 Miscellaneous operating expenses

(In Euros)

	2020	29.05.2019 - 31.12.2019
Leases	-1 240	0
Legal, accounting and auditing services	-4 261	-12 993
Costs related to the application of due diligence measures under the law	-10 495	0
Software charges	-3 804	-150
Bank and payment institution charges	-7 665	-108
Translation services	-1 268	-573
Communication services	-2 343	0
Hosting services	-1 137	0
Cryptocurrency exchange platform fees	-33	0
Other	-1 275	-1 000
Total miscellaneous operating expenses	-33 521	-14 824

Note 11 Labor expense

(In Euros)

	2020	29.05.2019 - 31.12.2019
Wage and salary expense	-23 290	0
Social security taxes	-7 562	0
Total labor expense	-30 852	0
Average number of employees in full time equivalent units	1	0

Note 12 Related parties

(In Euros)

Balances with related parties by categories

	31.12.2020		31.12.2019	
	Receivables	Liabilities	Receivables	Liabilities
Management, higher supervisory body and individuals with material ownership interest and the entities under their control or significant influence	0	21	0	15 080

Remuneration and other significant benefits calculated for members of management and highest supervisory body	2020	29.05.2019 - 31.12.2019

Remuneration	4 783	0
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Note 13 Business continuity

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 as to the ability of Benedixus OÜ to continue as a going concern.

The Board of Benedixus OÜ is confident that Benedixus OÜ will continue to operate.

By 1 June 2021a. the shareholder has made an additional contribution to equity in the amount of EUR 5,800.00 (not yet registered in the commercial register). It is expected that the interest earned and the service income from virtual currency transactions in 2021 will be sufficient to maintain the company's adequate financial position and to bring its equity in line.

By 1 June 2021, BENEDIXUS OU has issued loans for the following amounts (summary data):

	Currency	Sum	Annual interest rate
1	USD	2 250 850.00	5%
2	EUR	94 000.00	6%
	Total,	EUR 1 965 569,53	

The net interest margin will be around 1.5%. By the end of 2021, the company plans to increase its loan portfolio to EUR 20 000 000.00.

Virtual currency services

As of 1 June 2021, BENEDIXUS OU provided virtual currency exchange services in test mode for the amount of EUR 192 374,56 and received revenue of EUR 769,49. Until the third quarter of 2021, the company will launch a new software that will allow it to serve more customers in the virtual currency field. The company plans to reach a volume of virtual currency exchange transactions of EUR 3 000 000.00 (average profit per transaction 0.4%).