

Stockholm 2021

Invitation to subscribe for shares in Safello Group AB

The Prospectus validity:

This Prospectus was approved by the Swedish Financial Supervisory Authority on the [16] April 2021. The Prospectus is valid for 12 months from the date of approval provided that Safello Group AB fulfills its obligations in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council and, if applicable, to provide supplements to the Prospectus in the event of new significant circumstances, factual errors or material errors that may affect the valuation of the new shares. The obligation to provide supplements to the Prospectus will apply from the approval of the Prospectus until the end of the subscription period. The Company does not have any obligation to provide supplements to the Prospectus after the subscription period.

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. Corpura Fondkommission AB is the Certified Adviser to Safello Group AB. The respective Nasdaq exchange approves the application for admission to trading.



Important information

About the Prospectus

This EU Growth Prospectus (the "Prospectus") has been prepared in support of Safello Group AB's, reg. no. 556892-3550, offering of shares to the general public in Sweden (the "Offer"). The "Company" in this Prospectus refers to Safello Group AB. "Safello" refers to, depending on the context, either the Company or the group in which the Company is the parent company. The "Group" means the Company and its subsidiaries. The Prospectus has been prepared in Swedish and English. In the event of a discrepancy between the Swedish Prospectus and the English Prospectus, the Swedish Prospectus shall prevail.

This Prospectus has been prepared in accordance with Resolution (EU) 2017/1129 of the European Parliament and of the Council. The Prospectus has been approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "SFSA") as the competent authority pursuant to article 20 of Regulation (EU) 2017/1129. The SFSA approves this Prospectus only in the sense that it complies with the requirements of completeness, comprehensibility and consistency set out in the Regulation (EU) 2017/1129. This approval should not be considered as any form of guarantee of the issuer or the quality of the securities referred to in this Prospectus. Investors should do their own assessment of whether investing in these securities is reasonable. The Prospectus has been prepared as an EU Growth Prospectus pursuant to article 15 of Resolution (EU) 2017/1129. Swedish law is applicable to the Prospectus and the Offering in the Prospectus, and any conflict or dispute arising from or in connection with the Offering of the Prospectus shall be settled exclusively by Swedish courts of law. The Prospectus is available on Safello's website, www.safello.com, the SFSA's website, www.fi.se, and Corpura Fondkommission AB's ("Corpura") website, www.corpura.se.

Safello has not and will not take any actions in order to allow a public offering in any other jurisdiction than Sweden. No shares or other securities issued by Safello have been or will be registered under the U.S. Securities Act of 1933, as amended, or securities law in any other state or jurisdiction in the United States. No new shares may be offered, subscribed, sold or transferred, directly or indirectly, in or into the United States. The Offer is not directed to residents of the United States (including its territories and provinces, each state of the United States and District of Columbia), Australia, Singapore, New Zealand, Japan, South Korea, Canada, Switzerland, Hong Kong or South Africa or any other jurisdiction where participation would require an additional prospectus, registration or any other actions to be taken in addition to the requirements under Swedish law. Consequently, the Prospectus may not be distributed in or into any jurisdiction where the distribution or the Offering in the Prospectus would require such actions or be unlawful. Subscription and acquisition of shares in violation of the restrictions above may be invalid. Persons receiving copies of the Prospectus must inform themselves and comply with such restrictions. Actions contrary to the restrictions may constitute violations of applicable securities law. Safello reserves the right, in its sole discretion, to void any subscription that the Company or its contractors consider(s) may comprise an infringement or violation of laws, rules or regulations in any jurisdiction.

An investment in shares is associated with risks; see section "Risk factors". When deciding to invest, investors must rely on their own assessment of Safello and the Offer in the Prospectus, including the present facts and risks involved. Prior to an investment decision, potential investors are advised to consult their own professional advisers and carefully evaluate and consider the investment decision. Investors may rely solely on the information contained in this Prospectus and any supplements to the Prospectus. No person is or has been authorised to give any other information or make any statements other than contained in this Prospectus and, if given or made, such information or statement may not be relied upon as having been approved by Safello and the Company accepts no liability with respect to any such information or statement. Neither the publication of the Prospectus or any transactions carried out as a result thereof, should under any circumstances be considered to imply that the information in the Prospectus is accurate and valid at any time other than the date of publication of the Prospectus, or that Safello's business has remained unchanged after this date.

Certified adviser

Safello has engaged Corpura Fondkommission AB as Certified Adviser. Corpura Fondkommission AB does not own any shares in the Company.

Forward-looking statements and market information

This Prospectus contains certain forward-looking statements reflecting Safello's current views of future events and financial and operational development. Terms such as "expected", "believed", "anticipated", "may", "plans to", "estimated" or similar terms that reflect indications or predictions regarding development and trends and that are not based on historical facts is forward-looking information. Forward-looking information is inherently with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future earnings or development and the actual outcome may deviate materially from what is expressed in forward-looking information. Factors that may cause Safello's future earnings and development to deviate from what is expressed in forward-looking information include, but are not limited to, those described in the section "Risk factors". Forward-looking information in the Prospectus only apply as the date of publication of the Prospectus. Safello has no intent or obligation to publish updates or revisions of forward-looking information due to new information, future events or similar circumstances, other than what is required by applicable law. The Prospectus contains certain market and industry information derived from third parties. Although the information has been accurately reproduced and Safello believes that the sources are reliable, Safello has not independently verified this information, thus its correctness and completeness cannot be guaranteed. As far as Safello is aware and as may be ascertained by comparing other information made public by these sources, no facts have been omitted in a manner that would make the reproduced information inaccurate or misleading.

Presentation of financial information

Some financial and other information presented in the Prospectus has been rounded off in order to make the information more easily accessible to the reader, why tables and graphs may not always correctly sum up. Except when expressly stated in the Prospectus, no information in the Prospectus has been reviewed or audited by the Company's auditor.

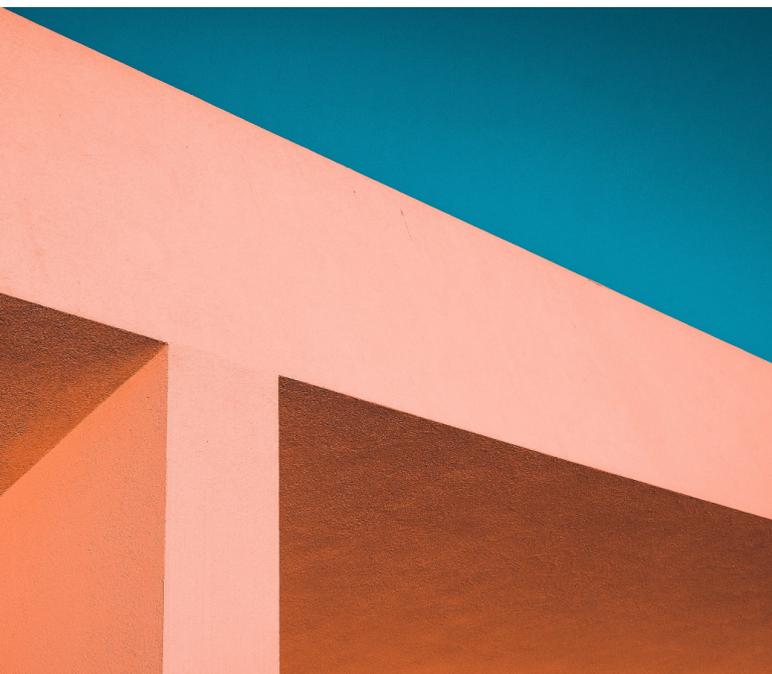


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Documents incorporated by reference



The following accounting documents are incorporated into the Prospectus by reference. The documents incorporated by reference are available on the Company's website, www.safello.com. The parts of the documents that are not incorporated are either not relevant for investors or can be found in other parts of the Prospectus.

Safello's audited annual report for the financial year 2019, where reference is made as follows: income statement on page 3, balance sheet in comparison on pages 4-5, statement of changes in equity on page 1, notes on page 6 and the audit report on page 10. Hyperlink to the annual report for the financial year 2019:

<https://safello.com/sv/investors/reports/>

Safello's audited annual report for the financial year 2020, where reference is made as follows: income statement on page 4, balance sheet in comparison on pages 5-6, statement of changes in equity on page 2, cash flow statement on page 7, notes on page 12 and the audit report on page 19. Hyperlink to the annual report for the financial year 2020:

<https://safello.com/investors/reports/>

Please note that the information on Safello's website, or other websites to which reference is made, is not included in the Prospectus unless this information is incorporated into the Prospectus by reference. The information on Safello's website, or other websites referred to in the Prospectus, has not been reviewed by or approved by the SFSA.

Summary

(A) Introduktion & varning

Warnings	<p>This summary should be read as an introduction to the EU Growth Prospectus. Any decision to invest in the securities should be based on a consideration of the EU Growth Prospectus as a whole by the investor. The investor may lose all or part of the invested capital.</p> <p>Where a claim relating to information contained in the EU Growth Prospectus is brought before the court, the plaintiff investor might, under national law, have to bear the costs of translating the EU Growth Prospectus before legal proceedings are initiated. Civil liability covers only those persons who have presented the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the EU Growth Prospectus, or where it does not provide, when read together with other parts of the EU Growth Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
Name and ISIN code of the securities	<p>The Offering comprises shares in Safello Group AB with ISIN code SE0015346895. Ticker: SFL</p>
Identity and contact details of the issuer	<p>Legal name: Safello Group AB Org.nr: 556892-3550 LEI-code: 984500FIA979085BB828 Address: Mäster Samuelsgatan 36, 111 57, Stockholm Telephone: +46 84 2017 482 www.safello.com</p>
Competent authority	<p>Finansinspektionen Adress: Box 7821, 103 97, Stockholm Telefon: +46 8 408 980 00 www.fi.se</p>
Date of approval of the Prospectus	16 April 2021

(B) Key information about Safello

About Safello	<p>General information about Safello Issuer of the securities is Safello Group AB (publ) Reg. no: 556892-3550. The Company's registered office is in Stockholm. The Company is a Swedish public limited company, founded and incorporated in Sweden and under Swedish law. The Company's form of association is governed by the Swedish Companies Act (2005:551). The Company's LEI code is: 984500FIA979085BB828</p> <p>Safello's business The object of the Company's business is to directly or indirectly through subsidiaries conduct business in trading, exchange, storage and other products and services related to crypto currency; offering of products and services related to IT, organization and administration; management and administration of tangible and intangible assets, to hold and manage shares and units in subsidiaries, to offer group functions, and thereto associable operations.</p> <p>Controlling shareholders At the date of this Prospectus, the board of directors is not aware of any directly or indirectly controlling parties.</p>																																							
Key financial information	<p>Below, certain financial information from the years ending 31 Dec 2019 and 31 Dec 2020 are presented. As Safello Group AB prepared consolidated financial statements for the first time in 2020, all information has been taken from the audited Consolidated Annual Report for 2020. The consolidated financial statements for 2020 have been audited, while the consolidated financial statements for 2019 have not been audited. The reason why Safello Group AB includes unaudited financial statements instead of audited financial statements for 2019 in the Prospectus is because Safello Group AB's audited parent company financial statements for 2019 are not comparable with Safello Group AB's consolidated financial statements for 2020.</p> <p>Income statement summary</p> <table border="1"> <thead> <tr> <th>Amount in SEK</th> <th>2020 (audited)</th> <th>2019 (unaudited)</th> </tr> </thead> <tbody> <tr> <td>Net turnover</td> <td>315 006 766</td> <td>206 620 931</td> </tr> <tr> <td>Operating profit</td> <td>869 671</td> <td>256 051</td> </tr> <tr> <td>Net profit/loss</td> <td>882 213</td> <td>249 295</td> </tr> </tbody> </table> <p>Balance sheet summary</p> <table border="1"> <thead> <tr> <th>Amount in SEK</th> <th>2020 (audited)</th> <th>2019 (unaudited)</th> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td>28 178 096</td> <td>13 289 452</td> </tr> <tr> <td>Total equity</td> <td>22 742 308</td> <td>10 964 094</td> </tr> <tr> <td>Cash and bank accounts</td> <td>17 008 112</td> <td>3 488 479</td> </tr> </tbody> </table> <p>Cash flow statement summary</p> <table border="1"> <thead> <tr> <th>Amount in SEK</th> <th>2020 (audited)</th> <th>2019 (unaudited)</th> </tr> </thead> <tbody> <tr> <td>Cash flow from operating activities</td> <td>2 869 173</td> <td>1 624 999</td> </tr> <tr> <td>Cash flow from investment activities</td> <td>-13 155</td> <td>-4 421 068</td> </tr> <tr> <td>Cash flow from financing activities</td> <td>10 896 000</td> <td>0</td> </tr> <tr> <td>Annual cash flow</td> <td>13 752 018</td> <td>-2 796 069</td> </tr> </tbody> </table>	Amount in SEK	2020 (audited)	2019 (unaudited)	Net turnover	315 006 766	206 620 931	Operating profit	869 671	256 051	Net profit/loss	882 213	249 295	Amount in SEK	2020 (audited)	2019 (unaudited)	Total assets	28 178 096	13 289 452	Total equity	22 742 308	10 964 094	Cash and bank accounts	17 008 112	3 488 479	Amount in SEK	2020 (audited)	2019 (unaudited)	Cash flow from operating activities	2 869 173	1 624 999	Cash flow from investment activities	-13 155	-4 421 068	Cash flow from financing activities	10 896 000	0	Annual cash flow	13 752 018	-2 796 069
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Key financial information

Key figures

Amount in SEK	2020 (audited)	2019 (unaudited)
Year over year net turnover growth	52%	I.U.
Operating profit margin	0,28%	0,12%
Equity/Assets ratio (%)	81%	83%

Remark from the Company's auditor report 2019

"The company has during the financial year, both with regards to time and amount, not accounted for or paid tax, social security or VAT. The delays and errors have not incurred any harm to the company, except for late fees."

Key risks

Information security issues and online crimes

Safello is engaging in digital transactions and is therefore exposed to the risks of information security vulnerabilities, cybercrime, targeted attacks and different types of online crimes such as fraud. The cryptocurrency sector is constantly exposed to the above threats and they are becoming increasingly sophisticated. Therefore there is a risk that even advanced systems and routines for security are not sufficient to counteract new or unknown threats. Safello handles large amounts of cryptocurrencies as well as fiat currency and there is a risk that some or all of the Group's funds could be lost or stolen. Access to the Group's cryptocurrencies could also be restricted by cybercrime (such as a denial-of-service attack) against a service at which the Group maintains its hot wallets. The loss or destruction of a private key required to access the Group's digital wallets may be irreversible. However, for such an event to happen, multiple components of the system would need to fail or be compromised. Historically information security breaches and cybercrime were common in the cryptocurrency sector, even among larger companies like Bitstamp,¹ Bitfinex² and Shapeshift.³ With each breach the market matured and the infrastructure and procedures around these infrastructures have improved significantly. For example, the aforementioned Bitstamp moved to a new custody setup and has since migrated its trading architecture to Nasdaq.⁴

Negative impact if the risks are realized: If these threats are realized, including a potential situation where Safello's IT security might be compromised, they may result in supervisory procedures or other actions and measures by authorities or criminal charges against Safello, along with actual threats by criminals towards its employees. Any loss of Safello's funds or its access to its funds, along with the loss of access to its private keys or data loss relating to the Company's digital wallets could adversely affect its financial position. If this risk is materialized, this would also affect Safello's reputation and possibility to keep and attract new customers, consequently, its profitability and financial position. If the risks are realized, it is assessed that it could have a high impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

Refusal of banking services to businesses within the cryptocurrency industry

It is generally difficult for businesses that provide cryptocurrency-related services to find banks willing to provide them with bank accounts and other banking services. Even if they could, banks may refuse to do so later for a number of reasons, such as perceived compliance risks or costs. This difficulty may be currently or in the future decreasing the usability of cryptocurrencies as a payment system and harming public perception of cryptocurrencies. The same would happen if banks were to close the accounts of many or of a few key businesses providing bitcoin and/or other cryptocurrency-related services. There is also a risk that the Group's bank decides to cut off its banking services which they provide Safello with.

Negative impact if the risks are realized: In the event that the banks' perception of cryptocurrencies and cryptocurrency companies deteriorate or the Group's bank cuts off its banking services, this could negatively affect the Company's operations, therefore the customer experience and, consequently, its profitability and financial position. If the risks are realized, it is assessed that it could have a high impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

Operational risks relating to failures in internal procedures or due to human errors

Onboarding staff, particularly new staff members, to Safello's comprehensive policies and procedures could lead to them not following the internal procedures correctly at first. It is possible that unintentional malpractice on the part of a Safello employee could result in, for example, number skewing due to typing errors, technical malfunctions or faulty risk assessments. Safello's daily operations are partially dependent on technical actions by human individuals (i.e. not automated) and thus that there is a risk of human failure in these respects. There is also the possibility of technical errors, such as faulty programming, wrong rates or duplicate payments. In all together three cases back in 2015, 2016, and 2019 Safello experienced such technical errors and was able to recover a portion of the funds. There is also a risk that there are deficiencies in the internal control system designed to prevent these cases.

Negative impact if the risks are realized: The liquidity, efficiency and reputation of the Company may be negatively affected by the materialisation of the abovementioned operational risks. If the risks are realized, it is assessed that it could have a medium impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

Dependence on current existing registration

The Group conducts operations that require a registration with the Swedish Financial Supervisory Authority (SFSA), as an 'financial institution' in accordance with Section 2 of the Act (1996:1006) on currency exchange and other financial activities. The Group is subject to yearly reporting obligations about its compliance with the underlying legal background and may be subject to a supervisory procedure initiated by the SFSA e.g. due to an alleged inadequacy of the Group's policies, or alleged non-compliance. The Group is dependent on maintaining its registration in order to be able to conduct business.

Negative impact if the risks are realized: A potential SFSA procedure would mean reduced revenues and increased costs, since, considering the size of the Group, it focusing on such procedures, would take significant resources away from product development. This would result in a negative impact on the Company's earnings. A potential outcome of the SFSA procedure may be an obligation to remedy the failure or violation, penalty fee and/or in extreme cases of non-compliance, the Company's registration may be revoked. If the risks are realized, it is assessed that it could have a high impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is low.

¹ <https://www.coindesk.com/unconfirmed-report-5-million-bitstamp-bitcoin-exchange>

² <https://www.coindesk.com/bitfinex-bitcoin-hack-know-dont-know>

³ <https://www.coindesk.com/digital-currency-exchange-shapeshift-says-lost-230k-3-separate-hacks>

⁴ <https://www.coindesk.com/bitstamp-nasdaq-matching-engine-trading-cryptocurrency>

(C) Key information about the securities

Main features of the securities	<p>General informations The shares in the Offer are common shares in Safello Group AB, issued in accordance with Swedish legislation and nominated in SEK. The ISIN code for the shares is SE0015346895. All shares are fully paid.</p> <p>Currency, nominal value and number of securities The shares are denominated in SEK.</p> <p>Rights attached to the securities</p> <p><i>Voting rights</i> Each share entitles the shareholder to one vote at shareholders' meeting and each shareholder is entitled to a number of votes equal to the number of shares held by the shareholder in the Company.</p> <p><i>Preferential right to new shares</i> If the Company issues new shares, warrants or convertibles in the event of a cash issue or a set-off issue, shareholders generally have preferential right to subscribe for such securities in relation to the number of shares held prior to the issue. The statutes set forth in the articles of association does not limit the Company's ability to issue new shares, warrants or convertibles in accordance with the Swedish Companies Act (2005:551) with deviation from the shareholders' preferential rights.</p> <p><i>Right to dividend and surplus in the event of liquidation</i> After the Company has been approved for listing on Nasdaq First North Growth Market ("First North") (i.e. after the conversion of preference shares described under "Terms of the securities - Conversion of preference shares in connection with the Offering" has taken place) there will be only one class of shares in the Company and all shares will carry an equal right to dividend and surplus in the event of liquidation.</p> <p>Previous dividends and dividend policy Historically no dividends have been paid by Safello. Safello is currently in a development phase and potential surplus is planned to be invested in the development of the Company.</p>
Place of trading	<p>Safello intends to list the Company's shares on Nasdaq First North Growth Market, which is an alternative marketplace, classified as a growth market for small and medium-sized enterprises and a multilateral trading facility, pursuant to a specific regulation and with a different juridical status as a regulated market.</p> <p>The Company's shares will be admitted to trade on Nasdaq First North Growth market given the approval of the Prospectus. The first day of trading is estimated to be on 12 May 2021.</p>
Main risks that are specific for the securities	<p>Risk of dilution in future issues The Group is in the expansion phase, and therefore Safello may need to raise additional funds from both existing owners and new investors to finance its growth plans and to accelerate or facilitate specific transactions, like M&A activity, product development or international expansion. There is a risk that additional financing on acceptable terms will not be available to the Group when required, or will not be available at all. If the Company chooses to raise additional capital, for example through a new issue of shares, there is a risk that the Company's shareholders' shareholding may be diluted, which may also affect the price of the shares. If these risks were to be realized, they could have a negative effect on investors' invested capital and the price of the shares.</p> <p>Risk of no dividend As of the date of the Prospectus, the Company has not adopted any dividend policy. Safello is in a development and expansion phase, therefore, the board of directors intends to let the Company carry forward any profits in order to invest in operational activities, and it therefore does not expect that any dividends will be distributed in the foreseeable future. Safello's ability to pay dividends in the future depends on a number of factors, such as future income, financial position, cash flows, need for working capital, investment costs and other factors. Safello may lack sufficient distributable funds and Safello's shareholders may decide not to pay dividends, which means that shareholders will not receive any direct return and in addition the share price may be negatively affected. In the future, when Safello's earnings and financial position permit, dividends may become appropriate.</p> <p>Risk that the price of the shares may be volatile and that trading in the Company's shares will not be liquid Prior to the Offering, Safello's shares have not been traded on a marketplace. It is therefore difficult to predict the level and volume of trading and what interest market participants will show for the shares at and around the time of admission. The price at which the shares are traded and the price at which investors can make their investment will be affected by a number of factors, some of which are specific to Safello and its operations while others are general to companies listed on First North. The listing and admission to trading of the Company's shares on First North should not be construed to imply that there will be a liquid market for the shares. There is a risk that the price of the shares will be very volatile in connection with the admission to trading on First North. If active and liquid trading does not develop or does not remain sustainable, this may lead to difficulties for shareholders in selling the shares and the market price may differ significantly from the subscription price in the Offer. If any of these risks were to be realized, it could have a negative effect on the price of the shares and the opportunity for investors to liquidate their investment.</p> <p>The Company's largest shareholders will be able to exercise significant influence over the Company after the Offering After completion of the Offering, provided that the Offering is fully subscribed, the Company's largest shareholders Frank Schuil BV, Joakim Johansson, WSC III LP, Emil Oldenburg and Northzone VII LP will own a total of approximately 54.1 percent of the shares and votes in the Company. Consequently, the major shareholders will continue to have significant influence over the outcome of the matters that are referred to the Company's shareholders for approval, including the election of board members, and any mergers and consolidations or sales of all (or nearly all) of the assets in Safello. In addition, major shareholders may have a significant influence over the Company's senior executives and the Company's business. Frank Schuil BV, Joakim Johansson, WSC III LP, Emil Oldenburg and Northzone VII LP and Emil Oldenburg interests may not be aligned with the Company's interest or those of other shareholders, and Frank Schuil BV, Joakim Johansson, WSC III LP, Emil Oldenburg and Northzone VII LP and Emil Oldenburg may influence the Company in a manner that does not promote the best interests of other shareholders. For example, a conflict could arise between the interests of Frank Schuil BV, Joakim Johansson, WSC III LP, and Northzone VII LP and Emil Oldenburg and the interest of the Company or its other shareholders in regard to decisions concerning dividends. Such conflicts could have an adverse impact on Safello's operations and financial position.</p>

(D) Key information about the offer

Conditions and timetable for the Offer

The Offer

The general public in Sweden as well as professional investors in Sweden and internationally, are offered the opportunity to subscribe for shares in Safello. The minimum subscription is 400 shares corresponding to SEK 5,400. The issue refers only to newly issued shares and is carried out through a directed issue of shares (i.e. without preferential rights for existing shareholders).

Subscription price

The new shares are issued at a subscription price of SEK 13.5 per share. No commission fee will be charged.

Valuation

Safello's pre-money valuation equals approximately MSEK 235.6.

Subscription procedure

The minimum subscription is 400 shares, which corresponds to SEK 5,400 and thereafter subscription takes place in any number of shares.

Subscription for shares must be done by completing and signing the subscription form and be received by Aqurat Fondkommission AB no later than 12:00 CEST 30 April 2021. Subscription form sent via post should be sent well in advance of the last day of the subscription period. It is only permitted to submit one (1) subscription form per subscriber. In the event that several subscription forms were submitted, only the most recent receipt will be considered. Incomplete or incorrectly completed subscription forms may be disregarded. No additions or changes may be made to the text printed on the subscription form.

Subscription period

Subscription for shares shall take place during the period from 19 April 2021 to and including 30 April 2021. The Board of Safello reserves the right to extend the registration period and the time for payment. Decisions to extend will be announced no later than the last day of the registration period.

Allocation principles

The allotment of shares will be decided by the board of Safello, in which case the following principles will apply;

- a. Firstly, full allotment is made to investors who have provided subscription commitments,
- b. Secondly, if it is necessary to expand Safello's ownership structure to meet First North's distribution requirements prior to the planned listing and to achieve the best possible share liquidity, the Board will, to the extent possible, ensure that each subscriber receives a position of at least 400 shares,
- c. Thirdly, allocation shall be made to parties who, in the Board's assessment can particularly contribute with strategic value to the Company. In the event of an oversubscription, no more than ten percent of the Offer can be allocated to these investors.

Notice of allotment

Allotment is expected to take place as soon as possible after the end of the subscription period and notification of allotment is received in the form of a settlement note which is expected to be sent out around 5 May 2021. Information will not be sent to those who have not been allotted any shares.

Subscription commitments

The Company has received subscription commitments of approximately SEK 32,400,000. Thus, the Offering is covered by subscription commitments of in total approximately 80 percent.

Dilution

If the Offering is fully subscribed, the number of shares in Safello will increase by 3,000,000, from 17,449,600 to 20,449,600, which corresponds to a dilution of approximately 14.67 percent of the total number of shares in the Company after the Offering.

Costs for the Offering

The issue costs are estimated to amount to approximately MSEK 4.8 and consist mainly of remuneration to financial and legal advisers in connection with the Offering.

Costs for investors

There are no costs for investors who participate in the Offering.

Aim of the Prospectus

Motives and use of the proceeds

The Company sees a growing demand for cryptocurrencies in the Swedish and global market. The purpose of the Offer is to raise additional capital to allow the Company to grow its market presence in Sweden, and in additional target markets abroad. The growth is planned to be both on a product offering, with new client solutions being offered, and on a geographical level. Furthermore, the Company believes that by investing in its brand, product offering, increasing the service level to its existing customer base, and acquiring new customers, it will see increased revenue and earnings in the medium to long term.

According to the board of directors' assessment, the existing working capital is not sufficient for the next 12 months.

The Offer amounts to MSEK 40.5. The issue costs related to the Offer are estimated to amount to approximately MSEK 4.8 and the net proceeds corresponds to approximately MSEK 35.7. The Company has received pre-subscriptions corresponding to 80% of the Offer, amounting to MSEK 32.4. The net proceeds from the Offer will be used as outlined below:

- Around 40% of the proceeds will be used to build additional market presence, in Sweden and potentially in Norway, Denmark, Finland and the UK. This will include operating costs for setting up local organisations, as well as increased marketing and PR efforts and to build a focused client service team.
- Around 30% will be used to enhance the product offering to include new features and, in due course, new business lines. New business lines are envisioned to include subscription based services and custodial services.
- Around 15% will serve as a working capital buffer that will serve as a cushion to handle treasury in peak periods, to cover shortfall in slower market periods, allowing for potential margin pressure and for general corporate purposes.
- Around 15% will be used to strengthen internal structures and the leadership team, including the areas of risk, finance and legal.

If the Offer is not successful or if sufficient capital for covering Safello's needs regarding working capital for the next 12-month period is not raised in the Offering, it is the Board of Director's intention to seek alternative external financing, such as a directed share issue to existing or new shareholders. If alternative financing is not available, Safello will consider other solutions, such as reducing costs, disposing of assets or conducting changes to the business plan or organization.

Aim of the Prospectus

Conflicts of interest

There are no existing or potential conflicts of interest between the board members' and senior managements' commitments towards Safello and their private interests and/or other commitments. However, several board members and senior executives have certain economic interests in Safello through direct or indirect holdings of shares and warrants in the Company. No board member or senior executive has been appointed due to an arrangement or agreement with customers, suppliers or other parties. However, certain board members have been elected in accordance with provisions in a previous shareholders' agreement between the founders and largest shareholders in the Company. Such shareholders' agreement have been terminated and will cease to be in effect conditional upon the Company being preliminary approved for listing on First North.



Persons responsible, third party information and approval

Persons responsible

Safello's board of directors is responsible for the information in the Prospectus. To the best of the board's knowledge, the information given in the Prospectus is in accordance with facts and there are no omissions likely to affect its meaning. Safello's current board of directors is presented below.

Name	Position
Jacob Jacobsson	Chairman of the board of directors
Frank Schuil	Member of the board of directors
Sepehr Alavi	Member of the board of directors
Christina Ploom	Member of the board of directors
Johan Lorenzen	Member of the board of directors
Knut Pedersen	Member of the board of directors

Third party information

The board of directors assures that third-party information has been accurately reproduced and that – as far as the board of directors is aware and can ascertain from information made public by the third party – no facts have been omitted that would make the reproduced information inaccurate or misleading. Statements in the Prospectus are based on the board of director's assessment, unless any other basis is stated.

Bibliography

The third-party information used by Safello in this Prospectus is presented in the bibliography below.

<https://coinmarketcap.com/>

– Cryptocurrency market data site tracking global volume and cryptocurrency prices.

<https://coindesk.com/>

– A media outlet that writes exclusively about the cryptocurrency market.

<https://defipulse.com/>

– A DeFi statistics website tracking DeFi projects and capital locked up in DeFi.

<https://bitcointreasuries.org/>

– Website that tracks the inflows on institutional money into Bitcoin.

<https://coin.dance/>

– Coin.Dance is a popular Bitcoin statistics website that gained mainstream attention for tracking adoption figures for changes to the Bitcoin protocol.

<https://www.businessinsider.com>

– Global news website writing articles on business.

<https://www.globaldata.com/>

– GlobalData Plc is a data analytics and consulting company. It employs over 3000 personnel across its offices across the UK, US, Argentina, South Korea, Mexico, China, Japan, India and Australia.

Preparation and approval of the Prospectus

The Prospectus has been prepared in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council. The Prospectus has been approved by the SFSA as the competent authority pursuant to Regulation (EU) 2017/1129. The SFSA approves this Prospectus only in the sense that it complies with the requirements of completeness, comprehensibility and consistency set out in Regulation (EU) 2017/1129. This approval should not be considered as any form of guarantee of the issuer or the quality of the securities referred to in this Prospectus. Investors should do their own assessment of whether investing in these securities is reasonable. The Prospectus has been prepared as an EU Growth Prospectus pursuant to article 15 of Regulation (EU) 2017/1129.



Background and motive

The cryptocurrency industry is maturing as reflected by the growing institutional interest and continued increase in regulatory clarity both domestically and internationally. As one of the oldest cryptocurrency exchanges in Europe, Safello intends to continue to lead the charge in achieving a wider understanding and adoption of cryptocurrencies. The Offering and the following listing of the Company's shares on First North is the organic next step in the Company's growth strategy. The listing can also serve as further validation for the industry at large considering Safello's prominent role in the Swedish cryptocurrency ecosystem.

Cryptocurrencies have the potential to bring greater financial freedom and access to the world. According to the World Bank, close to one-third of the world's adults are "unbanked", meaning they don't use formal financial services. The problem isn't just in the developing world, the Federal Reserve found that 22% of adults in the United States are either unbanked or underbanked. However, with mobile phone and internet adoption growing, financial services can be provided to the unbanked through their mobile devices. The trend towards increased financial inclusion can also be accelerated by blockchain technology and, more specifically, cryptocurrencies. For example almost a third of Nigerians now own some form of cryptocurrency, which they use for buying or selling goods and services.⁵ In countries where citizens face hyperinflation, cryptocurrencies also serve to protect their purchasing power.⁶

The decentralized nature of the technology remains at the core of this development. Much like the Internet provided global access to information in a decentralized manner, cryptocurrencies are doing the same for the transfer of value. This potential has been one of the Company's motivations to accelerate its adoption. And it extends to how popular cryptocurrencies have decentralized governance. While this type of governance for commercial companies is at its infancy and deemed not yet suitable for Safello, the Company took its first steps to start the decentralization of ownership by completing two successful equity crowdfunding campaigns, one in 2015 and one in 2016. With this Offer to the public market Safello continues to follow the principle thinking that the future of finance is decentralized.

Despite the Company's strategic decision to primarily focus on the Swedish market, the Company has shown a strong growth rate over the past two years and became profitable. During this period of time, the Company has continued its work to strengthen its offering and user-friendliness of the platform, but above all continued its work to offer a safe way for customers

to be able to invest in cryptocurrencies. The proceeds from the Offering allows the Company to further increase the growth rate through investments, including an expanded product offering, international expansion and hiring key employees. The Company believes that this, together with the expansion into new geographical markets, provides good conditions for the future. A key element of its geographical expansion is to focus on what the Company has coined as hyper localization, a method by which the entirety of the product and offering is optimized for the local market as opposed to one or two elements of the market proposition.

While previous market entries started from scratch, the intention is to execute on this playbook as the default strategy for internationalization. If the market conditions and the financial standing of the Company allow for it, the Company may consider to enter preselected markets more swiftly through mergers or acquisitions. This would be reserved for companies that fit the hyper localization criteria coupled with compliance driven operations.

The Company may consider acquiring or merging with such companies that demonstrate:

1. *Technical innovation that will help Safello's growth prospects if the technology were to be integrated into Safello's product offerings or sold as a new product offering, or;*
2. *A growth rate that exceeds Safello's growth rate in order to protect its growth, or;*
3. *Business advantages in terms of licensing, legal structures, product offerings or relationships that could benefit Safello, or;*
4. *Market share, if operational synergies can be achieved to improve the profitability of the acquired or merged business without causing delays on the existing strategies of the Company.*

In all cases the prospect of a potential acquisition or merger would be measured against Safello's share price at the time of the intended merger or acquisition.

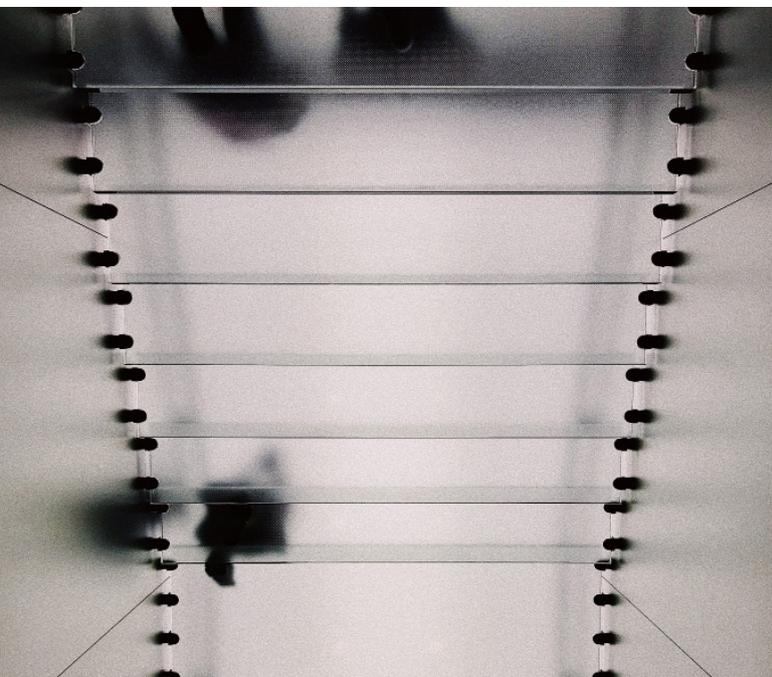
Use of proceeds

There are several motivations for the Initial Public Offering on First North. Each plays a role in strengthening the Company and improving its growth prospects.

Safello has been profitable since mid 2019 and its cash surplus has been deployed to grow the business. Between 2019 and 2020, the net turnover grew by 52%. With the additional capital from the Offer, the Company

⁵ <https://www.weforum.org/agenda/2021/01/cryptocurrencies-are-democratising-the-financial-world-heres-how/>

⁶ <https://www.coindesk.com/bitcoin-adoption-venezuela-research>



can accelerate its growth trajectory, tapping into opportunities within the Swedish market and internationally. The funds from this Offer will be put to use to execute on the business plan, and, if necessary, to bridge potential working capital shortfall due to the envisioned expansion. The funds from the Offering will also be used to cover the Company's needs regarding the working capital for the upcoming 12 months (for more information regarding the Company's working capital deficit, see the section "Working capital statement").

The Offer amounts to MSEK 40.5. The issue costs related to the Offer are estimated to amount to approximately MSEK 4. and the net proceeds corresponds to approximately MSEK 35.7. The Company has received pre-subscriptions corresponding to 80% of the Offer, amounting to MSEK 32.4. The net proceeds from the Offer will be used as outlined below:

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Advisers

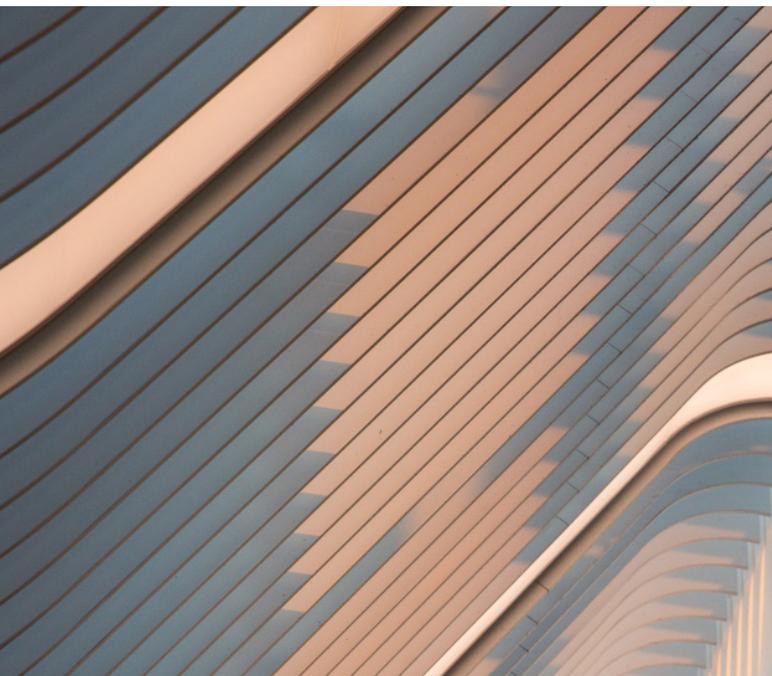
Corpura Fondkommission AB is the financial adviser and Advokatfirmaet Schjødt AS, filial with KassaiLaw AB are legal advisers in connection with the Offer. Corpura Fondkommission AB, Advokatfirmaet Schjødt AS, filial and KassaiLaw AB have assisted Safello in the preparation of the Prospectus through information provided by the Company. The Company assesses that there are no conflicts of interest regarding the Offer.



Business and market overview

General information about Safello Group AB

Safello Group AB, reg. no. 556892-3550, is a Swedish public limited liability company organized under the laws of Sweden. The Company was registered with the Swedish Companies Registration Office in May 2012. Safello is domiciled in Sweden and has its legal address at Mäster Samuelsgatan 36, 111 57 Stockholm, Sweden. The Company's telephone number is +46 84 2017 482 and its website is www.safello.com. Safello's LEI code is 984500F1A979085BB828. According to the Company's articles of association, the principal activities of the Company is to directly or indirectly



through subsidiaries conduct business in trading, exchange, storage and other products and services related to cryptocurrency; offering of products and services related to IT, organization and administration; management and administration of tangible and intangible assets, to hold and manage shares and units in subsidiaries, to offer group functions, and thereto associate operations.

Business description

Safello started its operations as a cryptocurrency exchange company in 2013. The Company is registered as a financial institution with the Swedish Financial Supervisory Authority (SFSA). It operates as a brokerage platform offering and enabling customers to safely and securely buy and sell leading cryptocurrencies such as Bitcoin (BTC) and Ethereum (ETH) with Swedish Krona. No other cryptocurrencies are offered at present time and the Company applies a framework specified in its risk policy to evaluate the adoption of any additional cryptocurrency based on their specific characteristics.

The services offered by the Company are the following:

1. Sales of cryptocurrencies.
2. Purchases of cryptocurrencies.

As of March 31 2021, Safello had over 191k⁷ customers and processed over 412k⁸ orders that represent over MSEK 1,026⁹ in volume. The vast majority of Safello's customer base are retail customers. With its products Safello Premium and Safello Business, the Company has started to serve high-net-worth individuals (HNWI) and companies.

The name Safello originates from the word 'Safe Fellow', as in: the safe fellow into the cryptocurrency economy. The Company's philosophy is to be a trustworthy guide to new users to make them feel secure in entering the market, while preserving their financial freedom. This foundational principle leads the Company's decision making today.

Building trust takes time that requires a diligent and prudent approach, and that has been Safello's focus during its 7 years of operation. The Company's internalized operational mantra Boring is Good reflects that its services should work and work well. While innovation is key in a competitive cryptocurrency market, it should never be at the expense of security and reliability.

The Company's growth plan is underpinned by its hyper localization strategy, a method by which the entirety of the product and offering is optimized for the local market as opposed to one or two elements of the market proposition. Safello aims to grow through this hyper localization strategy and by expanding its product offering to target a wider audience and extend the lifetime value of its existing customers.

Treasury management and transaction processing

Safello works with selected liquidity providers. One is Bitstamp, an EU based financial institution with an e-money license that is using Nasdaq infrastructure for its trading capabilities. The other is Blockchain, one of the largest cryptocurrency companies in the world that recently closed a \$300 million¹⁰ round in funding. Blockchain has a license to operate within the EU with SEPA banking rails.

⁷ Bolagsinformation, back office data per den 31 mars 2021

⁸ Bolagsinformation, back office data per den 31 mars 2021

⁹ Bolagsinformation, back office data per den 31 mars 2021

¹⁰ <https://www.coindesk.com/blockchain-com-raises-300m-at-5-2b-valuation-report>



To facilitate a real-time payout, the Company holds a certain amount of cryptocurrency in its hot wallet, which is the wallet from which cryptocurrency payouts take place to the end customer. In a typical purchasing flow the Company would receive SEK on its bank account in Sweden. Once the funds are cleared, a trade of equal value minus the fees is made at the liquidity provider. Once the liquidity provider confirms the trade is made, the cryptocurrency is paid out from the hot wallet. After the delivery of the cryptocurrency the received SEK from the customer is converted to EUR to settle the trade with the liquidity provider.

When a customer sells cryptocurrency, the process is reversed. Safello receives the cryptocurrency in the hot wallet and executes a trade of equal value minus fees with its liquidity provider. The funds are then sent from the bank account to the end customer. If selling pressure is high, Safello would then request the liquidity provider to send EUR to Safello to balance its treasury.

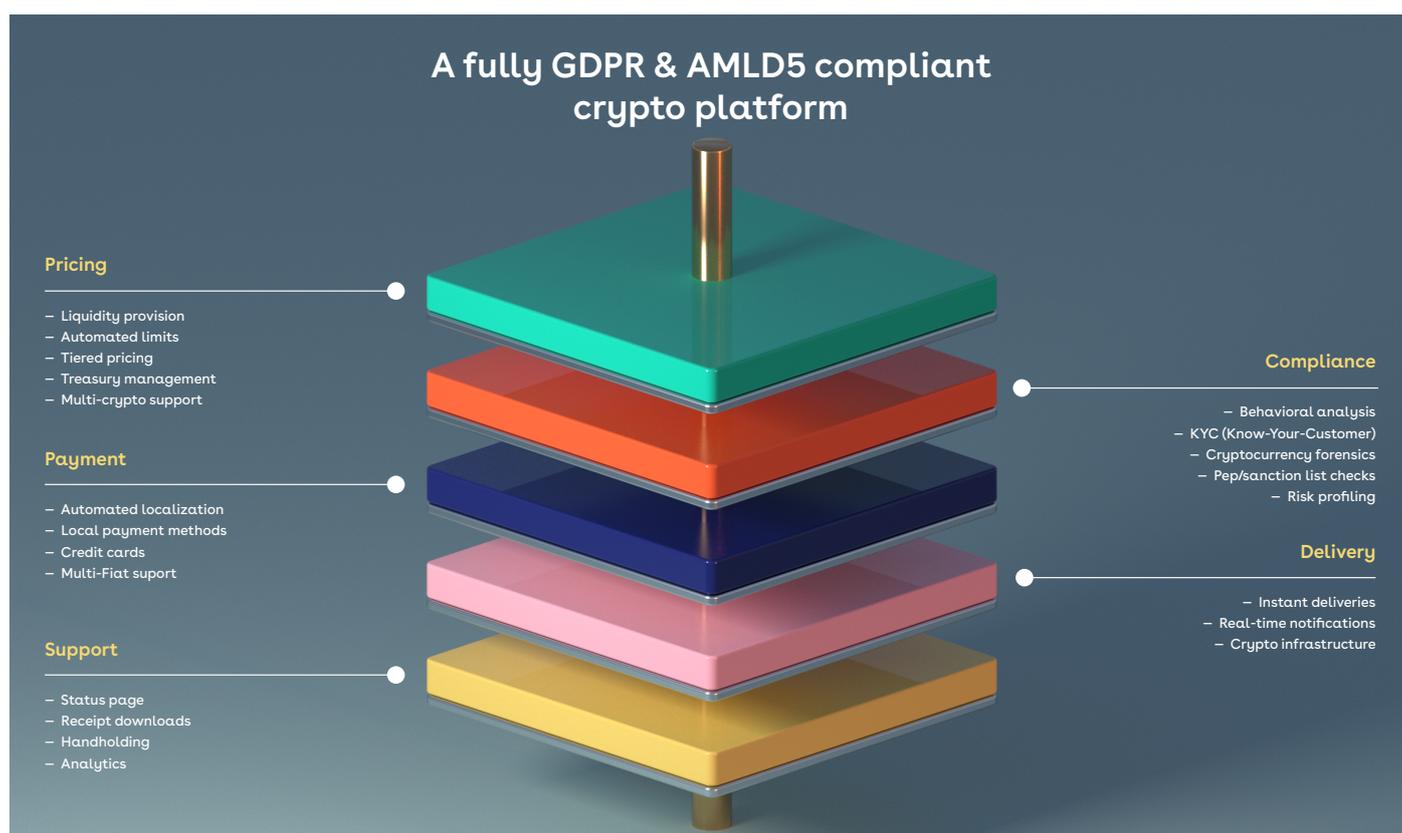
On average the Company experiences more purchases of cryptocurrency than sales of cryptocurrency and the settlement in the treasury operations typically flows from the Company's bank account to the liquidity providers. In other words, on a daily basis the Company sends funds to liquidity providers to settle the trades and keep up with demand to not risk running out of liquidity to serve its end customers. When sales volume increases, the flow of funds reverses and a bank transfer is initiated with the liquidity provider to Safello's bank account.

To manage the hot wallet and liquidity at the liquidity providers, cryptocurrency is sent between the hot wallet and liquidity providers.

The engine behind the scenes

To offer Safello's products to its end customers the Company has built its backend platform and back office from the ground up. Safello's AMLD5 and GDPR compliant platform has matured over the past seven years of continuous development and improvements. A big emphasis in this development process is on automation and scalability. This touches upon the architectural setup using cloud services and the connection to the liquidity providers to source cryptocurrencies and sell cryptocurrencies to fiat money.

For certain actions the Company integrated leading platforms to enhance capabilities. A good example of this is the integration with cryptocurrency forensics software, where Safello relies on the global market leaders in the space that have the biggest databases of identified cryptocurrency addresses associated with nefarious activity. In the make or buy decision-making process Safello ensures that the third party software can be deeply integrated into its platform. This helps Safello keep its code base lean and secure.





From complexity to simplicity

To offer an elegant user experience, Safello takes a process that is inherently complex and simplifies these complexities for the end user where possible. This approach enables Safello to deliver an on-boarding experience that is unrivaled in a compliant environment. The same approach is applied throughout the lifecycle of Safello products, often through iterative improvements to shave off complexity and time-consuming obstacles to benefit the end user.

Buying and selling Crypto From complexity to simplicity

- Amount to buy**
 - ↳ Fetch geography
 - ↳ Serve best version of widget
 - ↳ FIAT input
 - ↳ Fetch price
 - ↳ Fee calculation & display
 - ↳ Crypto address input
 - ↳ Crypto address validation
 - ↳ Crypto forensics
 - ↳ Next step
- Terms & conditions**
 - ↳ PEP & sanction check
 - ↳ Next or back
- BankID**
 - ↳ ID verification through e-ID
 - ↳ Check spending limits
 - ↳ Check risk profile
 - ↳ Check behavior
 - ↳ Next or back
- Payment**
 - ↳ Payment input
 - ↳ Payment confirmed
 - ↳ Payment denied
 - ↳ Auto next
- Delivery**
 - ↳ Payout initiated
 - ↳ Confirmation crypto amount
 - ↳ Zero confirmation blockchain
 - ↳ End process/open status page

Business model

Safello makes a commission on each transaction customers make through the platform. This applies both to customers purchasing cryptocurrency and selling cryptocurrency. This is the case for every customer transaction in Safello's product portfolio. Each product has a bespoke fee structure which is tailored to the end user. The payment methods used and the speed of the delivery is also taken into account. Fees are transparently displayed throughout the purchasing and selling process and on Safello's fee page: <https://safello.com/fees>

Mining fees for transactions are displayed separately on the customer receipts and are not included in the commission. Safello does not operate as a miner itself nor does it provide mining services. Safello charges an administration fee for wrong payment information submitted by the customers and refunds.



Existing products and services

Safello offers its services of purchasing and selling cryptocurrencies through different platforms and products. Three of them are platform-specific and three are target audience specific.

Platform specific:

- I. **Safello Web App**
- II. **Safello Widget**
- III. **Safello Mobile**

Target audience specific:

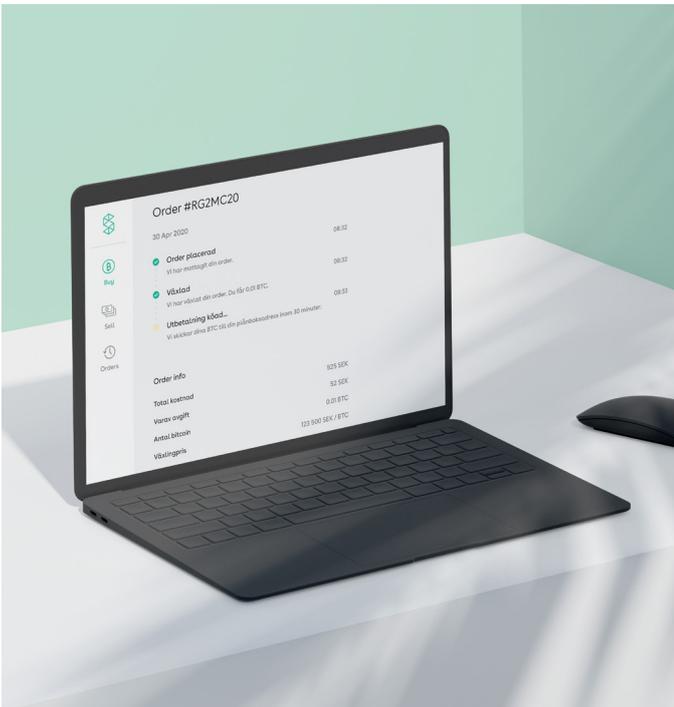
- IV. **Partner Widget: B2B**
- V. **Safello Premium: HNWI**
- VI. **Safello Business: Companies**

The target audience specific products are offered cross-platform.

Safello Web App

Offers a bank-like logged-in interface for users through the use of BankID, a Swedish e-identification solution. Features include: the ability to view and download order history, complete purchases with additional payment methods like SEPA, Swish, Klarna open banking and bankgirot while purchasing Cryptocurrencies and the ability to sell directly to Safello by scanning a QR code or copying and pasting a unique delivery address to the customer's wallet.

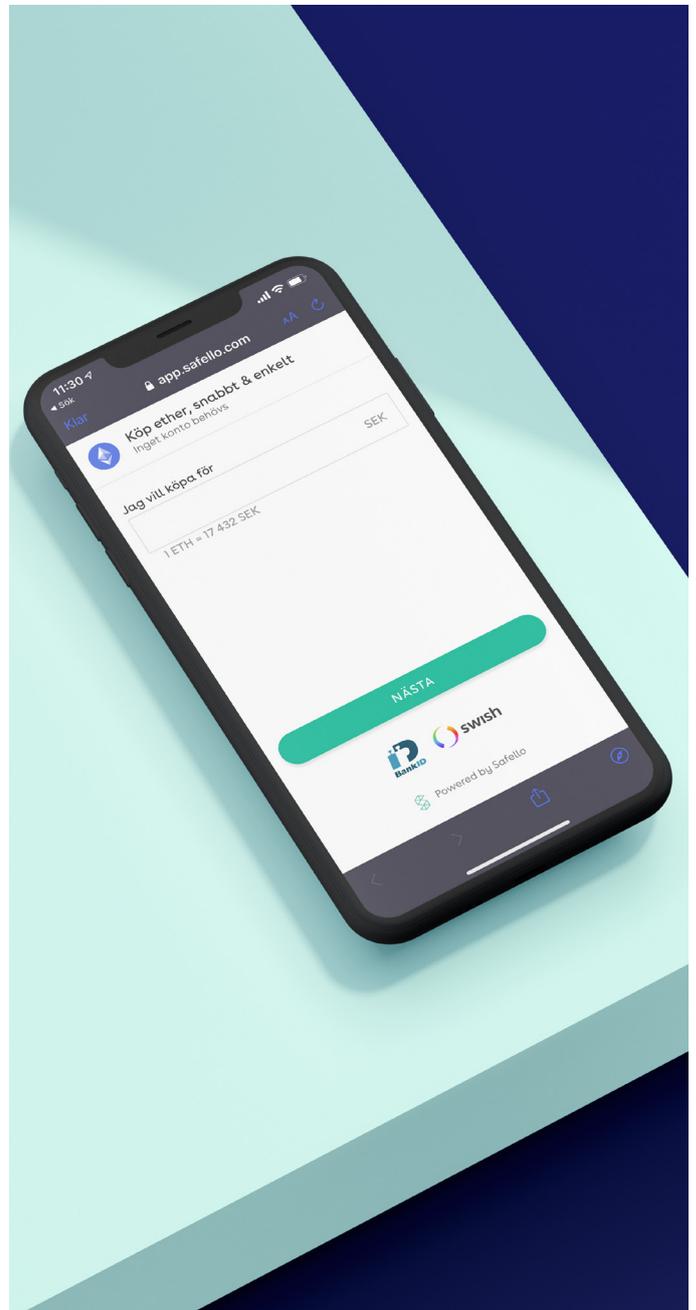
Launched Q3 2013



Safello Widget

The purchase on Safello's website, can be completed in less than 60 seconds with the use of Swedish BankID and Swish while preserving all the compliance measures. Safello has been able to optimise the process to automatically complete the vast majority, over 98%, of orders while going through extended due diligence with orders and customers that raise any suspicion. In this way Safello has built a robust time-tested platform that is efficient, sustainable, profitable and compliant.

Launched Q3 2018

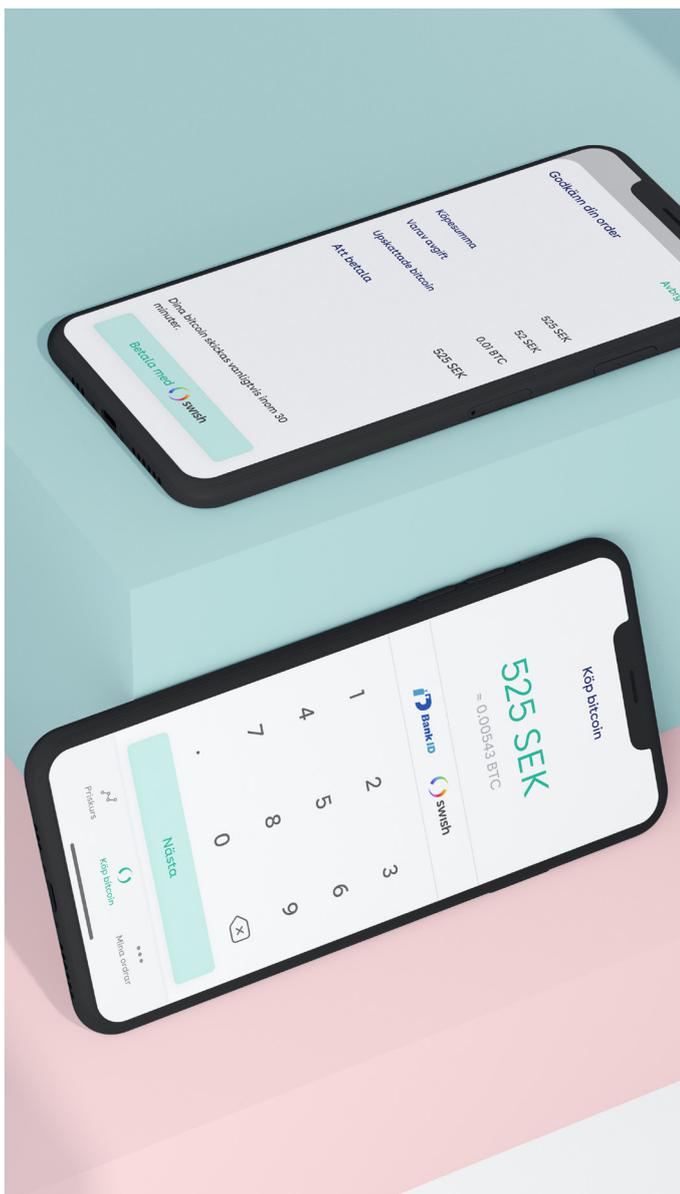




Safello Mobile

Up until 2020 Safello has been operating as a web-first company and optimising them for the mobile web. With the introduction of its iOS and Android app on the Apple Store and Google Play store, Safello has taken its first steps towards becoming a mobile-first company. The app itself in its infancy was a Bitcoin chart where users could follow the price of Bitcoin in SEK with historical data. In the latest version of the app, users get the full product offering in native form, including order history and the ability to purchase Bitcoin using BankID and Swish. Selling functionality is not yet integrated. Safello Mobile was the second quickest growing product in 2020 after Safello Premium. Safello Mobile currently only offers Bitcoin, but Safello plans to introduce Ethereum in this product as well.

Launched Q2 2020



Partner Widget

Safello is able to offer its products on other websites. Each partner can display to its visitors the possibility to exchange Swedish krona to cryptocurrencies and vice versa. Even if it appears for the user that the transaction has been conducted on another website or in another app, it has been facilitated via Safello's system that enforces Safello's compliance measures.

In this way the Partner Widget enables any web or app developer to power services with cryptocurrency buying and selling functionality. Partners receive access to their own dashboard where they can follow how much revenue is generated from their app or web users. Safello takes care of all the hard parts of running a cryptocurrency exchange while third parties can monetize their audiences through a revenue share setup. This simplifies the on-boarding process into the cryptocurrency economy for the users and the partners.

Highlighted Partner Widget customers:

Opera AS - a mobile web browser

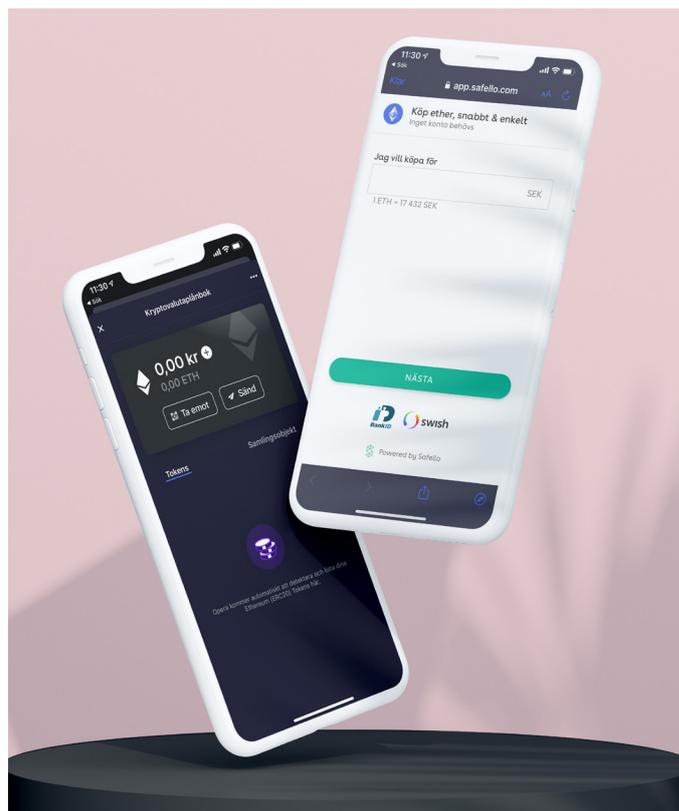
Mycelium - a cryptocurrency wallet with global user base

Edge Wallet - a modern globally operating cryptocurrency wallet

Bitcoin.se - the largest information website on Bitcoin in Sweden (now part of Safello)

Blue Wallet - an open source Bitcoin wallet

Launched Q3 2018 Target audience: B2B





Safello Premium

In 2020 Safello launched a tailored product offering to high-net-worth individuals (HNWI). Safello launched a minimum viable product (MVP) to test the market potential. Key differentiators compared to the regular service is an attractive fee structure, a more personalized customer support experience and assistance with hardware wallet usage. To accommodate the better user experience the Company complemented the service by offering a Safello branded hardware wallet for personal use and continued to improve the on-boarding experience. As a result Safello Premium has been the fastest growing product of 2020.

Launched

Q2 2020

Target audience: HNWI

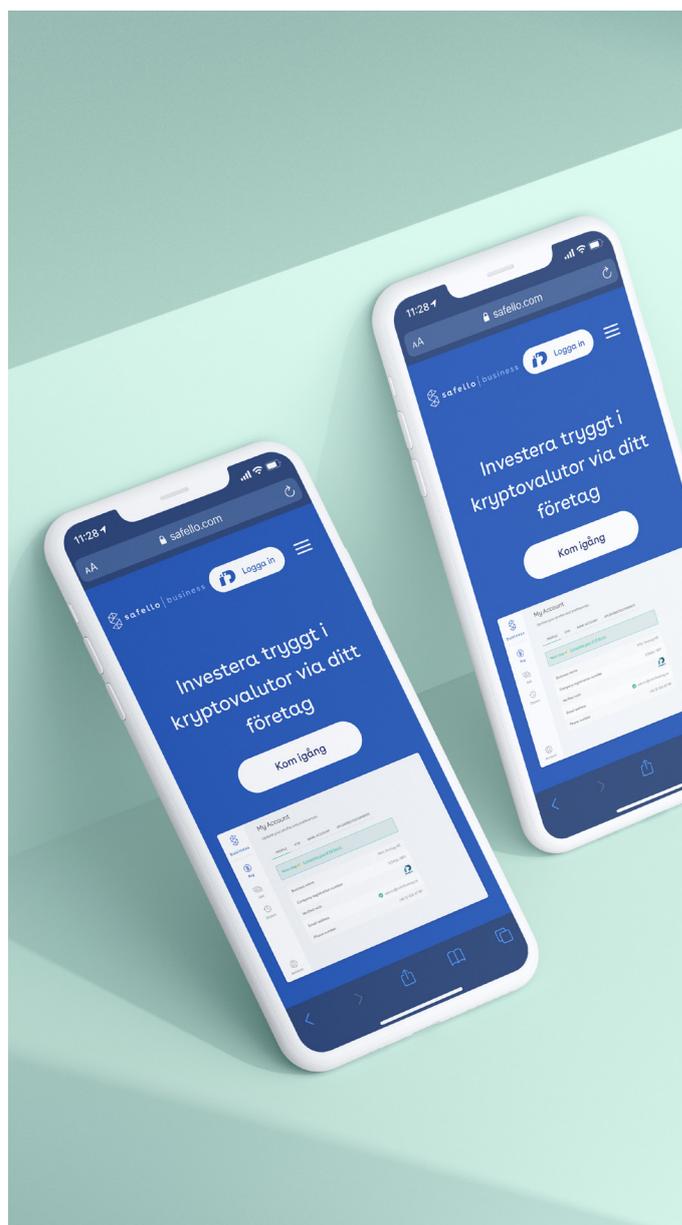
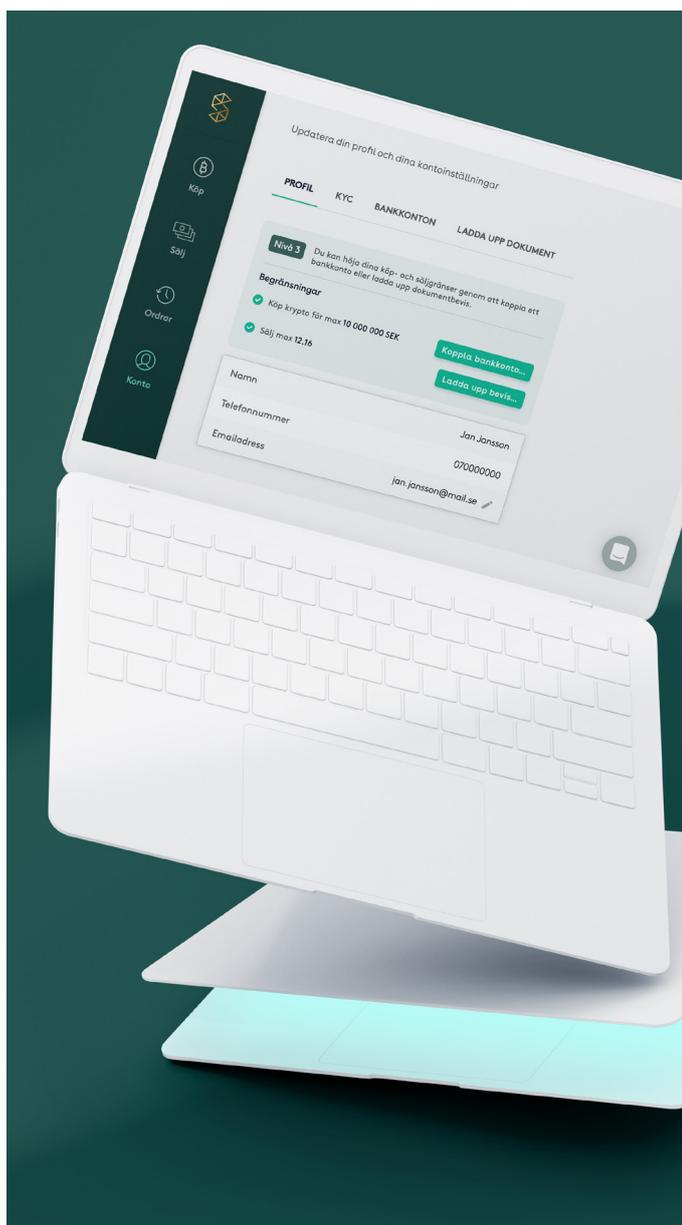
Safello Business

As Safello is expanding its capabilities in the Swedish market to serve a wider audience, the next leg of this expansion was identified to be companies. Safello has been serving companies in the past with a manual on-boarding process. Safello Business took the first steps to automate part of this process and make the overall experience more efficient and pleasant for the end customer. The time for the corporate customer to make their first trade has been significantly reduced as a result.

Launched

Q4 2020

Target audience: Companies



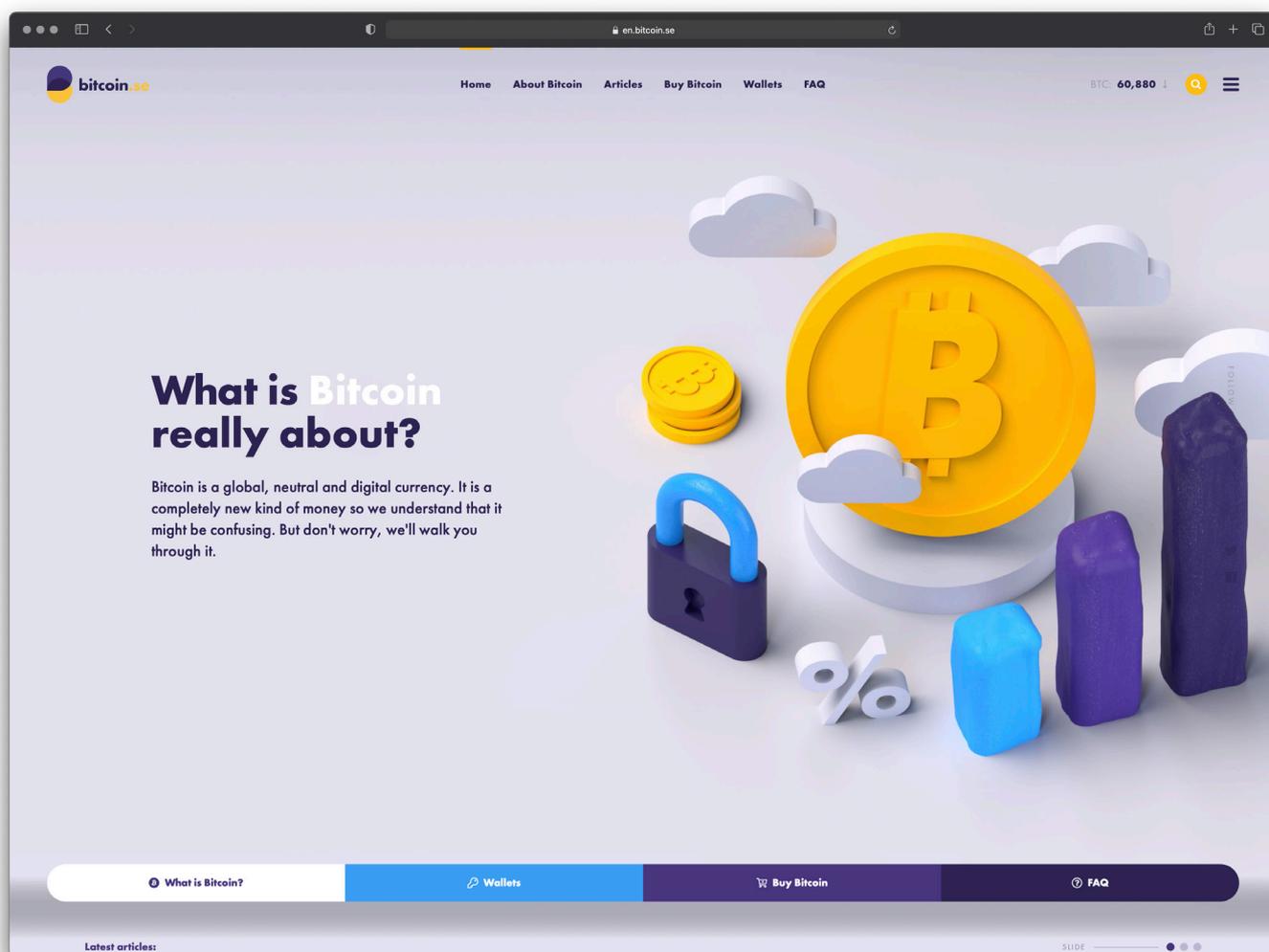


Acquisition of Rational Money AB (Bitcoin.se)

Safello acquired Rational Money AB, the company behind Bitcoin.se in March 2021, an educational website on cryptocurrencies in Sweden. The acquisition has several strategic advantages to protect Safello's business interests and create opportunities for growth.

- *Bitcoin.se is a springboard for Safello's educational effort that is crucial in onboarding the next generation of cryptocurrency users to build long term brand value and loyalty.*
- *Rational Money AB is using the Company's Partner Widget product. Clients placing orders via Rational Money AB's site bitcoin.se represented approximately 14% of Safello's turnover in the 6 month between September 2020 and February 2021. By acquiring Rational Money AB, the Company reduces its reliance on partner generated revenues.*
- *Through the acquisition, Safello eliminates the revenue share payouts to Rational Money AB. Since VAT on such payments will also be eliminated, Safello's bottom line is expected to improve as a result.*
- *The website of Bitcoin.se can be optimized to benefit the conversion to Safello and support its growth, particularly Bitcoin.se ranks high on Google keywords where Safello has no stronghold.*
- *Competitors to Safello could have made a negative impact on Safello's turnover, revenues and market position by acquiring Rational Money AB.*

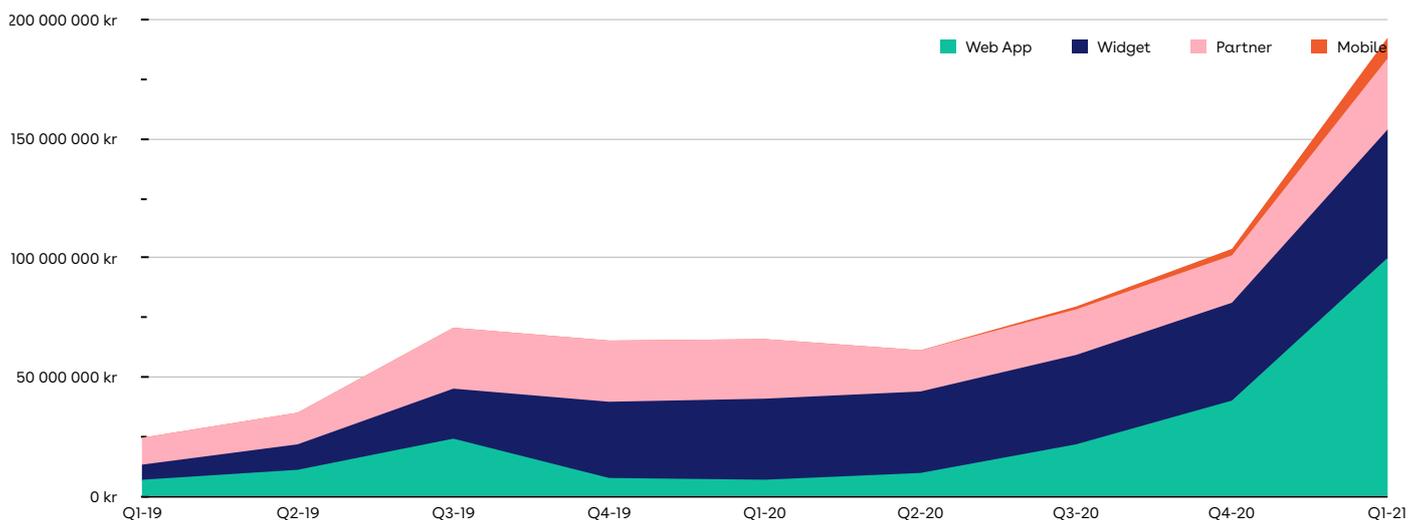
As part of the acquisition, the founder David Hedqvist will remain an active contributor for a period of 12 months.





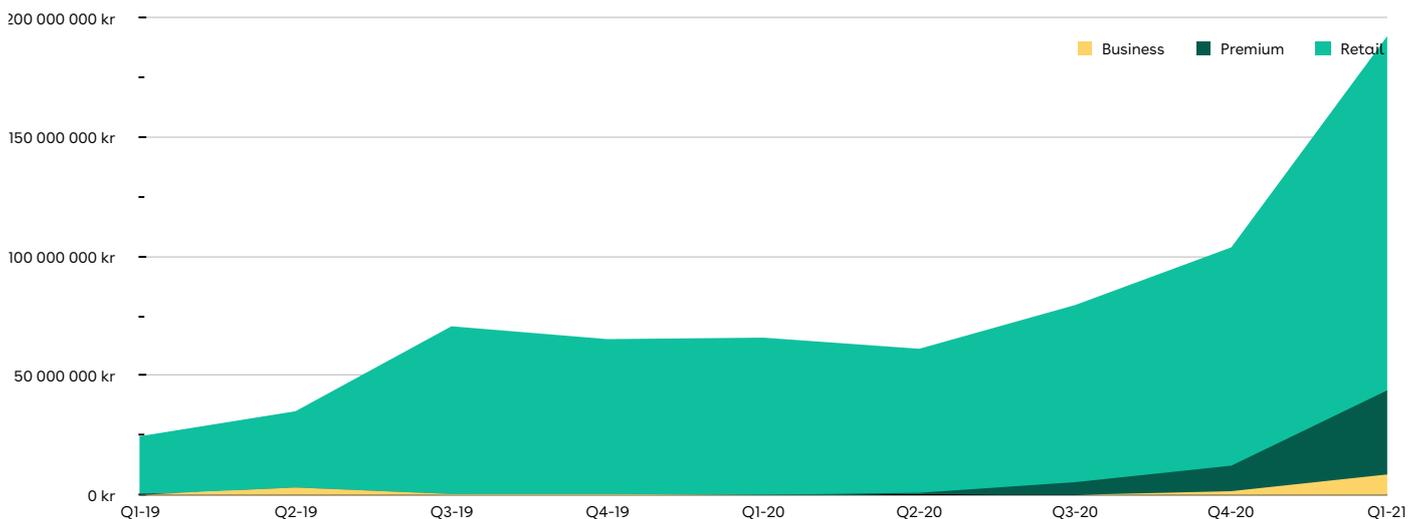
Quarterly Performance per application type (Turnover, SEK)

The performance data and charts presented below include an element of double counting, since for example premium customers can use both mobile and web apps. The purpose of the data and the charts is to show historical development and performance.



Source: Safello back office data

Quarterly Performance per customer type (Turnover, SEK)



Source: Safello back office data



History of internationalization

Safello has positioned itself as an international company since the start of its operations. The first investment round¹¹ in 2013 was led by key players from the cryptocurrency industry, followed by an investment in 2014 by Digital Currency Group.¹² In 2014 Safello entered the European market by launching into 11 countries¹³ with support for British Pounds. Safello took steps to streamline the onboarding process by partnering up with verification company Jumio,¹⁴ the leading e-ID company at the time. In December 2015 Safello obtained UK Faster Payments,¹⁵ a popular payment method in the United Kingdom that enables bank transfers to move more quickly between UK bank accounts. The Company then added support for local bank transfers in Denmark and Norway in January 2016.¹⁶ When UK efforts were prematurely halted, Safello joined the Barclays Accelerator program powered By Techstars¹⁷ to reestablish itself in the UK. That led to a deal with Barclays.¹⁸ In 2017 Safello expanded European market support with local currencies EUR, NOK, DKK, GBP, CZK, CHF and HUF. In 2018 this was followed by localizing e-ID in Denmark with NemID and Norway with Norwegian BankID before discontinuing these efforts in favor of focusing on hyper localization in the Swedish market. As of today, Safello only operates on the Swedish market.

With each market entry and expansion effort Safello gained valuable insights. The outcome is Safello's hyper localization approach. Now that the model is proven in Sweden, as demonstrated by Safello's rapid growth in the past years, Safello can build on this data together with current market data to revisit markets.

Outlook

Goals

Safello's new product launches and iterative development cycles keeps innovation at the forefront. Hyper localization meanwhile establishes unique and local selling points to end customers. The consistency of its safe and compliant operations combined with hyper localized features serve as a moat for the Company to gain and retain a long term relationship with the end user.

Through its product development the Company targets new audiences. While the current user base of Safello consists primarily of retail customers today, Safello Premium has started to attract HNWIs while Safello Business is attracting companies.

Key goals:

1. Expand the product offering to better suit the needs and extend the lifetime value of Swedish customers
2. Expand the target audience in the Swedish market from retail to HNWI and companies.
3. Apply the hyper localization strategy to adjacent markets in the Nordics and new markets.

Expanded business model

Safello's transactional model charges a commission on each order and the transaction model is simple to apply and follow, but leaves the Company exposed to the volatility of the market.

To counter this exposure to market volatility, there are two new business models Safello plans to develop:

1. A subscription based business model
2. An interest based business model.

The subscription based business model will be part of the 'Safello Subscription' product and delivers a predictable revenue stream where every day, month, quarter (an interval set by the user), a trade is made and a commission is earned. Think of it as a savings product equivalent to a deposit bank account. This enables Safello to introduce a churn rate key performance indicator (KPI) and measure this revenue stream in annual recurring revenues (ARR). The advantage of this model is that the revenues become more predictable and that the revenues are spread out over time. This reduces the exposure to the seasonality of the market.

¹¹ <https://blog.safello.com/sweden-based-bitcoin-company-safello-raises-600k-investment-round-lead-by-erik-voorhees-and-roger-versafello-launches-complete-redesign-of-website-as-it-gears-up-for-european-expansion/>

¹² <https://blog.safello.com/bitcoin-company-safello-raises-250-000-investment-from-barry-silberts-bitcoin-opportunity-corp/>

¹³ <https://blog.safello.com/safello-expands-to-europe-with-direct-payments-enabled-for-84-banks-in-11-countries-with-added-support-for-british-pound/>

¹⁴ <https://blog.safello.com/safello-partners-with-jumio-to-speed-up-verification-process-for-all-europeans/>

¹⁵ <https://blog.safello.com/safello-opens-up-uk-bitcoin-market-with-local-bank-partner/>

¹⁶ <https://blog.safello.com/bitcoin-company-safello-expands-into-norway-and-denmark/>

¹⁷ <https://blog.safello.com/bitcoin-company-safello-selected-to-be-one-of-ten-start-ups-to-join-the-barclays-accelerator-powered-by-techstars/>

¹⁸ <https://www.businessinsider.com/barclays-bitcoin-startup-safello-blockchain-fintech-2015-6?r=US&IR=T>



An interest based business line could be introduced in future products. With this business model, Safello would break away from the transactional model and reduce the volatility inherent in the transactional model. The interest would be earned from protocols through the process of staking. Safello, as the facilitator, would collect and distribute the interest earned to the end user, while charging a fee for the service. The viability of this model has not yet been proven or tested by Safello. However, companies like Coinbase have launched¹⁹ staking services where customers can deposit their cryptocurrency into protocols to earn interest. A full assessment of the legal, implementation and commercial viability needs to be performed by the Company before moving ahead with such a business model.

Assessment of geographical expansion possibilities

Every market has its preferences for payment and identification methods, currency, and pricing. One product may be more suited for a certain market than for another. For Safello, hyperlocalization means more than translating the service to the local language. Virtually every country in the world has their local exchange, but not all markets are served equally.

Assessment of The Nordic countries

In the Nordic countries Norway has been the laggard in terms of platforms serving the market. The delay was caused by the Norwegian authorities taking a different view on VAT tax applicability compared to the rest of Europe. Once the VAT case that started in Sweden and was supported by Safello was won in the European Court of Justice,²⁰ Norway ended up following suit and followed the ruling. Since then there have been positive developments in the Norwegian market where cryptocurrency companies can register with the local FSA. There is an opportunity for Safello to enter this market as the competition has not yet developed to the same maturity level as Sweden. This is supported by the data from Safello's Norwegian market entry.

Similarly, the Danish financial authority did not require a registration with the local Financial Supervisory Authority for some time, which left the country in an ambiguous state where the local banks have been known to be particularly hostile towards cryptocurrency companies. Since Safello already has obtained a Danish banking relationship, it has a go-to market advantage. Denmark has now followed the EU rules to require registration, which paves the way for a market entry. Finland on the other hand has seen decent adoption in terms of regulation and execution by local competition. Meanwhile Iceland has seen an all out ban of cryptocurrency sales as a response to the troubles it experienced during the financial crisis.

Assessment of The United Kingdom

Despite leaving the EU, the UK government has been following the G20 coordination effort to enhance, clarify and align the policies on the Crypto Assets. As of January 6th 2021, HM Treasury has outlined the 'UK regulatory approach to crypto-assets and stablecoins: consultation and call for evidence.'²¹

The proposal clarifies terminology, specifies preconditions and expands the regulatory perimeter for exchanges like Safello. The process is a part of the cross-authority Task Force which has the goal to include crypto assets served by Safello into the scope of financial promotions regulation to enhance consumer protection; and enhance on the broader regulatory approach to crypto-assets.

Safello was one of the first to enter the UK market with UK Faster Payments,²² followed by a local market presence through its participation in the Techstars powered Barclays Accelerator program. The Company gained valuable insights and a user base to re-enter the market. The UK, with its local currency the British Pound, its local payment method UK Faster Payments and with its departure from mainland Europe (Brexit) makes it a suitable hyperlocalization market.

Assessment of the rest of Europe

Beyond the primary target geographies for the post-IPO expansion phase listed above, there are opportunities for hyper localization across Europe as all of the EU countries have or are on the way to incorporate Crypto Assets into their regulatory frameworks. The anticipated introduction of the Regulation of the European Parliament and the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937 (the MICA Regulation) would make passporting cryptocurrency exchange services within the area of Crypto Assets to other EU / European Free Trade Association (EFTA) countries possible.²³ The EU intends to ensure a central register of Digital Asset companies managed by the European Securities and Markets Authority (ESMA) or European Banking Authority (EBA) that should increase the transparency in the market.

Safello's expansion strategy moving forward is flexible and subject to adjustments based on the adoption of the MICA Regulation, which is in its early phases, as of today, and the legislation process may take up to a few years. While the regulation is pending, Safello can use its hyperlocal approach to enter markets to create a local moat and strengthen its expansion execution plan to take advantage of the new regulatory framework to roll this out more swiftly across Europe. Safello's access to open banking

¹⁹ <https://www.coinbase.com/staking>

²⁰ Skatteverket mot David Hedqvist, mål C-264/14:

<http://curia.europa.eu/juris/document/document.jsf?text=&docid=170305&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=22059581>

²¹ <https://www.gov.uk/government/consultations/uk-regulatory-approach-to-cryptoassets-and-stablecoins-consultation-and-call-for-evidence>

²² <https://www.fasterpayments.org.uk/>

²³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020PC0593>



through its partnership with Klarna,²⁴ supports such an accelerated rollout. Furthermore, Sweden has a strategic advantage from a user interface and user experience point of view in terms of leading the trend towards a cashless society.²⁵ This insight can be translated to local markets to deliver superior user experiences.

Assessment of the United States

The United States is often seen as a homogenous market, making it tempting to treat it as such and attempt to quickly gain market share to dominate it as a whole. This has been a successful approach for the US cryptocurrency companies Coinbase,²⁶ Kraken²⁷ and Gemini.²⁸ The opportunity in the US is to do the opposite and redefine on a state-by-state level what needs specific target groups require. This serves as a potential entry point in a market that many believe to be saturated. Nordic expansion followed by the UK and then Europe will lay the groundwork for executing this strategy.

The rest the world

While the use case for cryptocurrencies are particularly strong in countries with large underbanked and unbanked populations to empower them to join a global financial system, Safello's approach is designed to first serve banked first-tier, low risk customers. Once the Company has established a decent international footprint, there is the opportunity to build specific remittance corridors with other regions to both expand beyond the target countries and to widen the adoption within the target countries. To accelerate such a scenario Safello may decide to partner up with or acquire local market leading companies.

Targeting specific regions

Based on the geographic assessment, Safello contemplates to first expand within the Nordics and the UK, followed by wider European expansion within the EU and EFTA. When the strategy at the early stages proves to be successful the expansion phase can be accelerated. Prioritization of specific markets can change based on developments in the market and opportunities that may arise.

Scheduled products and services

Safello is a data-driven company and has an extensive amount of real-life usage data that the Company can tap into to identify opportunities. Moreover, Safello users are actively sharing their product and service preferences by sending feature and product requests. This creates opportunities for Safello to iterate existing products and services to drive growth while using

other data points and qualitative feedback to develop minimum viable products (MVP) to test hypotheses and at the same time, stay GDPR-compliant: any and all data processing activities and their purposes are outlined in the Company's Privacy Policy available on Safello's website. Prime examples of this approach are Safello Mobile, Safello Premium and Safello Business. The growth rate of the aforementioned products outpacing the other product lines highlights the effectiveness of this methodology.

The following products and services are scheduled to be developed and released. These products and services have been researched and are planned to be launched:

- *Safello Wallet*
- *Safello Subscription*

Both of these products have been requested often and data identifies them as growth opportunities. Safello Wallet is the most highly desired product by Safello customers and a necessity to develop to stay competitive in the long run. Storing funds is a core function and serves as an enabler of other services and products.

Safello Wallet

Today users purchase cryptocurrency to a cryptocurrency wallet of their own choosing. This provides the freedom of choice for the more advanced user. For the novel user this unfortunately creates a barrier to entry. Safello Wallet removes this obstacle for onboarding new users to the cryptocurrency economy by offering the possibility for the user to store their purchased cryptocurrency directly with Safello. This will provide a seamless onboarding experience that opens up the market to a much wider target audience. The demand for this service is growing.

Safello opts for a custodial approach as opposed to a non-custodial approach. With a non-custodial wallet the user stays in full control of the wallet. This is suitable for advanced users that have experience with storing cryptocurrency. For novel users a custodial wallet, where the cryptocurrency is held by the Company, is preferred. Safello's assessment concludes that the user experience in a non-custodial setup would hinder adoption of the product. As Safello's objective is to onboard the widest possible audience, a custodial wallet will be the initial approach.

The market has matured to a point where the Company can confidently move into the custodial business. A key aspect of this is that the security measures and processes of the infrastructure partners in the space have matured and Safello's research has identified those suitable for the Safello

²⁴ <https://news.cision.com/safello/r/klarna-teams-up-with-safello---bringing-open-banking-to-cryptocurrency-market,c3296889>

²⁵ <https://www.globaldata.com/sweden-set-become-worlds-first-cashless-society-country-embraces-contactless/>

²⁶ <https://www.coinbase.com/>

²⁷ <https://www.kraken.com/>

²⁸ <https://www.gemini.com/>



Wallet product. The initial target audience for Safello Wallet is the retail market with the intention to include all audiences in the product portfolio

Scheduled for: 2021
Target audience: Retail
Complexity: High

Safello Subscription

An often requested feature from Safello users is to purchase cryptocurrency on a recurring basis. Much like a weekly/monthly savings plan, the user would be able to convert part of their income to purchase cryptocurrency automatically. This creates an advantageous purchasing strategy of cost averaging the users cryptocurrency portfolio. For Safello this offers a more predictable recurring revenue stream. It would reduce the exposure to the seasonality of the market, which today is a side effect of the incidental transactional business. In other words, the volume Safello exchanges today depends on market volatility. Safello Subscription would start to disconnect the Company from this volatility.

Scheduled for: 2021
Target audience: Retail
Complexity: Low - Medium

Feasibility assessment

For Safello Wallet the Company needs to update its policies and submit a filing to the SFSA either for its subsidiary Safello AB that has an existing registration or for a new entity to be specifically set up for Safello Wallet and obtain a new registration. In parallel the Company needs to start development and perform a security audit before release. A custody supplier has been identified while commercial agreements are yet to be put in place. Safello Subscription would not require any additional filing to the SFSA, though the implementation is dependent on securing a supplier for recurring purchases. For Safello Subscription the Company needs to make an assessment of its policies as well.

Regulatory landscape and compliance

Considering the fact that the cryptocurrency sector, even in 2021, can be considered fairly new, and certainly novel from a regulatory perspective, it is necessary to briefly describe the regulatory landscape in which the Company operates, and along with it, outline the procedures the Company uses to comply with the applicable laws and regulations.

The EU Parliament, as of the date of this Prospectus, has passed no specific separate legislation regarding cryptocurrencies, therefore cryptocurrencies and businesses in the sector are mostly regulated on a national level. There is one exception in the EU from the lack of specific cryptocurrency related legislation: the AMLD5, which requires all Member States within the EU to extend AML/CTF obligations to certain cryptocurrency businesses. However, because of its nature as a directive, EU Member States need to implement AMLD5 into their national legislation - which means that, as of today, in order to understand the regulatory and compliance requirements of the Company, the laws of Sweden need to be considered.

The Company is subject to registration as a financial institution with the Swedish Financial Supervisory Authority (sw: Finansinspektionen) under Act (1996:1006) on currency exchange and other financial activities, and needs to comply with the requirements of Act (2017:630) on measures against money laundering and terrorist financing ("AML Act") and its related regulations. The registration requirement is based on Chapter 1 Section 2, category 4 of the AML Act. The purpose of these laws and regulations is to prevent firms such as the Company from being used for money laundering and terrorist financing, and this goal is achieved by imposing requirements such as mandatory risk assessments, customer due diligence, monitoring and reporting measures, as well as the mandatory registration of these companies, through which registration Swedish Financial Supervisory Authority can assess the adequacy of the financial institution's measures against money laundering and terrorist financing.

The Company has created extensive internal policies and practices to ensure compliance and provide a safe environment for its customers. By taking advantage of trusted electronic identification solutions, such as the Swedish BankID, and requiring the customer to use BankID for identification and verification during the onboarding process, as well as before each transaction, the Company created a fast onboarding process with KYC measures compliant with the AML Act. The employees of the Company are trained to be able to assess AML/CTF risks related to customers and transactions, they follow strict escalation procedures and they are supported by the entire backend platform of the Company which has been developed in order to help detect customers and transactions that pose a higher risk of money laundering or terrorist financing. Certain screenings and checks, such as the screening of Politically Exposed Persons, supported by external service providers are also integrated into the Company's systems, as well as blockchain forensics softwares that help tracking transactions. With these processes, the Company is able to ensure compliance with the AML Act and decrease the risk that the Company's services are used for criminal activities.

When introducing Safello Wallet, these very same rules will be applicable to those services: wallet providers also need to be registered under Act (1996:1006) on currency exchange and other financial activities and comply with the AML Act. However, providing custodial wallets propose different risks from AML/CTF perspective, which risks the Company will need to address through a modification of its internal policies.

As for the future regulatory developments, the EU is, as of the date of this Prospectus, working on adopting the MICA Regulation, which is aimed to extensively regulate the cryptocurrency industry within the EU, through harmonized measures. The MICA Regulation aims to create a clear and universal regulatory background within the EU by introducing passportable licences, and eliminating the differences between national legislations in this area. While the final wording and consequent ratification of MICA Regulation is still likely a few years ahead, based on its current state, it does not propose significant changes that would have an impact on how Safello's business is handled. Its entering into force will mainly have an impact from an administrative perspective as related to compliance as Safello will need to apply for authorization under MICA Regulation. However, until that authorization is granted, Safello could continue business as usual based on



the transitional provisions of the MICA Regulation (Art. 123). The anticipated long-term impact is that Safello would be able to take advantage of an EU-passport and expand its services throughout the EU with the authorization granted under MICA Regulation.

On a multinational level, above all, the Financial Action Task Force (FATF) continuously provides guidelines on financial matters. The FATF is an inter-governmental body established by the G-7 summit held in Paris 1989. The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating ML/TF and other related threats to the integrity of the international financial system.

A June 2019 guideline from FATF, titled *Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers*, introduces the so-called “travel rule” as regards to cryptocurrency businesses. According to the rule, which is yet to be defined and implemented into national frameworks, cryptocurrency exchanges, some digital wallet providers and other firms are required to send customer data—including names and account numbers—to institutions receiving transfers of digital funds, similar to a wire transfer at a bank. It also requires the “beneficiary VASPs” to “Obtain and hold required originator information and required and accurate beneficiary information on virtual asset transfers, and make it available on request to appropriate authorities.”

The original deadline for Members to implement the travel rule into their national legislation and practice was June 2020, however, there have been some technical, as well as legislative obstacles that delayed this implementation throughout the EU. The MICA Regulation however will likely create a more favorable environment for the adaptation of the travel rule by removing most of the regulatory obstacles.



Safello's markets

Total global market for cryptocurrencies

As of March 31, 2021 the cryptocurrency market capitalization is almost \$2tn.²⁹ This represents roughly a 300 times increase compared to the \$6.4B market capitalization the same date in 2014. Daily global trading volume has increased from around \$50M to around \$154B.³⁰ New markets have grown large. As an example, the DeFi market has a \$52B³¹ market capitalization.

The main use case for Bitcoin is to serve as a more sustainable store of value. In this segment it competes with the \$10.9T³² gold market. As a new form of money, it competes with fiat money and the total money supply of \$35.2T.³³ More advanced applications, as deployed by smart contract platforms like Ethereum, are aiming to compete with the global derivatives market, estimated to have a \$558.5T³⁴ notional value. In terms of adoption it can be argued that the store of value use case has been cemented with the inflow of institutional money. The use case of alternative money is quickly developing with the rise of stablecoins. The developments in the derivatives market are at the very early stages of adoption.

Total global market for Bitcoin and total market for Ethereum

The two largest cryptocurrencies are Bitcoin and Ethereum. The first has a market capitalization of \$1.1T³⁵ representing 56%³⁶ of the overall cryptocurrency market today. Ethereum has the second largest market capitalization with \$222B³⁷ and represents 11%³⁸ of the overall market. A total of approximately \$57.4B³⁹ has been invested by institutional investors in Bitcoin alone. The dominance of Bitcoin has fluctuated over time and hit a low point of 33%⁴⁰ in early 2018 when Ethereum and other cryptocurrencies quickly gained market share. Bitcoin has, however, never lost the top position in the market and there are many who consider that its first mover advantage is too great for another cryptocurrency to take over the lead. More objectively this is yet to be seen in the coming years and depends on what use cases different cryptocurrencies are able to fulfill. Safello takes an unbiased approach to the market and will support the cryptocurrencies that are mature and large enough where there is sufficient demand from its user base and the regulatory status is not in question.

Total global market for cryptocurrency platforms

In March 2021, the global market for cryptocurrency exchange fluctuated between \$90-181B⁴¹ daily. While the measurement of this volume is often disputed and there is plenty of volume taking place in dark pools that are not visible to the general public, the growth of the entire market is undisputed. To better understand the breakdown of this volume, it is good to dive deeper into the categorization of companies operating and define in what markets Safello is competing with which companies.

Categories of companies operating in the exchange market

The crypto currency exchange market is not a single market. The companies have grown into highly specialized participants both in the type of products and services they provide, as well as by the type of customers they target in specific geographical markets.

The companies can be categorized as following:

1. Orderbook exchange - users deposit funds to the exchange and trade against other users in an order book.
2. Brokerage - users trade with the company, where the company sources liquidity from the market.
3. Payment Service Provider - companies that provide a checkout service or other means of enabling payments in crypto or conversion to crypto to facilitate payments.
4. Wallet provider - companies or open source software to store cryptocurrency.
5. Lending institution - companies that provide cryptocurrency loans or fiat money loans with cryptocurrency as collateral.
6. Over-the-counter (OTC) desk - companies that provide brokerage services in large quantities (block trades) that are manually handled and often settled off chain. Typically for wealthy clientele and institutions.
7. Infrastructure platform - companies that provide infrastructure for exchange companies to operate their business.
8. Liquidity provider - companies that provide liquidity in cryptocurrency and fiat money for exchange companies to run their business. These companies can also serve as market makers for orderbook exchanges. Certificate providers - companies that have created a financial instrument that can be purchased through existing traditional financial platforms that follow a cryptocurrency price.

²⁹ <https://coinmarketcap.com/charts/>

³⁰ <https://coinmarketcap.com/charts/>

³¹ <https://defipulse.com/>

³² World Gold Council (2020)

³³ CIA Factbook

³⁴ Bank for International Settlements

³⁵ <https://coinmarketcap.com/charts/>

³⁶ <https://coinmarketcap.com/charts/>

³⁷ <https://coinmarketcap.com>

³⁸ <https://coinmarketcap.com/charts/>

³⁹ <https://bitcointreasuries.org/>

⁴⁰ <https://coinmarketcap.com/charts/>

⁴¹ <https://coinmarketcap.com/charts/>



9. Certificate providers - companies that have created a financial instrument that can be purchased through existing traditional-financial platforms that follow a cryptocurrency price.
10. Decentralized exchanges & organizations - operate directly on the protocol level to fulfill many of the functions provided by the companies listed in 1-9.

Target audiences

The numerous types of companies interact with various end users.

Types of end users:

1. Retail customers - private individuals buying, selling, spending, earning, borrowing, lending and gifting cryptocurrencies.
2. Companies - entities investing in cryptocurrencies or accepting it as a payment for their business.
3. Institutional customers - financial institutions trading or investing in cryptocurrencies.

Both global players and local players will move into different product categories and target new user types to expand their business. In order to be successful on the market, Safello has to pick the right product and end user target as an entry point and build from there. For each category specific regulatory requirements and team compositions are required. The wide variety of user types and categories highlights that deeply penetrating a single market can create long term value with a higher chance of success than shooting in all directions in every market.

Safello market in each country Safello is active in today and in the future (3-5 years)

Safello today operates as a cryptocurrency brokerage and targets retail customers, HNWI and companies. The volume for this market segment is largely undefined, as typically only orderbook exchanges provide access to their volume data.

However, Safello's Swedish user base shares key characteristics with its future target markets in terms of user behaviour, local currency preference and general technology adoption levels, as well local payment and eID infrastructure adoption. For the relative market sizing we therefore use the inhabitant figures to compare the potential. The geographical market Safello competes in today is: Sweden (10.4m inhabitants⁴²). The geographical markets, where Safello plans to expand the hyper localization strategy is Norway (5.4m inhabitants⁴³), Denmark (5.8m inhabitants⁴⁴), Finland (5.5m inhabitants⁴⁵), the United Kingdom (66.8m inhabitants⁴⁶) and selected other countries in Europe where opportunities arise or exist for its product portfolio and positioning.

Competitors

Cryptocurrencies by their very nature are a global phenomenon. Sending cryptocurrency from one wallet to another is not - yet - restricted by borders, much like information on the Internet is not geographically restricted in most countries. At the same time, the cryptocurrency market has developed similarly to other financial markets. There are global players that have a wide international footprint and then there are 'local champions' that have a strong position in their home market with almost none or no international footprint.

Whereas in the early days the potential for network effects to play out in a way that it played out in social networking were envisioned, the market did not see such developments and local companies instead increased their strongholds. To illustrate this, social networking companies like Hyves in the Netherlands, StudiVZ in Germany and Tuenti in Spain led their respective countries. Once Facebook's social graph hit critical mass and enabled people in the local markets to connect to their international friends, Facebook rose to dominance. For Safello in 2013, there were indications that some company may be able to create a global address book for users on the blockchain and combine it with social functionality. In such a scenario network effects would shape the competitive landscape to concentrate on one dominant party. Now, in 2021, it is clear that the development of the market did not lead to a global address book nor did social functionality around transactions. While this is a remote possibility for the future, the likely path forward is akin to how the payment space has developed with locally preferred payment methods (iDeal in the Netherlands, SOFORT in Germany, Swish in Sweden, VIPPS in Norway, etc.) or the banking sector itself with local dominant banks serving the home or regional markets.

Because of the obstacles of creating a globally dominant retail focused company in crypto and with the local preference being well established in the finance space, hyper localization is a more future proof approach to growth than a wide cast one. This is supported by Safello's own European market entry data from previous years and through this lens the competitive landscape should be assessed.

⁴² <https://www.scb.se/hitta-statistik/statistik-efter-amne/befolkning/befolkningens-sammansattning/befolkningsstatistik/>

⁴³ <https://www.ssb.no/en/befolkning/statistikk/folkfram>

⁴⁴ <https://www.dst.dk/en/Statistik/emner/befolkning-og-valg/befolkning-og-befolkningsfremskrivning>

⁴⁵ https://www.stat.fi/til/vamu/2020/11/vamu_2020_11_2020-12-22_tie_001_en.html

⁴⁶ <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates>



The Swedish competitive landscape

As of March 31 2021, Safello ranks #2 directly and #1 via bitcoin.se for the keywords "köpa bitcoin" and "köp bitcoin" on Google.⁴⁷ These are some of the most important keywords for the Swedish market. There are a few local companies directly competing with Safello like Goobit (BTCX), Trijo and BTCSWE that all rank lower. Other market participants include global exchanges like Coinbase, Binance, Bitstamp and Kraken. Peer-to-peer transactions⁴⁸ on places like Localbitcoins.com are also competing for market share.

The Swedish financial institutions

In Sweden the financial institutions have been cautious with regards to the cryptocurrency market. Bank relationships are hard to obtain and maintain. Safello has been able to keep its top four banking partners since 2013. With the regulatory developments on EU level coming into effect in 2021 / 2022 providing further clarity to the regulatory status of cryptocurrency business, the relationship between cryptocurrency companies and banks is set to improve. As a public company Safello is well positioned to take advantage of this.

As far as financial institutions offering cryptocurrency services to its end users, Safello has noticed an increased interest. For banks in particular, Safello has seen the desire to work with strategic partners for the execution of such services. While serving financial institutions is not on Safello's immediate roadmap, Safello is well positioned in Sweden to serve the banks and other financial institutions that could rely on Safello's more than seven years of experience and user data. As an added benefit, the banks could keep exposure away from their balance sheet where possible.

From a user perspective it is clear that a vast amount of users see Safello as an access point to an alternative financial system. While purchasing a certificate of cryptocurrency gives certain users exposure to the cryptocurrency market, often at an inflated price, there is a strong desire from many users to buy the actual underlying asset (cryptocurrency) directly with the ability to use it. Moreso, customer loyalty in the cryptocurrency space is developing and it is Safello's opinion that customer loyalty is becoming increasingly sticky. With a broad enough product offering, the goal is to become a long term preferred financial partner to the clients. For Safello this means that the lifetime value of a customer can be greater than the transactional value per customer to date. To illustrate this, in 2017 when the Bitcoin price rose to nearly \$20,000⁴⁹ and volume surged, Safello saw a large amount of volume from users who joined the platform in 2013, 2014, 2015 and 2016.

The Nordic competitive landscape

In the wider Nordic landscape there are a few direct competitors. In Finland the company Prasos Oy (Bittiraha) with its acquisition of Coinmotion⁵⁰ has a strong market position, while the competition in Norway is less concentrated between firms like NBX⁵¹ and Bitgate.⁵² NBX is operating as an orderbook exchange with a wider European market approach, while Bitgate can be seen as a closer competitor to Safello with their own local approach to the market. In the Danish market the brokerage function is distributed amongst smaller players, while Coinify⁵³ is a larger player that is operating as a payment service provider (PSP) to the global market. In the public market there is Quickbit eu AB (publ), a company that has served primarily the gaming market with a product to convert cryptocurrency balances to fiat money. They announced plans⁵⁴ to move into the retail space with a product offering that would compete directly with the Company. The products have now moved into a beta phase.⁵⁵ Safello follows the development with interest while at present time it cannot consider the company to be active in the Swedish market.

The Global competitive landscape

Looking at the global competitive landscape, most international players have approached the market with a one-size-fits-all. Localization has been limited, but of course some have succeeded in getting decent adoption around the world. In Safello's opinion, for these companies to more deeply penetrate the market, they need to follow Safello's hyper localization strategy, which is often in contrast with their strategic approach to the market and simply keeping up with demand. This perfectly sums up the opportunity for taking a hyper localization approach to selective markets. Global partners operating in the Swedish market today include Coinbase, Binance, Bitstamp, Kraken and others. Coinbase as a company is the closest competitor to Safello on this list and the company is doing a significant amount of volume.⁵⁶ Once Safello launches Safello Wallet, Safello believes that it

⁴⁷ Besök google.com och sök på "köpa bitcoin" och "köp bitcoin".

⁴⁸ <https://coin.dance/volume/localbitcoins/SEK>

⁴⁹ CoinDesk Bitcoin Price Index (BPI)

⁵⁰ <https://www.coindesk.com/bitcoin-broker-prasos-acquires-finnish-bitcoin-exchange>

⁵¹ <https://nbx.com/>

⁵² <https://bitgate.io/en/>

⁵³ <https://www.coinify.com/>

⁵⁴ <https://investor.quickbit.com/sv/nyhetsrum/quickbit-tydliggor-verksamheten-genom-att-etablera-tva-affarsomraden/>

⁵⁵ <https://investor.quickbit.com/sv/nyhetsrum/forsta-fasen-i-lanseringen-av-quickbits-konsumentprodukter/>

⁵⁶ <https://coinmarketcap.com/exchanges/coinbase-pro/>



could attract users from other, less localized platforms.

Traditional players like Paypal⁵⁷ and neo-banks like Revolut⁵⁸ have begun offering cryptocurrency services to the market. The main difference between these services and Safello is that these companies do not offer end users the ability to take the cryptocurrency off the platform. While these market actors are planning to expand or have already expanded their propositions, Safello's interaction with its customers suggests that end users distinguish between native crypto companies and traditional financial institutions that rely on the existing financial system. Users gravitate towards native cryptocurrency companies that can operate on the forefront of innovation. For the aforementioned players to be competitive they need to change their core business, as opposed to treating cryptocurrencies as a feature in a wider traditional finance product offering. Regardless, the entrance of players like Square⁵⁹ and Paypal signals the start of broader adoption, as incumbent banks look at these companies to inspire their roadmaps. And in a world where the financial incumbents race to adopt cryptocurrencies, they will need to collaborate with native cryptocurrency companies, as the talent pool and amount of quality companies in this space is limited. This is even true for the companies that have already entered, as Paypal partnered up with native cryptocurrency company Paxos⁶⁰ to offer its services.

⁵⁷ <https://www.coindesk.com/paypal-new-york-conditional-bitlicense-paxos-cryptocurrency>

⁵⁸ <https://www.coindesk.com/revolut-app-adds-4-cryptos-to-buying-selling-service>

⁵⁹ <https://www.coindesk.com/square-cash-app-bitcoin-q3-earnings>

⁶⁰ <https://www.coindesk.com/paxos-raises-142m-series-c-following-paypal-deal-occ-bank-charter-application>



Organisationsstruktur



The Company is not dependent upon other entities. Safello Technology Development AB is a fully owned subsidiary of the Company, responsible for the business and technology development tasks. Safello AB is a fully owned subsidiary of the Company, responsible for the operational tasks (such as banking, compliance, brokerage), the cryptocurrency exchange activities and day-to-day business with the customers. Rational Money AB owns and maintains the website bitcoin.se. Rational Money was acquired by Safello in March 2021.

Investments

Since 31 december 2020 until the date of the Prospectus, Safello has not made any investments deemed to be of a material nature in addition to the acquisition of Rational Money AB described below.

Safello Group AB has acquired Rational Money AB, a Swedish company that owns bitcoin.se. The transaction was settled in 500,000 new Safello shares and SEK 2,000,000 cash. The transaction valued Rational Money AB to SEK 8,750,000 using the IPO price of SEK 13.50 per Safello share. The transaction was settled on 31 March 2021. The cash consideration was paid using Safello's cash on hand.

Loan and financing structure

Since 31 December 2020 until the date of the Prospectus, there have not been any material changes in the financing structure of the Company. The Company had a cash position of MSEK 17.0 available on 31 Dec 2020, and the Company is financed with equity to date. The main cost items are staff. Whereas the Company has hired and is looking to hire a number

of key people during 2021, the number of hires and related costs will be measured against business performance. The financing needs for 2021 are expected to be covered by available cash and internally generated funds, and the proceeds from the Offer. The Company has no plans to seek debt financing in the foreseeable future.

The Company has a short term cryptocurrency credit line with Blockchain. It is used to inter alia cover shortfalls during weekends and holidays and provide liquidity in the general course of business. (See section Legal considerations and ownership - Material Agreements" for additional details).

Trends

Cycles

As an exchange business, Safello is exposed to the volatility of the market. When there is volatility with people buying or selling large quantities of cryptocurrencies, Safello sees a higher transaction volume. When there is little volatility in the market Safello sees less transaction volume. In the cryptocurrency market, as is the case in other financial markets, the so-called bull (optimistic) and bear (pessimistic) markets come in waves. In bull markets the price of Bitcoin and other cryptocurrencies set new all-time-highs followed by long periods of inactivity and reduced price action in so-called bear markets. 2013, 2017 and 2020 were bull markets, while 2014, 2015, 2016, 2018 and 2019 could be seen as bear or neutral markets. In a bull market volume may increase by as much as a factor of 10 to 20. This puts a huge constraint on human capital. To counter this Safello has focused its energy on automation and scalability of the platform. As a result Safello grew by 731%⁶¹ in processed orders in 2019 compared to 2018. In line



with this approach Safello set out to become a profitable business in 2018, with the principal thinking that if Safello managed to stay profitable in a neutral or bear market, the profitability will be greater in a bull market. Mid 2019 the Company achieved this goal and in 2020 it observed this strategy to take effect as the profitability only improved in the bull market. A point of notice is that while Safello has managed to build an extremely scalable organizational structure and platform, human capital will always have to scale along. The advantage of having an efficient setup is that human capital does not have to scale linearly to the volume of the business and thus creating greater opportunity for profitability.

Seasonality

While the bull and bear market cycles impact volatility in the long term, the market typically sees an increased demand in the last and first quarters of the year, particularly December running into January and early February. Going into summer typically the volume slows down, while there have been years where the opposite occurred. In assessing the financial performance of the company Safello anticipates this seasonality to impact the business trend. As an example, 2020 order growth somewhat flatlined during the year, while in Q4 Safello set a new record of 18,247⁶² orders in December. The modelling of the seasonality can be difficult as there is no absolute certainty in these trends. Forecasting projected growth is challenging, and consequently Safello is looking to conservatively expand operations, while maintaining a solid cash buffer to ride out market troughs.

Bull cycle 2020 Q4 - now

Leading up to the Bitcoin price hitting its all-time high of \$60,743 on March 14 2021,⁶³ the market entered a bull cycle. As a result Safello experienced rapid increases in volume in December 2020, continuing in January and March 2021. Even though the Company is on a steady growth trajectory since its product launch of the Safello Widget in 2018, the recent spikes in volume should be seen in light of the cycles and seasonality described above. As such it is expected that the growth may not continue at the same rate as in recent months over the summer in 2021, while in Q4 2021 the Company would expect to see a relatively higher volume.

Trading update for January, February and March 2021

In January 2021, based on unaudited back office data, Safello recorded MSEK 3.2 (MSEK 1.6 in January 2020) revenue on the back of MSEK 61.7 (MSEK 24.4) trading volume. In January, 19.9k orders were executed (16.6k).

In February 2021, based on unaudited back office data, Safello recorded MSEK 3.1 (MSEK 1.3 in February 2020) revenue on the back of MSEK 62.4 (MSEK 20.4) trading volume. In February, 18.1k orders were executed (12.9k).

In March 2021, based on unaudited back office data, Safello recorded MSEK 3.1 (MSEK 1.4 in March 2020) revenue on the back of MSEK 68.3 (MSEK 21.1) trading volume. In February, 19.4k orders were executed (13.5k).

Please note that the data above is before any potential adjustments and accruals between back office and accounting data. It should also be noted that costs have increased due to preparations for the announced IPO as well as new hires.

Key performance metrics

Internally Safello measures performance by the following metrics in order to gauge the Company's performance.

Key Metrics/Data*	2020	2019
Total number of customers	170 000	110 000
New clients added during the year	60 000	51 000
Active clients	77 000	50 000
Recurring clients	24 000	4 000
Number of executed orders	165 000	120 000

*Rounded to nearest '000, un-audited numbers, based on Safello internal data.

Safello internally keeps track of trading patterns on an aggregated basis. The data is key to understanding which development measures can drive additional business, appropriate support staff levels and cash flow projections.

New clients added during the year are clients that have established a user account with Safello. The number of new registered clients has increased by 18% during 2020.

Active clients are clients that have made at least one trade in the financial year. The number of active clients has increased by 54% during 2020.

Recurring clients are clients that have made at least two transactions on Safello's platforms. The number of recurring clients has increased by 480% during 2020.

The number of executed orders during a period is a good measure of interest from the clients. The number of executed orders has increased by 38% during 2020.

⁶¹ Company information: back office

⁶² Company information: accounting data

⁶³ Coindesk Index: <https://www.coindesk.com/price/bitcoin>



Glossary

The cryptocurrency industry is as complex as it is exciting. Since Safello started its operations in 2013, the cryptocurrency industry has grown exponentially. The pace of development is akin to the early days of the Internet and just like the Internet, new terminology defines it. Even though Safello believes in obfuscating unnecessary terminology in its products, much like an average Internet user does not need to know how the Internet actually works, for this Prospectus and from a strategic investment perspective it is important to underline crucial components of terminology to fully understand the Company's offering. Safello is convinced that education is a vital part for its business and for the overall market to move forward as highlighted by its recent acquisition of Rational Money AB. And while Safello will push to spread knowledge, the first steps require curiosity on behalf of the user.

Miners and mining fees

A miner is a participant in the Proof-of-Work (PoW) process to validate transactions on the blockchain. They receive the mining fees and get rewarded with newly minted cryptocurrency for their work. In the early days of Bitcoin, mining software could run on ordinary laptops. With growing adoption and an appreciating Bitcoin price, the economic incentives created an arms race to efficiently solve PoWs cryptographic puzzles. This professionalized the mining process and it became an industry where individual users instead pool their resources into a so-called mining pool to still be able to run a profit. Mining farms meanwhile were created in data centers across the world with large budgets spent on chip efficiencies and energy optimization.

Proof-of-Stake / Staking

Another way to validate transactions on blockchains is Proof-of-Stake (PoS). Instead of solving computational puzzles to get the reward of solving a block, in PoS the reward is distributed based on the amount of cryptocurrency staked in the protocol. Staking is the term used to describe how participants in PoS lock their funds in the protocol. This, in simplistic terms, could be likened with interest paid on a bank savings account. If the nodes (participants) act malicious or provide erroneous information, the staked cryptocurrency can be taken away from them by destroying part of their

staked amount, a process that is called burning. The advantage of PoS compared to PoW is that it does not require the same level of processing power, something that opponents of cryptocurrency often use as an argument against its usage.

Decentralized Finance (DeFi)

Decentralized finance (DeFi) is a term coined to describe more advanced financial transactions taking place on the blockchain. It does not rely on financial intermediaries and instead uses so-called smart contracts to facilitate these financial transactions. Smart contracts are essentially executing a specific set of rules to a transaction between parties, much like writing a software program, which is why it's often referred to as programmable money. Examples of DeFi include decentralized exchanges, prediction markets, lending and borrowing markets and even insurance and interest products.

Hardware wallet

A hardware wallet is a cryptocurrency wallet that is not connected to the Internet and therefore considered considerably safer than an online wallet. The use of a hardware wallet is much like the use of a bank dongle to log into online banking. The hardware wallet is used to enable the access to your funds. To set up a hardware wallet the user is asked to save a seed phrase, which is essentially a specific combination of everyday words that can be recreated to generate the wallet. This seed phrase can be stored on for instance a piece of paper, a USB stick (disconnected from the Internet) or a metal wallet like Cryptosteel.⁶⁴ Hardware wallets come in different shapes and forms. Safello offers custom Safello-branded Ledger⁶⁵ wallets to its Safello Premium customers.

Wallet address⁶⁶

Every time a client sells or buys Bitcoin with Safello, the client is asked to provide a Bitcoin address, which consists of a sequence of numbers and letters. Similar to a physical mailing address, a Bitcoin address is the 26 to 35 characters long "virtual address" where the client's bitcoins are located. It is generated by the cryptocurrency wallet where cryptocurrency is stored. It can be compared to your bank account number where another user can send cryptocurrency to.

Identification and Authentication of Safello Users: Know Your Business (KYB), Know-Your-Customer (KYC) and Know Your Transactions (KYT)

Safello enforces different processes depending on type and risk level of each user:

- For natural persons so called individual users, 'KYC' - Know Your Customer
- For legal entities and its representatives, 'KYB' - Know Your Business
- For transactions conducted on the Blockchain, that are sent from and to Safello, 'KYT' - Know Your Transaction

⁶⁴ <https://cryptosteel.com/>

⁶⁵ <https://www.ledger.com/>

⁶⁶ <https://blog.safello.com/what-is-a-bitcoin-address/>



Transactions will not be completed without identifying the user, the source of the transaction and the receiver of the transaction - to the best abilities of the staff, the technological processes and the availability of reliable sources.

All of the processes follow international guidelines released for financial institutions that specify the process to verify the identity, authorise access to accounts, suitability, and risks involved with maintaining a business relationship. The procedures fit within the broader scope of an Anti-Money Laundering (AML) policy and its applicability is further defined in the General Risk Assessment (GRA) a policy that is being continuously adapted to development on the market.

Cryptocurrency Forensics / Blockchain analysis

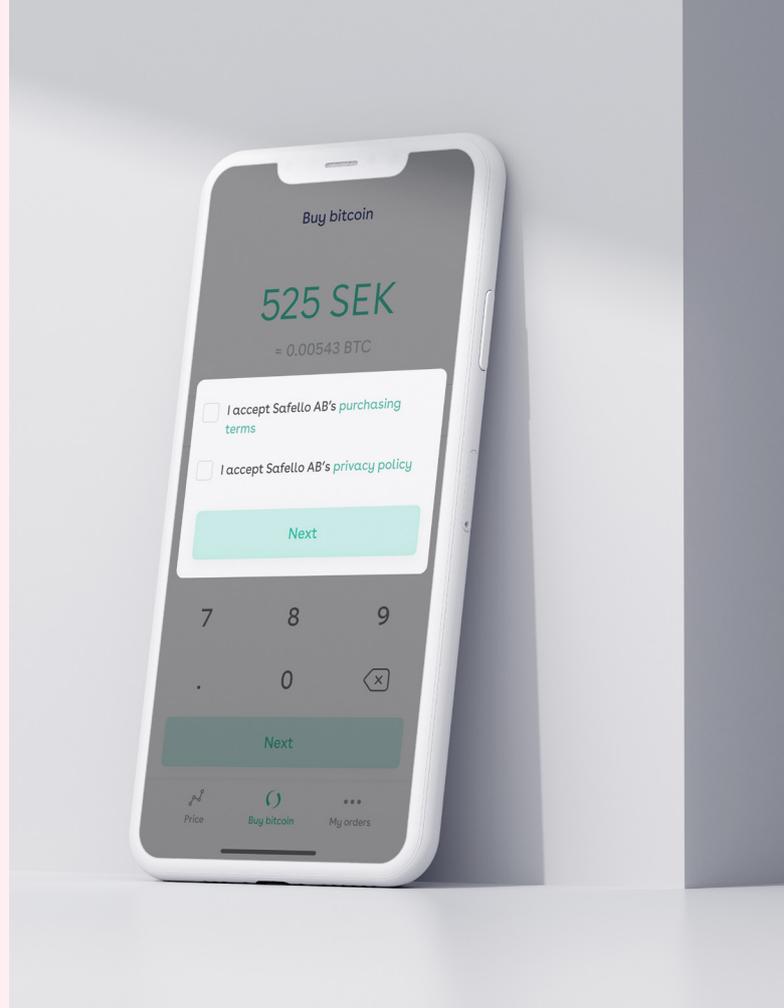
All of Safello's transactions are broadcasted to an open blockchain network where they get time stamped and are visible for anyone to see and analyze. Due to the nature of the blockchain, transaction flows can be connected to follow a pseudo-anonymous forensic trail. And at places like Safello, where transactions are tied to a verified identity, the user can be identified in the flow of money. This is a crucial capability for law enforcement to do investigations and for companies like Safello to follow the anti-money laundering requirements as a financial institution. Specialized companies like Chainalysis⁶⁷ or Valega Chain⁶⁸ have built up comprehensive databases of addresses that are associated with nefarious activities that regulated entities and law enforcement alike can use to prevent and combat illicit activity.

Forks

A fork in a protocol happens when there are two versions of the same open source software. One version that is currently being supported by the network and a new version that is proposed to be adopted by the network. There are hard forks and soft forks. Hard forks are forks in a protocol that are not backwards compatible while soft forks are backwards compatible. There are contentious and non-contentious forks. Contentious forks mean that the consensus to adopt the new version of the software is not universally supported while in non-contentious forks the changes are supported by the vast majority of the network participants. When a contentious fork occurs a split can take place, where after such fork there will be two versions of the protocol that are supported, each with their own network participants to validate the transactions of the cryptocurrency. While this is a rare occurrence for the largest cryptocurrencies, it has happened repeatedly and can cause confusion and economically impact the end user. Examples of such splits are Bitcoin and Bitcoin Cash, and Ethereum and Ethereum Classic that prior to the forks existed only as Bitcoin and Ethereum.

Open Source Software

Open-source software (OSS) is software where the source code is made publicly available for anyone to download, use and change. In the cryptocurrency space source codes are often released on Github,⁶⁹ a platform that makes it easy to collaborate on software development. The open nature



of this development means that anyone can check the software for bugs or malicious code. With Bitcoin, there is now a multi-billion USD incentive to find a potential bug to extract value from the protocol. This is why the open source, decentralized cryptocurrencies that stand the test of time are hardened and more reliable than newly created blockchain projects or centralized initiatives.

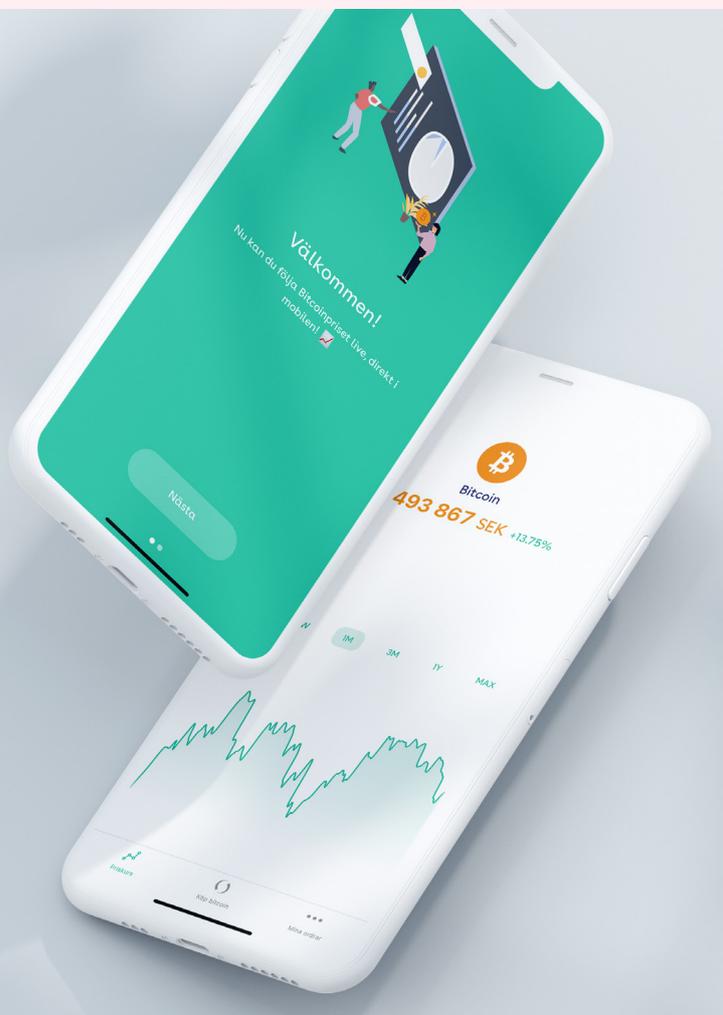
Blockchain

A blockchain is a ledger technology that is decentralized. Participants in a blockchain network jointly maintain a global ledger of transactions. A blockchain is quite literally a chain of blocks where each block contains a certain number of transactions that are timestamped. The next block in the chain of blocks builds on the entire history of the previous blocks. In this way blockchain technology is often referred to as immutable ledgers, since one change to a block would break the entire chain and render the blockchain invalid. This has wide applicability, not only to finance, but to any process where an immutable ledger process could be beneficial. Use cases beyond

⁶⁷ <https://www.chainalysis.com/>

⁶⁸ <https://www.valegachain.com>

⁶⁹ <https://github.com/>



finance include for example elections, supply chains and land titles.

Cryptocurrency

Cryptocurrency is a digital means of transferring value utilizing a set of cryptographic functions in its design that forms a ledger called the blockchain, which is the underlying technology. Its unique properties are that they can be transferred globally between parties without going through a central clearing house. Before the existence of cryptocurrencies the transfer of value took place through an intermediary party, this concentrated the control over the transactions taking place and the issuance of new currency. With cryptocurrencies the transaction validation is performed by a decentralized network of computers around the world and the issuance is baked into the protocol. As such, it is the first type of currency that breaks away from government monopolies on money issuance and considered the first time that true digital scarcity exists.

On-chain transactions

On-chain transactions are registered on the blockchain of a specific cryptocurrency. They are validated by the nodes in the network and registered in the public ledger for anyone to independently verify. These types of transactions are monitored by data analytics parties to for example follow flow of money for forensic research and to make market predictions.

Off-chain transactions

Off-chain transactions refer to transactions that are not taking place on the blockchain of a cryptocurrency and are therefore not registered for all nodes in the network to see. Transactions of this kind often happen on exchanges between registered customers or on layer 2 solutions such as the Lightning Network that operate on top of the blockchains.

Churn rate

Startups use the term churn rate to indicate the rate at which users leave the platform. If users stay for a long time with the platform the lifetime value of a user is high. If the user only does a single transaction, the lifetime value is low and the churn rate would be considered high. The churn rate is a good indicator of loyalty to a platform and how well a platform establishes a relationship with the user.



Working capital statement

According to the board of directors' assessment, the existing working capital is not sufficient for the next 12 months. Working capital serves for having access to liquid assets so that any payment obligations due can be settled.

As of December 31, 2020, Safello had a cash balance of around MSEK 17.0 on a consolidated basis. The Net Profit in 2020 was MSEK 0.9. The liquidity forecast suggests that cash will be depleted in April 2022 and that the total shortfall in the twelve-month period is forecast to be around MSEK 0.4.

In order to increase the working capital, the Board of Directors on 16 april 2021 resolved, based on the authorisation from the annual general meeting 2021, to conduct the Offer of approximately MSEK 40.5. In connection with the Offer the Company has received subscription commitments of approximately MSEK 32.4, corresponding to approximately 80% of the Offer.

At a full subscription of the Offer, the Company will receive MSEK 40.5, before costs related to the Offer. If Safello receives MSEK 0.4 after issuing costs the working capital, according to the Board of Directors' assessment, is sufficient to conduct the ongoing business operations at the desired pace during the next twelve-month period, calculated from the date of the Prospectus.

If the Offer is not successful or if sufficient capital is not raised in the Offer, it is the Board of Director's intention to seek alternative external financing, such as a directed share issue to existing or new shareholders. If alternative financing is not available, Safello will consider other solutions, such as reducing costs, disposing of assets or conducting changes to the business plan or organization.





Risk factors

Investing in shares is associated with different types of risks. Before each investment decision, it is important to carefully analyze the risks that are considered significant. Below are presented the risks that are considered significant for Safello, its shares and the Offering. Potential investors should make their own assessment, with or without the help of advisers, of the risks associated with an investment in the shares. The following risk factors are limited to risks that are specific to Safello and / or the shares and that are considered significant in order to be able to make an informed investment decision. The description below is based on available information to date of the Prospectus. The Company has assessed the risks based on the probability of their potential occurrence and the potential negative impact if a risk were to be realized. The materiality of the risk factors has been graded according to scale (i) low, (ii) medium (iii) high. The single most important risk factor in each category, based on Safello's assessment of the likelihood of its occurrence and the expected extent of its adverse effects, is first presented in each category.

Risks related to the Company's operations

Business and operational risks

Information security issues and online crimes

Safello is engaging in digital transactions and is therefore exposed to the risks of information security vulnerabilities, cybercrime, targeted attacks and different types of online crimes such as fraud. The cryptocurrency sector is constantly exposed to the above threats and they are becoming increasingly sophisticated. Therefore there is a risk that even advanced systems and routines for security are not sufficient to counteract new or unknown threats. Safello handles large amounts of cryptocurrencies as well as fiat currency and there is a risk that some or all of the Group's funds could be lost or stolen. Access to the Group's cryptocurrencies could also be restricted by cybercrime (such as a denial of service attack) against a service at which the Group maintains its hot wallets. The loss or destruction of a private key required to access the Group's digital wallets may be irreversible. However, for such an event to happen, multiple components of the system would need to fail. Historically information security breaches and cybercrime were common in the cryptocurrency sector, even among larger companies like Bitstamp,⁷⁰ Bitfinex⁷¹ and Shapeshift.⁷² With each breach the market matured and the infrastructure and procedures around these infrastructures have improved significantly. For example, the aforementioned Bitstamp moved to a new custody setup and has since migrated its trading architecture to Nasdaq.⁷³

Negative impact if the risks are realized: If these threats are realized, including a potential situation where Safello's IT security might be compromised, they may result in supervisory procedures or other actions and measures by authorities or criminal charges against Safello, along with actual threats by criminals towards its employees. Any loss of Safello's funds or its access to its funds, along with the loss of access to its private keys or data loss relating to the Company's digital wallets could adversely affect its financial position. If this risk is materialized, this would also affect Safello's reputation and possibility to keep and attract new customers, consequently, its profitability and financial position. If the risks are realized, it is assessed that it could have a high impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

Refusal of banking services to businesses within the cryptocurrency industry

It is generally difficult for businesses that provide cryptocurrency-related services to find banks willing to provide them with bank accounts and other banking services. Even if they could, banks may refuse to do so later for a number of reasons, such as perceived compliance risks or costs. This difficulty may be currently or in the future decreasing the usability of cryptocurrencies as a payment system and harming public perception of cryptocurrencies. The same would happen if banks were to close the accounts of many or of a few key businesses providing bitcoin and/or other cryptocurrency-related services. There is also a risk that the Group's bank decides to cut off its banking services which the bank provides Safello with.

Negative impact if the risks are realized: In the event that the banks perception of cryptocurrencies and cryptocurrency companies deteriorate or the Group's bank cuts off its banking services, this could negatively affect the Company's operations, therefore the customer experience and, consequently, its profitability and financial position. If the risks are realized, it is assessed that it could have a high impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

⁷⁰ <https://www.coindesk.com/unconfirmed-report-5-million-bitstamp-bitcoin-exchange>

⁷¹ <https://www.coindesk.com/bitfinex-bitcoin-hack-know-dont-know>

⁷² <https://www.coindesk.com/digital-currency-exchange-shapeshift-says-lost-230k-3-separate-hacks>

⁷³ <https://www.coindesk.com/bitstamp-nasdaq-matching-engine-trading-cryptocurrency>



Technical and system-related risks

The Group's operations depend on its technical platform, therefore any significant disruptions to Safello's systems or networks, including, but not limited to, new system implementations, computer viruses, security breaches, cyber-attacks, facility issues, telecommunication failures or energy blackouts could have an adverse effect on Safello's operations. Furthermore, Safello relies partly on the open source blockchain infrastructure that may be hindered by, for instance, forks in the protocol and changes in the difficulty in mining, resulting in high costs and slow confirmations on the network. There is also a risk of temporary errors in relation to one of the various external parties' that are needed for the uninterrupted service. These third-party service providers have access to certain portions of the Group's information technology systems. Certain failure or negligence of these service providers may cause material disruptions in the Company's operations, which could affect Safello's ability to perform in a timely manner, which could have an adverse effect on Safello's operations and results of operations. As an example, Swish and BankID services are key to the end user experience. If disruption to these services takes place, it would impact the ability for customers to place an order. Typically such disruptions are of temporary nature, but do have an immediate impact on the operations and support functions.

Negative impact if the risks are realized: System failures could result in an immediate negative effect on the Group's sales and margin, which means temporarily or permanently reduced or no income as possible consequences, along with reputational risks. If the risks are realized, it is assessed that it could have a medium impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is high.

Dependence on key employees

Due to the Group having a relatively small organization and requiring cryptocurrency specific knowledge, it is dependent on a number of key employees within the Group's technology, business and compliance departments. As of the date of the Prospectus, the Company assesses that the Group has six key employees. The Group's operations require employees with adequate training, and industry specific, crossdisciplinary experience and knowledge, including cryptocurrencies, advanced technology and risks related to money laundering and financing of terrorism, specifically as it relates to cryptocurrencies. Thus, Safello's success is largely based on the competence of the Group's key employees and key personnel.

Negative impact if the risks are realized: If key employees terminate their relationship with the Group, or otherwise cease to be at the Group's disposal, there is a risk that the Group will not succeed in replacing such individuals in an adequate and time-efficient manner. If this were to happen, it could have a negative impact on the Company's operations, competitiveness and opportunities to achieve growth. If the risks are realized, it is assessed that it could have a medium impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

Operational risks relating to failures in internal procedures or due to human errors

Onboarding staff, particularly new staff members to Safello's comprehensive policies and procedures could lead to them not following the internal procedures correctly at first. It is possible that unintentional malpractice on the part of a Safello employee could result in, for example, number skewing due to typing errors, technical malfunctions or faulty risk assessments. Safello's daily operations are partially dependent on technical actions by human individuals (i.e. not automated) and thus that there is a risk of human failure in these respects. There is also the possibility of technical errors, such as faulty programming, wrong rates or duplicate payments. In all together three cases back in 2015, 2016, and 2019 Safello experienced such technical errors and was able to recover a portion of the funds. There is also a risk that there are deficiencies in the internal control system designed to prevent these cases.

Negative impact if the risks are realized: The liquidity, efficiency and reputation of the Company may be negatively affected by the materialisation of the abovementioned operational risks. If the risks are realized, it is assessed that it could have a medium impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

Incorrect or fraudulent coin transactions may be irreversible

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of a coin or a theft of coin will generally not be reversible without the consent and active participation of the recipient and the Group may not be able to seek compensation for any such transfer or theft. Although the Group's transfers of coins is automated, it is possible that, through computer or through theft or criminal action, the Group's coins could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

Negative impact if the risks are realized: If Safello sends cryptocurrency to the wrong address as a result of social engineering efforts or by error, it could be unrecoverable. The loss would directly adversely affect the results of operations of the Company and, consequently, its profitability and financial position. The treasury handling limits the total exposure of the working capital in cryptocurrency, as such, if the risks are realized, it is assessed that it could have a medium impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is low.



Legal and regulatory risks

Dependence on current existing registration

The Group conducts operations that require a registration with the Swedish Financial Supervisory Authority (SFSa), as a 'financial institution' in accordance with Section 2 of the Act (1996:1006) on currency exchange and other financial activities. The Group is subject to yearly reporting obligations about its compliance with the underlying legal background and may be subject to a supervisory procedure initiated by the SFSa for example due to an alleged inadequacy of the Group's policies or alleged non-compliance. The Group is dependent on maintaining its registration in order to be able to conduct business.

Negative impact if the risks are realized: A potential SFSa procedure would mean reduced revenues and increased costs, since, considering the size of the Group, it focusing on such procedures, would take significant resources away from product development. This would result in a negative impact on the Company's earnings. A potential outcome of the SFSa procedure may be an obligation to remedy the failure or violation, penalty fee and/or in extreme cases of non-compliance, the Company's registration may be revoked. If the risks are realized, it is assessed that it could have a high impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is low.

Risks relating to anti-money laundering and terrorism financing regulations

All financial service providers face the burden of having their services potentially used for money laundering or terrorist financing, which is why strict measures are imposed by laws and regulations on these providers, including the Company. As an actor in the cryptocurrency sector, Safello requires an innovative approach to be able to classify the risks related to cryptocurrency transactions. The main act applicable to the Group is Act (2017:630) on measures against money laundering and terrorist financing, which has been amended during the implementation of the EU's fifth Anti-Money Laundering Directive. The Company's extensive documentation and procedures to ensure compliance need to be constantly reviewed and updated, and all the systems and employees need to be alert on a daily basis to maintain compliance in case of every single transaction which requires a lot of resources. While the irreversible nature of cryptocurrency transactions make it attractive for certain illicit activity such as fraud or other cybercrimes towards end customers, the traceability of cryptocurrencies on the public blockchain acts as a deterrent. Illicit activity in 2020 in fact saw a significant drop⁷⁴ compared to 2019 and overall represents a small portion of transaction volume. To ensure compliance, Safello's internal policies and its general risk assessment specifies the cryptocurrencies with a risk profile acceptable to Safello. Therefore, Safello only works with traceable cryptocurrencies such as Bitcoin and Ethereum and does not support cryptocurrencies that have removed this capability.

Negative impact if the risks are realized: The consequences of the non-compliance, including if Safello's assessment of compliance is incorrect, may result in potential supervisory procedures or other actions and measures by SFSa or public statements against the Group. The lack of sufficient compliance procedures may result in criminal activities not being stopped in due time, making Safello face criminal charges. These events could have an adverse effect on the Company's operations and results of operations. If the risks are realized, it is assessed that it could have a high impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

Constantly changing regulations, norm collision and different interpretations

Safello is obligated to meet all, constantly developing regulations relevant for its industry. These mostly framework-natured and sometimes colliding regulations often lack harmonization or proper guidance on interpretation, which requires regular monitoring and updating of the internal measures and policies of Safello resulting in significant additional costs each time. An example of this is that at the time of this Prospectus, the Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937 is under consideration by the European Union which might mean a different regulatory framework but also EU-passporting rights of included licenses acquired in one member state to other EU member states. This constantly changing legal environment entails the risk of imposed regulatory consequences for potential non-compliance in case of a supervisory procedure, furthermore it could require the Group to modify its services and features, potentially in a material manner which would need significant resources from Safello's side.

Negative impact if the risks are realized: The consequences of the non-compliance with any related regulation, including if Safello's assessment of compliance is incorrect, may be an obligation to remedy the failure or violation, penalty fee and/or in rare and extreme cases, an order to cease the operations or revoked registration. If the risks are realized, it is assessed that it could have a high impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

Risks relating to data protection and data privacy regulations

The use of Safello's services requires the collection and processing of personal information, including KYC-related data. Since Safello's major client base is built on natural person clients it is therefore exposed to stringent data protection and data privacy laws and regulations which impose a possibility for high penalties for noncompliance. The main regulation applicable to the Group is the General Data Protection Regulation (EU) 2016/679 (the "GDPR"). Safello has built its reputation on being the safest alternative amongst the cryptocurrency brokerages and is therefore dependent on maintaining those circumstances. The industry has seen data breaches that

⁷⁴ Chainalysis rapport: <https://go.chainalysis.com/2020-Crypto-Crime-Report.html>

⁷⁵ <https://www.coindesk.com/crypto-wallet-ledger-email-addresses-data-theft>



have affected the reputation of the companies involved, a recent example of this is Ledger⁷⁵ that was hacked and lost customer data which was then released to the public.

Negative impact if the risks are realized: The consequences of the non-compliance, including if Safello's assessment of compliance is incorrect may result in governmental enforcement actions, litigation, penalties, damages or public statements against the Group. There is a risk that the potential lack of sufficient data security routines for handling personal data may damage the Company's reputation and integrity and negatively affect the Company's operations and its financial position. If the risks are realized, it is assessed that it could have a medium impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

Sector and market related risks

Risks relating to volatile, negative or uncertain economic or political conditions and geopolitical events

As a cryptocurrency exchange business, Safello is exposed to the volatility of the market. The uncertainties of global macroeconomic conditions affect the Group's customers' wealth, which may have a consequential effect on their spending and demand for the Group's products and services. For example, customers may be risk-averse due to volatile, negative or uncertain economic conditions which could undermine business confidence and cause the Group's customers to reduce or defer their investments in and use of cryptocurrency. However, the cryptocurrency industry sometimes seems to react independently from the actual macroeconomic global tendencies. As an illustration, Safello set a new record of transaction volume in Q4 2020 while the pandemic was still governing the global economy. Another reason for that might be that the bull and bear markets come in waves and some cycles are very long as well as that digital cryptocurrencies often seen as a hedge against the stock market and monetary policies. Cryptocurrencies being relatively new instruments are subject to supply and demand forces based upon the desirability of an alternative decentralised asset class, and it is unpredictable how such supply and demand will be impacted by geopolitical events.

Negative impact if the risks are realized: Negative or uncertain economic or political conditions may adversely impact the Group's customers and could therefore have an adverse effect on the Company's operations, results of operations and opportunities to achieve growth. If the risks are realized, it is assessed that it could have a medium impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is high.

Competitive global and national markets

The cryptocurrency sector is highly competitive, and both product and price competition is increasing due to the limited barriers to entry to certain segments of those markets. Increased competition requires quick adaptation needs to these rapidly changing markets the lack of which may result

in a decline in the Group's market share thereby adversely affecting the Group's operating results. Safello must continuously modify and enhance its products and services to adapt to the new expectations of the market. The Group may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share with price reductions, reduced gross margins and other loss leading steps forcing smaller competitors out of a given market.

Negative impact if the risks are realized: In the event that the Group is unable to compete effectively, it will be difficult for the Group to maintain the market share and pricing rates and add and retain customers, and the Company's results of operations and financial position could be negatively affected. If the risks are realized, it is assessed that it could have a medium impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.

The further development and acceptance of the cryptographic and algorithmic protocols and technology

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based on a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a degree of uncertainty. The risk of a potential decrease or ceasing of the development or acceptance of cryptographic and algorithmic protocols may adversely affect the Group's operations. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the network;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of cryptocurrencies generally.

Negative impact if the risks are realized: In the event that the development and acceptance of cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies will decrease or cease, it could have an adverse effect on the Company's operations and prospects. If the risks are realized, it is assessed that it could have a medium impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is medium.



Financial risks

Volatility in exchange rates for individual cryptocurrencies and fiat money

The cryptocurrency market has had a high volatility historically. Rapid price changes for cryptocurrencies entail a risk for the value of the Group's inventories and can have an adverse effect on the market behaviour of the customers and investors which could have an adverse effect on the share prices and their volatility too. Furthermore, cryptocurrencies may be stored in a decentralized manner away from centralized exchanges and liquidity pools which could impact the supply and therefore cause rapid price increases. Vice versa decentralized parties could flood the market by moving cryptocurrency to centralized exchanges and liquidity pools and negatively impact the price. Another associated risk is the fiat conversion risk, since Safello's business model is built on receiving funds in SEK while the liquidity providers settle in EUR.

Negative impact if the risks are realized: Rapid price changes affects trading behaviour which affects the Company's financial results. More directly, the cryptocurrency inventory will be affected by volatility and impact the Company's financial results. If the risks are realized, it is assessed that it could have a medium impact on Safello.

Probability that the risks are realized: The probability that the risks are realized is high.

Risks related to the Company's securities and the Offering

Risk of dilution in future issues

The Group is in the expansion phase, and therefore Safello may need to raise additional funds from both existing owners and new investors to finance its growth plans and to accelerate or facilitate specific transactions, like M&A activity, product development or international expansion. There is a risk that additional financing on acceptable terms will not be available to the Group when required, or will not be available at all. If the Company chooses to raise additional capital, for example through a new issue of shares, there is a risk that the Company's shareholders' shareholding may be diluted, which may also affect the price of the shares. If these risks were to be realized, they could have a negative effect on investors' invested capital and the price of the shares.

Risk of no dividend

As of the date of the Prospectus, the Company has not adopted any dividend policy. Safello is in a development and expansion phase, therefore, the board of directors intends to let the Company carry forward any profits in order to invest in operational activities, and it therefore does not expect that any dividends will be distributed in the foreseeable future. Safello's ability to pay dividends in the future depends on a number of factors, such as future income, financial position, cash flows, need for working capital, investment costs and other factors. Safello may lack sufficient distributable funds and Safello's shareholders may decide not to pay dividends, which means that shareholders will not receive any direct return and in addition

the share price may be negatively affected. In the future, when Safello's earnings and financial position permit, dividends may become appropriate.

Risk that the price of the shares may be volatile and that trading in the Company's shares will not be liquid

Prior to the Offering, Safello's shares have not been traded on a market-place. It is therefore difficult to predict the level and volume of trading and what interest market participants will show for the shares at and around the time of admission. The price at which the shares are traded and the price at which investors can make their investment will be affected by a number of factors, some of which are specific to Safello and its operations while others are general to companies listed on First North. The listing and admission to trading of the Company's shares on First North should not be construed to imply that there will be a liquid market for the shares. There is a risk that the price of the shares will be very volatile in connection with the admission to trading on First North. If active and liquid trading does not develop or does not remain sustainable, this may lead to difficulties for shareholders in selling the shares and the market price may differ significantly from the subscription price in the Offer. If any of these risks were to be realized, it could have a negative effect on the price of the shares and the opportunity for investors to liquidate their investment.

Risks related to future divestments of major shareholdings

The price of the Company's shares could decline if there are substantial sales of shares in the Company. 9 of the Company's major shareholders, board members and senior management members, have through so-called lock-up agreements undertaken - with some exceptions - not to sell their holdings for a certain period of time after admission to trading on First North. As of the date of the Prospectus, at least 68 percent of the shares in Safello are covered by such lock-up agreements. When the lock-up period has expired, the shareholders concerned are free to sell their shares. Future divestments of major shareholdings as well as sales made by major shareholders, board members and / or senior executives or a perception in the market that such divestments may take place, as well as a general market expectation that additional issues will be carried out, may affect the Company's share price negatively.

The Company's largest shareholders will be able to exercise significant influence over the Company after the Offering

After completion of the Offering, provided that the Offering is fully subscribed, the Company's largest shareholders Frank Schuil BV, WSC III LP, Joakim Johansson, Northzone VII LP and Emil Oldenburg will own a total of approximately 54.1 percent of the shares and votes in the Company. Consequently, the major shareholders will continue to have significant influence over the outcome of the matters that are referred to the Company's shareholders for approval, including the election of board members, any mergers and consolidations or sales of all (or nearly all) of the assets in Safello. In addition, major shareholders may have a significant influence over the Company's senior executives and the Company's business. Frank Schuil BV, WSC III LP, Joakim Johansson, Northzone VII LP and Emil Oldenburg interests may not be aligned with the Company's interest or those of other shareholders, and Frank Schuil BV, WSC III LP, Joakim Johansson, Northzone VII LP and Emil Oldenburg may influence the Company in a manner that does not promote



the best interests of other shareholders. For example, a conflict could arise between the interests of Frank Schuil BV, WSC III LP, Joakim Johansson, Northzone VII LP and Emil Oldenburg and the interest of the Company or its other shareholders in regard to decisions concerning dividends. Such conflicts could have an adverse impact on Safello's operations and financial position.

Risk regarding unsecured subscription commitments

The Company has received subscription commitments corresponding to 80% of the Offer, amounting to MSEK 32.4, from existing shareholders and external investors. The subscription commitments are not secured through bank guarantee, escrow or pledging or similar arrangements, why there is a risk that these will not be fulfilled. Should the aforementioned subscription commitments not be fulfilled, it would have an adverse impact on Safello's ability to successfully carry out the Offer.



Terms of the securities

General information on the securities

The Offering relates to subscription for new shares in the Company without preferential rights for existing shareholders. As of the date of the Prospectus there are two types of shares issued by the Company; common shares and preference shares. However, after the Company has been approved for listing on First North (i.e. after the conversion of preference shares described under "Terms of the securities - Conversion of preference shares in connection with the Offering" has taken place) there will be only one class of shares in the Company and each share will carry one vote at shareholders' meetings and all shares will carry an equal right to the Company's assets and surplus in the event of liquidation.

The rights associated with shares issued by the Company, including those pursuant to the articles of association, can only be changed in accordance with the procedures set out in the Company's articles of association and the Swedish Companies Act (2005:551). The shares in the Offer are freely transferable, denominated in SEK and fully paid. The ISIN number of the shares is SE0015346895.

Resolutions, authorisations and approvals

At the annual general meeting on 12th March 2021, the shareholders of the Company resolved to authorise the board of directors to decide on the issue of new shares, warrants and convertibles on one or more occasions, until the next annual general meeting, with or without preferential rights for the Company's shareholders. Based on this authorization, the board of directors resolved on 31 March 2021 to issue new shares against payment in kind, as part of the acquisition of Rational Money AB (Bitcoin.se). Furthermore, based on the same authorization, the board of directors on 16 April 2021 resolved on the issuance of the new shares in line with this Prospectus.

Certain rights associated with the shares

Voting rights

Each share entitles the shareholder to one vote at shareholders' meeting and each shareholder is entitled to a number of votes equal to the number of shares held by the shareholder in the Company.

Preferential right to new shares

If the Company issues new shares, warrants or convertibles in the event of a cash issue or a set-off issue, shareholders generally have preferential right to subscribe for such securities in relation to the number of shares held prior to the issue. The statutes set forth in the articles of association does not limit the Company's ability to issue new shares, warrants or convertibles in

accordance with the Swedish Companies Act (2005:551) with deviation from the shareholders' preferential rights.

Right to dividend and surplus in the event of liquidation

After the Company has been approved for listing on First North (i.e. after the conversion of preference shares described under "Terms of the securities - Conversion of preference shares in connection with the Offering" has taken place) there will be only one class of shares in the Company and all shares will carry an equal right to dividend and surplus in the event of liquidation.

As at the date of the Prospectus, when there are both common shares and preference shares in the Company, the following applies. In the event of liquidation of the Company (voluntary or compulsory) and in the event of a merger, preference shares and common shares shall entitle their owners when distributing the Company's assets or the consideration in the merger in the following order:

- a. First, the owner of a preference share shall receive (i) funds up to an amount per preference share corresponding to the average subscription payment per preference share at any given time, and (ii) any potential - by the Annual General Meeting decided but not yet distributed - dividend on the preference share.
- b. Second, and to the extent that (i) no later than 60 days from November 9, 2017, the total subscription payment for preference shares exceeds USD 1,000,000, and (ii) that after distribution or payment of assets under a) above, funds still remain to distribute or pay out, the owner of the common shares shall receive (i) assets up to the same amount per common share as preference shares received in accordance with a) (i) above, and (ii) any potential - by the Annual General Meeting decided but not yet distributed - dividend on common shares.
- c. Thirdly, and to the extent that after distribution in accordance with (a) and (b) above, funds still remain to distribute, the remaining part shall be distributed equally between all shares regardless of share class.

If in a liquidation the Company's assets are not sufficient to fully cover the liquidation process for all preference shares according to point a) above, the Company's assets shall be divided between the then outstanding preference shares, proportionally to which they would each otherwise be entitled in the event of a full liquidation process.

Conversion of preference shares in connection with the Offering

As at the date of the Prospectus, pursuant to the Company's articles of association, holders of preference shares representing a majority of the outstanding preference shares may jointly request conversion of any and all of the outstanding preference shares into common shares. Such a request for conversion was submitted to the Company's board of directors in February 2021. The conversion ratio is 1:1. Furthermore, on 12th March 2021, the annual general meeting of Safello resolved to collapse the current share structure



into one share class by way of amending the Company's articles of association.

The conversion of the preference shares and the collapsing of the share structure are conditional upon the Company being approved for listing on First North. Registration of the preference share conversion and the new articles of association with the Swedish Companies Registration Office is expected to take place on or about 7 May 2021. After the preference share conversion and the new articles of association have been registered with the Swedish Companies Registration Office, there will only be one share class in the Company.

Central securities deposit

The shares in the Company are registered in a central securities depository register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). The register is maintained by Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden. No share certificates are issued in relation to the Company's shares.

Takeover bids

In the event that a public takeover bid is submitted in respect of the shares in the Company when the shares are admitted to trading on the First North, the Takeover rules for certain trading platforms issued by the Swedish Corporate Governance Board (the "Takeover Rules") will apply to such an offer.

If the board of directors or the CEO of the Company, due to information arising from the person intending to submit a public takeover bid for the shares in the Company, has good reason to assume that such an offer is imminent, or if such an offer has been submitted, Safello may, in accordance with the Takeover Rules, only after a decision by the shareholders' meeting take measures that are likely to impair the conditions for the offer or execution of the offer. Notwithstanding this, the Company may search for alternative offers.

During a public takeover bid, shareholders are free to decide whether they wish to sell their shares in the public takeover bid. As a starting point, shareholders who have accepted a public takeover bid are bound by their acceptance but under certain circumstances can revoke it, for example if the offer was contingent on the fulfilment of certain conditions. Following a public takeover bid, the person who submitted the bid may, under certain conditions, be entitled to redeem the shares of the remaining shareholders in accordance with the rules on compulsory redemption in Chapter 22 of the Swedish Companies Act (2005:551). Chapter 22 of the Swedish Companies Act gives shareholders who themselves or through subsidiaries hold more than 90 percent of the shares in the Company the right to redeem the remaining shares. Compulsory redemption can also be called for by minority shareholders as one shareholder owns more than 90 percent of the shares.

Tax related issues

Investors in the Offering should note that the tax legislation of the investor's jurisdiction and the Company's country of registration, which is Sweden, may affect any income from the securities. Investors are encouraged to consult their independent advisor regarding tax consequences that may arise in connection with an investment in the Company due to the Offering.



Terms of the offering and admission to trading

Terms and conditions

The Offer

The general public in Sweden as well as professional investors in Sweden and internationally, are offered the opportunity to subscribe for shares in Safello. The minimum subscription is 400 shares corresponding to SEK 5,400. The issue refers only to newly issued shares and is carried out without preferential rights for existing shareholders.

Subscription price

The new shares are issued at a subscription price of SEK 13.5 per share. No commission fee will be charged.

Subscription period

Subscription for shares shall take place during the period from 19 April 2021 to and including 30 April 2021. The Board of Safello reserves the right to extend the registration period and the time for payment. Decisions to extend will be announced no later than the last day of the registration period.

Subscription procedure

The minimum subscription is 400 shares, which corresponds to SEK 5,400 and thereafter subscription takes place in any number of shares.

Subscription for shares must be done by completing and signing the subscription form and be received by Aqurat Fondkommission AB no later than 12:00 30 April 2021. Subscription form sent via post should be sent well in advance of the last day of the subscription period. It is only permitted to submit one (1) subscription form per subscriber. In the event that several subscription forms were submitted, only the most recent receipt will be considered. Incomplete or incorrectly completed subscription forms may be disregarded. No additions or changes may be made to the text printed on the subscription form.

Completed and signed subscription forms must be submitted to Aqurat Fondkommission AB during the subscription period to the following address below:

Aqurat Fondkommission AB
Att: Safello
Box 7461
SE-103 92 Stockholm
Telephone: 08-684 05 800
Telefax: 08- 684 08 801
Email: info@aqurat.se (scanned subscription forms)

Please note that subscription is legally binding.

Investors subscribing for shares must have a VP account or a custodian account with a bank or other nominee to whom delivery of shares can take place. The VP account or custodian account must be open before submitting the subscription form to Aqurat Fondkommission AB. Please note that this procedure may take some time.

Please note that investors who have a custodian account with specific rules for securities transactions, such as investeringsparkonto (ISK) or kapitalförsäkring (KF), must check with the custodian bank who holds the account, if, and if so how, subscription of shares within the Offer is possible. In that case, the notification must be in agreement with the custodian bank.

Subscription form and Prospectus are available at Safello's website www.safello.com, at Corpura Fondkommission AB's website www.corpura.se, and at Aqurat Fondkommission AB's website www.aqurat.se.

Application via Nordnet

Nordnet clients in Sweden can apply through Nordnets webservice. Application to acquire shares is made via Nordnet's webservice and can be submitted from 19 April 2021 up to and including 11:59 p.m. on 30 April 2021. To ensure that they do not lose their right to any allotment, Nordnet customers must have sufficient funds available in their account from 11:59 p.m. on 30 April 2021 until the settlement date, which is expected to be 7 May 2021. Full details of how to become a Nordnet customer and the application procedure via Nordnet are available on www.nordnet.se. For customers that have an investment savings account at the Company, should an application result in allotment, Nordnet will purchase the equivalent number of shares to the Offering and resell the shares to the customer at a price corresponding to the Offering.

Allotment

The allotment of shares will be decided by the Board of Safello, in which case the following principles will apply;

- a. Firstly, full allotment is made to investors who have provided subscription commitments,
- b. Secondly, if it is necessary to expand Safello's ownership structure to meet First North's distribution requirements prior to the planned listing and to achieve the best possible share liquidity, the Board will, to the extent possible, ensure that each subscriber receives a position of at least 400 shares,
- c. Thirdly, allocation shall be made to parties who, in the Board's assessment can particularly contribute with strategic value to the Company. In the event of an oversubscription, no more than ten percent of the Offer can be allocated to these investors.

Please note that in the event of oversubscription, the Board decides on the allotment process that allotment may take place with a smaller number of shares than the notification refers to or no allocation, whereby allotment may take place in whole or in part by random selection. The allocation does not depend on when during the subscription period the subscription is submitted.



Notice of allotment

Allotment is expected to take place as soon as possible after the end of the subscription period and notification of allotment is received in the form of a settlement note which is expected to be sent out around 5 May 2021. Information will not be sent to those who have not been allotted any shares.

Payment

Payment must be made in accordance with the settlement note sent out. Payment must be made no later than two (2) banking days after the issuance of the settlement note. If payment is not made on time, allotted shares may be transferred to another investor. Should the sale price in such a transfer fall below the price under this Offer, the investor who originally received the allotment of these securities may be liable for all or part of the difference.

Delivery of shares

As soon as the issue has been registered with the Swedish Companies Registration Office, which is expected to take place around 10 May 2021, shares will be delivered to the VP account or the custodian account stated on the subscription form. In connection with this, the subscriber receives a VP notice confirming that the booking of securities has taken place in the VP account. Subscribers who have a custodian account will receive information from the custodian bank.

Please note that delivery of shares before the first day of listing presupposes that payment has been made on time.

Listing at marketplace

Safello has received a conditional approval for listing of the Company's shares at Nasdaq First North. The first day of trading for the share is expected to be 12 May 2021. The share will be traded under the short name SFL and with ISIN code SE0015346895.

The listing decision is conditional on Safello meeting the formal listing requirements to (i) have secured working capital for a period of twelve (12) months and (ii) have at least three hundred (300) shareholders from the first trading day at Nasdaq First North and (iii) that no new information emerges that affects the Company's compliance with the listing requirements.

Announcement of the outcome

As soon as possible after the subscription period has ended, the Company will announce the outcome of the public share issue. The announcement is scheduled for 4 May 2021 and will be published by a press release and will be available at Safello's website, www.safello.com.

Applicable law

The shares are issued under the Swedish Companies Act (2005: 551) and are regulated by Swedish law.

Rights to dividends

The shares entitle the holder to dividends from the recorded date of any dividend that occurs immediately after the shares have been entered in the share register of Euroclear Sweden AB ("Euroclear") once the affiliation is completed. The right to a dividend is paid to the person who was registered

as a shareholder in the share register kept by Euroclear at the recorded date, decided upon by the shareholders' meeting. The payment of dividends is provided by Euroclear or for nominee-registered holdings in accordance with the respective bank or trustee's routines.

Shareholders register

As at the date of the Prospectus, the shares in the Company are not registered in a central securities depository register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). Such registration is expected to take place on or about 16 April 2021. The register is maintained by Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden. No share certificates were issued in relation to the Company's shares.

Shareholders rights

Shareholders rights regarding distribution of profits, voting rights, preferential rights for subscription of shares, etc. are governed partly by Safello's Articles of Association, which are available at the Company's website www.safello.com and partly by the Swedish Companies Act (2005: 551).

Right to withdraw the Offer

The Board reserves the right to withdraw the Offer in the event that the Board deems it is inappropriate to execute the Offer. If the Offer is withdrawn, this will be announced no later than 30 April 2021 via a press release and at the Company's website, www.safello.com.

Restrictions of participation in the Offer

Due to restrictions in securities laws in the United States, Canada, Australia, Hong Kong, Singapore, South Africa, Switzerland, New Zealand, Japan, South Korea or other countries where participation requires additional prospectuses, registration or other measures than those required by Swedish law, the Offer to subscribe for shares is not directed to persons, legal entities or others with a registered address in one of these countries.

Terms for the completion of the Offer

The Offer is conditional on no circumstances occurring that may result in the time for the execution of the Offer being deemed inappropriate. Such circumstances may, for example, be of an economic, financial or political nature and may refer to circumstances in Sweden as well as abroad, as well as that the interest in participating in the Offer is deemed insufficient by the Board of Safello. In such cases, the Board will not complete the Offer. If the Offer is withdrawn, this will be published via a press release no later than before settlement notes are sent out.

Issuer Agent

Aqurat Fondkommission AB acts as Issuer Agent in the public share issue.

Information about the processing of personal data

The person who subscribes for shares in the Offer will provide information to Aqurat Fondkommission AB. Personal data provided to Aqurat Fondkommission AB will be processed in computer systems to the extent necessary to provide services and administer customer arrangements. Personal data obtained from other than the customer to whom the processing relates to may also be processed. It may also happen that personal data is proces-



sed in computer systems at companies or organizations with which Aqurat Fondkommission AB cooperates. Information about the processing of personal data is provided by Aqurat Fondkommission AB. Aqurat Fondkommission AB also receives requests for correction of personal data. Address information may be obtained by Aqurat Fondkommission AB through an automatic process at Euroclear.

Nordnet - Information about the processing of personal data

Personal Data

In connection with acquiring shares in the Offering through Nordnets online service personal data may be submitted to Nordnet. Personal Data submitted to Nordnet will be processed and stored in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from other than the customer in question may also be processed. The personal data may also be processed in the data systems of companies or organisations with which Nordnet cooperates. All relevant personal data will be deleted when the customer relationship ends, in accordance with applicable law. Information on processing of personal data is provided by Nordnet, which also accepts requests for correction of personal data. For further information on how Nordnet processes and stores personal data, please contact Nordnet's customer service (telephone +46-10-583 30 00, email: info@nordnet.se).

Further information

Incomplete or incorrectly completed subscription forms may be disregarded. A subscription of shares in the Offering is irrevocable and the subscriber may not cancel or modify such subscription.

Shares that are not paid on time may be transferred to another. Should the sale price in the event of such a transfer fall below the price in accordance with this Offer, the person who originally received the allotment of these securities may be liable for all or part of the difference.

Lock up agreements

Some of the Company's board of directors and senior management members, as well as major shareholders, whose shareholdings together amount to 68.0 percent of the Company's total number of shares as of the date of the Prospectus, and 63.9 percent after the Offering (provided that the Offer is fully subscribed), have entered into lock up agreements according to the table below.

Pursuant to the terms of the lock up agreement, the parties are obligated to not dispose of their holdings under a six or twelve month period - as indicated in the table below - after the first day of trading of the shares on First North. The following exemptions are included in the lock up agreements. The shareholder under the lock up agreement may:

- sell shares and share-related securities to a person who has made a public offer to purchase all shares of the Company; and
- sell subscription rights and redemption rights.

In addition, Corpura, as the counterparty to the lock up agreements may grant consent to other transactions other than the above exceptions, at its sole discretion.

Name	Shares under lockup (%)	Period under lock-up
Frank Schuil BV (Frank Schuil)	100%	12 months
WSC III LP, WSC DA I LP	100%	6 months
Joakim Johansson	100%	12 months
Northzone VII L.P	100%	6 months



Name	Shares under lockup (%)	Period under lock-up
Emil Oldenburg	100%	12 months
DCG International Investments LTD	100%	6 months
Irrational Software AB	100%	12 months ⁷⁶
Supson Holding AB	100%	12 months
Jacob Jacobsson	100%	12 months
Fintech Partners AB	100%	12 months
Karl Garberg	100%	12 months
Enduro Invest IVS	100%	12 months
Johan Edin	100%	12 months

Subscription commitments

The Company has received subscription commitments corresponding to 80 % of the Offer, amounting to MSEK 32.4, from existing shareholders and external investors. No compensation for submitted subscription commitments is paid. The subscription commitments listed below were entered into during March 2021.

Subscription commitments are not secured by bank guarantee, pledges or similar arrangements, so there is a risk that the commitments, in whole or in part, will not be fulfilled.

The table below summarizes the subscription commitments entered into as of the date of this Prospectus.

Name	Amount of shares	Subscription amount (SEK)
WSC DA I LP	629,629	8,499,991.50
DCG International Investments LTD	255,000	3,442,500.00
Northzone VII L.P	185,185	2,499,997.50
Torbjörn Nilsson	52,526	709,101.00
Frank Schuil BV (Frank Schuil)	37,500	506,250.00
Karl Garberg	37,037	499,999.50
Vahid Toosi	37,037	499,999.50
Amar Bacevac	37,037	499,999.50

⁷⁶ After the initial 12 month period, the lock-up is applicable to a gradually decreasing percentage of shares of Irrational Software AB. The structure of this lock-up agreement is further described in Section 12.8. of this Prospectus.



Name	Amount of shares	Subscription amount (SEK)
Mikael Broberg	37,037	499,999.50
Johan Stein	37,037	499,999.50
Nordic Emotion Group AB	37,037	499,999.50
Jesper Höög	37,037	499,999.50
Oscar Molse	37,037	499,999.50
Oliver Molse	37,037	499,999.50
Marcus Jensmar	37,037	499,999.50
Simon Hammarström	37,037	499,999.50
Fredrik Lundgren	37,037	499,999.50
Ola Lauritzson AB	37,037	499,999.50
Johan Biehl	37,037	499,999.50
Jimmy Jönsson	37,037	499,999.50
Alexander Schoeneck	37,037	499,999.50
Jinderman Invest AB	37,037	499,999.50
Wilhelm Risberg	37,037	499,999.50
William Naversten	32,426	437,751.00
William Cooper	32,423	437,710.50
Fredrik Holst	29,630	400,005.00
Tobias Ekelin	29,630	400,005.00
Kristofer Westergren	29,630	400,005.00
Jouko Kangas	29,630	400,005.00
Marcus Kinnander	29,630	400,005.00
Kent Ternrud	29,630	400,005.00
Emil Mattsson	29,630	400,005.00
Christian Månsson	29,630	400,005.00
Jacob Jacobsson	27,000	364,500.00
Elias Kvarnström	26,264	354,564.00
Mats Nylander	25,926	350,001.00
Max Stenberg	25,926	350,001.00
Olof Andersson	18,519	250,006.50
Supson Holding AB	15,000	202,500.00
Alvaldi AB	14,815	200,002.50
Andreas Johansson	14,815	200,002.50
Cryptowell AB	14,007	189,094.50
Philip Löchen	14,007	189,094.50
Enduro Invest Ivs	10,000	135,000.00
East Bay AB	8,755	118,192.50
Magnus Ahlberg	7,004	94,554.00
Thomas Bernstrand	6,653	89,815.50
Joel Reinholdt	6,496	87,696.00
Hans Victor	6 485	87 547,50
Linus Gisslen	6 485	87 547,50
Martin Adelsköld	6 485	87 547,50
Marcus Gunnebo	6 485	87 547,50
Henrik von Schoultz	6 478	87 453,00
Johan Edin	4 000	54 000,00
Total	2 400 000,00	32 400 000,00



Board of directors and senior management

Board of directors

The Company's board of directors shall, according to the articles of association, consist of at least 1 and at maximum 6 members with a maximum of 5 deputy members. The Company's board of directors currently consist of 6 board members. 3 new board members were elected at the annual general meeting on 12 March 2021 until the next annual general meeting in 2022.

Representatives of the Company can be reached at the visiting address Mäster Samuelsgatan 36, 111 57, Stockholm.

Name	Position	Elected	Independent in relation to The Company and senior management	Independent in relation to Larger shareholder shareholder	Holdings*
Jacob Jacobsson	Chairman	2013	Yes	Yes	0.88%
Frank Schuil	Board member	2013	No	No	22.89%
Sepehr Alavi	Board member	2018	Yes	No	0.39%
Christina Ploom	Board member	2021	Yes	Yes	0.00%
Johan Lorenzen	Board member	2021	Yes	Yes	0.01%
Knut Pedersen	Board member	2021	Yes	Yes	0.00%

* Refers to own and all closely associated natural and legal persons holdings. Includes shares subscribed for by Irrational Software AB on 31 March 2021 but which on the date of the Prospectus have not yet been registered with the Swedish Companies Registration Office.



Jacob Jacobsson

Chairman of the board since 2013

Born: 1953

Education:

Master of Science in Computer Science and Electrical Engineering at KTH Royal Institute of Technology, Stockholm

Other ongoing assignments: Director/Chairman of the board at Seven Sensing Software, Advanced Telesensors and Cymbet, Director at RF Micron, Newscale and Vidatronic.

Direct and indirect holdings of shares and warrants in the Company:

Jacob Jacobsson owns 153,280 shares in the Company.* Jacob Jacobsson has subscribed for 40,000 warrants in the Company (incentive program for members of the board of directors).

Relevant company experience: Serial entrepreneur with several startups/5 exits/IPOs and over 25 years' as CEO and founder.



Frank Schuil

Board member and CEO since 2013

Born: 1984

Education:

Bachelor's degree in International Media & Entertainment Management at University of Breda, Diploma in European Marketing and Management at Landstede MBO

Other ongoing assignments: None outside of the Group

Direct and indirect holdings of shares and warrants in the Company: Frank Schuil owns a total of 3,993,760 shares in the Company, indirectly through Frank Schuil BV.* In addition, Frank Schuil has subscribed for 183,043 warrants in the Company (incentive program for employees).

Relevant company experience: Serial entrepreneur with 3 startups and over 13 years experience as CEO and Founder. Advisor to Innobridge, member of the Scandinavian Cryptocurrency Director Group and advisor on the New Money Systems Board of the Lifeboat Foundation. Former City leader cryptocurrency investment network Bitangels, advisor to cryptocurrency advisory firm ICON, Senior Advisor for Centigo and Nordic ambassador for Innovate Finance. Speaker at TEDx, Money2020, Coinsummit, Blockchain Week and the Digital Currency Summit. Listed as one of the 100 most influential people in FinTech globally by Hot Topic.



Sepehr Alavi

Board member since 2018

Born: 1977

Education:

Bachelor's degree in Finance at Concordia University

Other ongoing assignments: General Partner at White Star Capital which is a shareholder of the Company of 10,27% at the date of the preliminary approval of the Prospectus.

Direct and indirect holdings of shares and warrants in the Company: Sepehr Alavi owns 68,160 shares indirectly through Residence Ventures LLC. Sepehr Alavi does not own any warrants in the Company.

Relevant company experience: White Star Capital, through its deep domain expertise has previously invested in this sector and is also managing a dedicated Crypto fund, WSC Digital Asset. Further, Sep Alavi, who leads White Star's Digital Asset fund brings extensive investment expertise in the sector as an investor in 12+ digital asset and blockchain companies. His crypto portfolio and traditional finance relationships are value-adds to Safello.



Christina Ploom

Board member since 2021

Born: 1973

Education:

Bachelor's degree in Economics, Linköping University, Certified Financial Analyst CFA, Stockholm School of Economics

Other ongoing assignments: CEO Amudova AB, CEO Herview AB

Direct and indirect holdings of shares and warrants in the Company: Christina Ploom owns no shares in the Company. Christina Ploom has subscribed for 20,000 warrants in the Company (incentive program for members of the board of directors).

Relevant company experience: Christina has over 20 years of experience from financial markets regulation. Christina has been Head of Market Surveillance and COO at Spotlight Stock Market. and She has worked as Director of Market Supervision at Finansinspektionen. Christina has ten years of experience from Nasdaq Stockholm, where she worked with listings and market surveillance at Nasdaq Stockholm and. Christina is a member of Spotlight Stock Markets disciplinary committee.



Johan Lorenzen

Board member since 2021

Born: 1979

Education:

Bachelor's of Science at Deakin University, Master of Business Administration at Monash University, with specializations at Babson College and Shanghai Jiao Tong University.

Other ongoing assignments: Chairman, Grandhood. Chairman Nordic API Gateway. Board member, The-Many

Direct and indirect holdings of shares and warrants in the Company: Johan Lorenzen owns a total of 2,080 shares in the Company, indirectly through Enduro Invest IVS. Johan Lorenzen has subscribed for 20,000 warrants in the Company (incentive program for members of the board of directors).

Relevant company experience: Johan has been on the forefront of the global fintech movement for a decade, initially as CEO building Europe's first micro business focused Neobank, Holvi (Acquired by multinational banking corporation BBVA in 2016); prior to that he spent a decade as a technologist and venture capitalist specialising in software startups and banking infrastructure. Johan currently invests in fintech startups and advises various boards and VC funds.



Knut Pedersen

Board member since 2021

Born: 1968

Education:

Bachelor of Business Administration from The University of Michigan, Ross School of Business.

Other ongoing assignments: -

Direct and indirect holdings of shares and warrants in the Company: Knut Pedersen owns no shares in the Company. Knut Pedersen has subscribed for 20,000 warrants in the Company (incentive program for members of the board of directors).

Relevant company experience: 25 years of in-depth knowledge and expertise in the financial industry. He is the former President and CEO of Catella AB, a role in which he successfully developed the Swedish asset management company into a pan-European financial group in real estate and alternative investments. Prior to that, Knut was Managing Partner at ABG Sundal Collier AB and previously worked at international investment banks in the USA, Germany and Sweden.



Senior management

Name	Position	Employed	Holdings*
Frank Schuil	Chief Executive Officer	2013	22.89%
Andreas Kennemar	Chief Operating Officer	2021**	0.00%
Johan Edin	Chief Financial Officer	2021	0.03%
Michal Gromek	Chief Compliance Officer	2018	0.24%
Niklas Lundbäck	Chief Product Officer	2017	1.10%
Karl Garberg	Chief Marketing Officer	2021	0.00%

* Refers to own and all closely associated natural and legal persons holdings. Includes shares subscribed for by Irrational Software AB on 31 March 2021 but which on the date of the Prospectus have not yet been registered with the Swedish Companies Registration Office.

** Andreas Kennemar will start on 1 July 2021



Andreas Kennemar

COO since 2021.

Born: 1976

Education:

Upper secondary economist

Other ongoing assignments: None

Direct and indirect holdings of shares and warrants in the Company:

Andreas Kennemar owns no shares in the Company. In addition, Andreas Kennemar has subscribed for 116,482 warrants in the Company (incentive program for employees).

Relevant company experience: Senior management role as Technology Evangelist at Swedbank and Head of Blockchain at Handelsbanken. IT-manager for Etrade Nordic. Andreas also has experience as Co-Founder and CEO of cryptocurrency miner KnCminer, including subsidiary XBTPProvider. Sponsor of the Bitcoin foundation. Board of the lifeboat foundation. Speaker at Inside Bitcoin.



Johan Edin

CFO since 2021.

Born: 1978

Education:

MSc. in Business and Administration, Major in Finance from the Stockholm School of Economics.

Other ongoing assignments: None

Direct and indirect holdings of shares and warrants in the Company: Johan Edin owns a total of 4,960 shares in the Company. In addition, Johan Edin has subscribed for 116,482 warrants in the Company (incentive program for employees).

Relevant company experience: 12 years of investment banking experience (DCM and ECM) from DNB Bank, Arctic Securities, and Citigroup, and Goldman Sachs. In addition, CFO experience from the energy sector, and entrepreneurial experience from the hospitality industry.



Michal Aleksander Gromek

CCO since 2021. (Previously Head of Compliance since 2017)

Born: 1987

Education:

Hold two postgraduate diplomas in Investment Management. Diploma from Saïd Oxford Business School for Blockchain Strategy Programme. MSc in International Management, University of Economics in Bratislava & Gdansk University of Technology, Bachelor in European Economics Studies, University of Coimbra & Gdansk University of Technology. Between Q3 2015 and Q1 2020 commenced Doctoral Studies in Business Administration, Entrepreneurship, Innovation and Technology at Stockholm School of Economics

Other ongoing assignments: Chairman of the Board at Fintech Partner International AB

Direct and indirect holdings of shares and warrants in the Company:

Michael Gromek owns a total of 42,080 shares in the Company, indirectly through Fintech Partner International AB.* In addition, Michal Gromek has subscribed for 111,728 warrants in the Company (incentive program for employees).

Relevant company experience:

Michal has been an active member of the Swedish Fintech ecosystem with a focus on enhancement of regulation and legislation connected with Digital Assets, some of his assignments include:

- Chairman of the Working Group on Digital Assets and Blockchain by the Swedish Fintech Association,
- Contributor to Forbes.com for Cryptocurrencies, Blockchain and Fintech
- Head of Insights - Sthlm Fintech Week
- Guest lecturer and Program Director - Stockholm School of Economics Executive Education
- Nominated for Swedish Ecosystem Hero of 2020



Niklas Lundbäck

Head of Product since 2017, Chief Product Officer since 2019, as a consultant until 2021-01-31 and as an employee from 2021-02-01

Born: 1978

Education:

Bachelor's degree in engineering at KTH Royal Institute of Technology, Stockholm, Master of Science at California State University, East Bay

Other ongoing assignments: CEO and Chairman of the Board at Sup Son Holding AB and Sup Son Consulting AB

Direct and indirect holdings of shares and warrants in the Company: Niklas Lundback owns 192,480 shares indirectly through Supson Holding AB.* In addition, Niklas Lundback also has subscribed for 116,482 warrants in the Company (incentive program for employees).

Expertise regarding the cryptocurrency industry and market: Niklas had been a part of the cryptocurrency community since 2013 and has previously worked with in San Francisco at Obscura Digital as CTO. Obscura Digital was acquired in 2017 by Madison Square Garden Group.



Karl Garberg

Chief Marketing Officer since 2021

Born: 1990

Education:

BA degree in Marketing Communications at Vesalius College as a part of Vrije Universiteit Brussel, Brussels.

Other ongoing assignments: Chairman of the board at AVOLLOVA AB.

Direct and indirect holdings of shares and warrants in the Company: Karl Garberg owns no shares in the Company. Karl Garberg has subscribed to 26,149 warrants in the Company (incentive program for employees).

Relevant company experience: Marketing and communications experiences from fintech startups in iZettle and Toborrow, strategy consulting experience from McCann Stockholm and marketing director experience from real estate company UNITED SPACES. Part of the management team at UNITED SPACES when Castellum AB acquired the company in 2019.



Other information about the board of directors and senior management

There are no family ties or close relationships between any board members and/or senior management.

No board member or member of the senior management has been convicted in relation to financial crimes in the previous five years. No board member or member of the senior management has been involved in bankruptcy, receivership or mandatory liquidation during the period of the historical financial information in the Prospectus. No board member of the senior management has during the previous five years been subject to any accusations and/or sanctions from an authority or organisation representing a particular profession group and which is governed by public law against any of these persons and none of them have during the previous five years been prohibited by court to be a member of a Company's administrative, management or control body or to hold a senior or general function of a Company.

All board members and members of the senior management can be reached through the Company's office with the address Mäster Samuelsgatan 36, 111 57, Stockholm.

Remuneration for board of directors and senior management

Remuneration for board of directors

Remuneration for the members of the board of directors are determined by the general meeting.

The annual general meeting on 12 March 2021 resolved that fees of SEK 100,000 are to be paid to the chairman, Jacob Jacobsson and each of the board members independent in relation to the Company, i.e. Christina Ploom, Johan Lorenzen and Knut Pedersen, for the period until the end of the next annual general meeting. No remuneration is to be paid to the other board members.

The table below shows remuneration paid to board members during the financial year 2020.

Name	Position	Board remuneration (SEK)
Jacob Jacobsson	Chairman	72,050
Frank Schuil ⁷⁷	Board member	x
Joakim Johansson ⁷⁸	Board member	x
Sepehr Alavi	Board member	x
Total amount		72,050

The Company has no reserved amounts for pension or similar benefits following the resignation of a board member.

⁷⁷ Frank Schuil received a salary as CEO of SEK 1,215,138 during 2020.

⁷⁸ Joakim Johansson received a salary as lead developer of SEK 519,373 during 2020.



Remuneration for senior management members

Remuneration to the CEO and other senior management members shall be determined at market levels and shall consist of a fixed salary, variable salary, pension and any other benefits.

The table below shows the remuneration paid to the CEO and other senior management members for the financial year 2020.

Name	Position	Basic salary	Variable remuneration	Other remuneration	Pension*	Amount (SEK)
Frank Schuil	CEO	1 215 138	0	0	0	1 215 138
Michael Gromek	CCO	879 472	0	0	0	879 472
Niklas Lundbäck	Chief Product Officer	0	0	1 091 500**	0	1 091 500
Summa		2 094 610	0	1 091 500	0	3 186 110

* The Company has no reserved amounts for pension or similar benefits following the resignation of a board member.

** Niklas Lundbäck consulting fee (ex VAT).



Financial information and key figures

Introduction

The financial information incorporated by reference in this Prospectus consist of the annual reports for the financial years 1 January – 31 December 2019 and 1 January – 31 December 2020. The annual reports have been audited by Safello's auditor. The annual reports have been prepared in accordance with the provisions of the Swedish Annual Accounts Act (1995:1554) (Sw. Årsredovisningslagen).

Financial information incorporated by reference

The following accounting documents are incorporated into the Prospectus by reference. The documents incorporated by reference are available on the Company's website, www.safello.com.

Safello's audited annual report for the financial year 2019, where reference is made as follows: income statement on page 3, balance sheet in comparison on pages 4-5, statement of changes in equity on page 1, notes on page 6 and the audit report on page 10.

Safello's audited annual report for the financial year 2020, where reference is made as follows: income statement on page 4, balance sheet in comparison on pages 5-6, statement of changes in equity on page 2, cash flow statement on page 7, notes on page 12 and the audit report on page 19.

Remark from the Company's auditor in the annual report 2019

Translation from Swedish: "The company has during the financial year, both with regards to time and amount, not accounted for or paid tax, social security or VAT. The delays and errors have not incurred any harm to the company, except for late fees."

Below, certain financial information from the years ending 31 Dec 2019 and 31 Dec 2020 are presented. As Safello Group AB prepared consolidated financial statements for the first time 2020, all information has been taken from the audited Consolidated Annual Report for 2020. The consolidated financial statements for 2020 have been audited, while the consolidated financial statements for 2019 have not been audited. The reason why Safello Group AB includes unaudited financial statements instead of audited financial statements for 2019 in the Prospectus is because Safello Group AB's audited parent company financial statements for 2019 are not comparable with Safello Group AB's consolidated financial statements for 2020.



Group Income Statement

Amounts in SEK	Note	Audited 2020-01-01- 2020-12-31	Not Audited 2019-01-01- 2019-12-31
Net turnover		315 006 766	206 620 931
Activated work for own account		0	4 253 300
		315 006 767	210 874 231
Operating costs			
Raw materials and consumables		-3 078 862	-3 656 324
Goods for resale		-296 241 563	-195 670 757
Other external costs	2	-5 525 646	-3 724 967
Personnel costs	3	-7 102 414	-5 074 868
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		-1 928 258	-1 939 135
Other operating expenses		-260 352	-552 129
		-314 137 095	-210 618 180
Operating profit/loss		869 671	256 051
Profit/Loss from financial items			
Other interest income and similar profit/loss items		17 833	0
Interest expense and similar profit/loss items		-5 291	-6 756
Profit/loss after financial items		882 213	249 295
Pre-tax profit/loss		882 213	249 295
Net profit/loss for the year		882 213	249 295
Attributable to the Parent company's shareholders		882 213	249 295

Group Balance Sheet

Amounts in SEK	Note	Audited 2020-12-31	Not Audited 2019-12-31
Assets			
Subscribed, unpaid capital		113 600	0
Fixed assets			
Intangible fixed assets			
Cryptocurrency	4	21	55
Capitalised expenses for research and development and similar work	5	4 871 610	6 762 485
		4 871 631	6 762 540



Amounts in SEK	Note	Audited 2020-12-31	Not Audited 2019-12-31
Tangible fixed assets			
Machinery and other technical facilities	6	41 782	65 976
		41 782	65 976
Financial assets			
Other long-term receivables	7	68 750	68 750
		68 750	68 750
Total fixed assets		4 982 163	6 897 266
Current assets			
Inventories, etc.			
Finished goods and goods for resale		1 703 851	498 764
		1 703 851	498 764
Current receivables			
Other receivables	8	4 223 517	2 398 852
Deferred expenses and accrued income		146 853	6 091
		4 370 370	2 404 943
Cash on hand and in bank		17 008 112	3 488 479
Total current assets		23 082 333	6 392 186
TOTAL ASSETS		28 178 096	13 289 452
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the Parent company's shareholders			
Share capital		105 935	99 125
Reserve for development expenditure		3 675 610	5 566 485
Other contributed capital		54 317 135	43 427 945
Other equity including profit for the year		-35 356 372	-38 129 461
Equity attributable to the Parent company's shareholders		22 742 308	10 964 094
Total equity		22 742 308	10 964 094
Current liabilities			
Liabilities to credit institutions		0	27 741
Advance payments from customers		1 986 009	370 312
Accounts payable		658 470	509 059
Current tax liabilities		0	55 828
Other liabilities		1 429 475	464 318
Accrued expenses and deferred income		1 361 834	898 100



Amounts in SEK	Note	Audited 2020-12-31	Not Audited 2019-12-31
		5 435 788	2 325 358
TOTAL EQUITY AND LIABILITIES		28 178 096	13 289 452

Group Cash Flow Statement

Amounts in SEK	Note	Audited 2020-01-01 - 2020-12-31	Not Audited 2019-01-01 - 2019-12-31
Current activities			
Profit/loss after financial items		882 213	249 295
Adjustments for items not included in the cash flow		2 047 044	2 491 263
Cash flow from operating activities before change in working capital		2 929 257	2 740 558
Cash flow from change in the working capital			
Change in customers' accounts receivable		-1 205 087	-170 442
Change in current receivables		-1 965 427	-231 597
Change in accounts payable		149 411	201 761
Change in current liabilities		2 961 019	-915 281
Cash flow from operating activities		2 869 173	1 624 999
Investment activities			
Investments in intangible fixed assets		-404 603	-4 374 473
Sale of intangible fixed assets		404 637	121 118
Investments in tangible fixed assets		-13 189	-98 963
Sale of tangible fixed assets		0	-68 750
Cash flow from investment activities		-13 155	-4 421 068
Financing activities			
New share issue		10 896 000	0
Cash flow from financing activities		10 896 000	0
Annual cash flow		13 752 018	-2 796 069
Liquid assets, opening balance			
Liquid assets, opening balance		3 488 479	6 836 677
Exchange rate differences for liquid assets			
Exchange rate differences for liquid assets		-232 385	-552 129
Liquid assets, closing balance		17 008 112	3 488 479



Key figures

Some of the key figures presented below are not defined according to Safello's applied accounting principles. The Company is of the opinion that these Key Figures provide additional insights into the Company's financial situation and economic trends. The Key Figures, as defined by Safello, should not be compared to other companies' key figures using the same terminology, since the definitions may differ. The Key Figures in the table below are not audited, unless specifically stated.

Nyckeltal, SEK	2020 (not audited)	2019 (not audited)
Net turnover growth (%)	52	N.A.
Operating profit margin (%)	0.28	0.12
Equity/Total Assets (%)	81	83

Definitions of Key Figures

Net turnover growth

Measures the difference in net revenue between two periods, expressed as a percentage. The Key Figure provides insight into the growth rate of the Company.

Operating profit margin

The Operating profit margin is Operating profit divided by Net turnover, expressed as a percentage. The Key Figure provides a measure on the profitability of the Company, before financing costs and tax.

Equity/Total Assets

Adjusted equity (equity and untaxed reserves less postponed tax) as a percentage of total assets. The Key Figure provides a measure of how much of the Company is financed with equity.

Reconciliation of Key Figures

Net turnover growth, %	2020
+ Net turnover 2020	315 006 766
/ Net turnover 2019 - 1	206 620 931
= Net turnover growth (%)	52%

Operating profit margin, %	2020	2019
+ EBIT	869 671	256 051
/ Net turnover	315 006 766	206 620 931
= Operating profit margin (%)	0.28%	0.12%

Equity / Total Assets, %	2020	2019
+ Equity	22 742 308	10 964 094
/ Total Assets	28 178 096	13 289 452
= Equity / Total Assets (%)	81%	83%

Significant changes in the Company's financial position

Since 31 December 2020, a share capital increase has been registered, and subsequently the share capital has increased by MSEK 10.9 to MSEK 22.7. Further, the Company has acquired Rational Money AB (Bitcoin.se) and paid the consideration partly in cash of MSEK 2 and partly through the issuance of 500,000 new shares, which has increased the Company's share capital by SEK 25,000. No other significant changes with respect to the Company's financial position has occurred since 31 December 2020.

Previous dividends and dividend policy

Historically no dividends have been paid by Safello. Safello is currently in a development phase and potential surplus is planned to be invested in the development of the Company.



Legal considerations and ownership

Shares and share capital

The Company's shares are issued in accordance with Swedish law and denominated in SEK. All shares are fully paid. As of 1 Januari 2020 and as of 31 December 2020, the Company's registered share capital amounted to SEK 99,125, distributed between 99,125 shares, of which 87,632 ordinary shares and 11,493 preference shares, with a quota value of SEK 1 per share. At the date of this Prospectus the Company's share capital amounts to SEK 872,480, distributed between 17,449,600 shares, of which 15,610,720 common shares and 1,838,880 preference shares, with a quota value of SEK 0.05 per share. However, after the Company has been approved for listing on First North, i.e. after the conversion of preference shares described under "Terms of the securities - Conversion of preference shares in connection with the Offering" has taken place, there will only be one class of shares in the Company and each share will carry one vote at shareholders' meetings and all shares will carry an equal right to the Company's assets and surplus in the event of liquidation.

Ownership structure

At the date of this Prospectus, the board of directors is not aware of any agreements that can change the control of the Company. Furthermore, the board of directors is not aware of any directly or indirectly controlling parties. No shareholder except from the shareholders stated below holds more than 5 percent of the shares in the Company.

Shareholders ¹⁾²⁾	Common shares	Preference shares	Number of shares and votes	Shares and votes, %
Frank Schuil BV (Frank Schuil)	3,993,760	-	3,993,760	22.89
Joakim Johansson	2,095,200	-	2,095,200	12.01
WSC III LP	1,199,040	542,080	1,741,120	9.98
Emil Oldenburg	1,199,520	-	1,199,520	6.88
Northzone VII L.P.	1,138,080	52,160	1,190,240	6.82
Other	5,985,120	1,244,640	7,229,760	41.43
Amount	15,610,720	1,838,880	17,449,600	100

¹⁾ The table shows the number of shares and votes in the Company before all preference shares have been converted in accordance with what is described in more detail under "Terms of the securities - Conversion of preference shares in connection with the Offering".

²⁾ Includes shares subscribed for by Irrational Software AB on 31 March 2021 but which on the date of the Prospectus have not yet been registered with the Swedish Companies Registration Office.



Ownership structure after the conversion of preference shares

Shareholders ¹⁾²⁾	Number of shares and votes	Shares and votes, %
Frank Schuil BV (Frank Schuil)	3,993,760	22.89
Joakim Johansson	2,095,200	12.01
WSC III LP	1,741,120	9.98
Emil Oldenburg	1,199,520	6.88
Northzone VII L.P.	1,190,240	6.82
Other	7,229,760	41.43
Amount	17,449,600	100

1) The table shows the number of shares and votes in the Company after all preference shares have been converted in accordance with what is described in more detail under "Terms of the securities - Conversion of preference shares in connection with the Offering".

2) Includes shares subscribed for by Irrational Software AB on 31 March 2021 but which on the date of the Prospectus have not yet been registered with the Swedish Companies Registration Office.

Governmental, legal and arbitration proceedings

The Company is not currently and has not during the past twelve months been a party to any dispute or other governmental, legal or arbitration proceeding (including proceedings that have not yet been decided on or proceedings that the Company is aware of) that has recently had or may have a significant effect on the Company's financial position or profitability.

Conflicts of interest

There are no existing or potential conflicts of interest between the board members' and senior managements' commitments towards Safello and their private interests and/or other commitments. However, several board members and senior executives have certain economic interests in Safello through direct or indirect holdings of shares and warrants in the Company. No board member or senior executive has been appointed due to an arrangement or agreement with customers, suppliers or other parties. However, certain board members have been elected in accordance with provisions in a previous shareholders' agreement between the founders and largest shareholders in the Company. Such shareholders' agreement have been terminated and will cease to be in effect conditional upon the Company being approved for listing on First North. Some of the Company's board of directors and senior management members, whose shareholdings together amount to 25.1 percent of the Company's total number of shares as of the

date of the Prospectus, and 22.1 percent after the Offering (provided that the Offer is fully subscribed), have entered into lock up agreements. Pursuant to the terms of the lock up agreement, the parties are obligated to not dispose of their holdings under a six month period or a twelve month period after the first day of trading of the shares on First North.

Transactions with related parties

Safello has not been conducting any related party transactions of material importance during the period covered by the financial information in the Prospectus and up until the date of the Prospectus.

Convertible securities, exchangeable securities and securities with warrants

The Company has, as of the day of the Prospectus, two outstanding incentive programs - one incentive program for the board of directors and one incentive program for the employees and other key persons - with the aim to create a common incentive for shareholders and persons managing the Company. Apart from the aforementioned warrants, the Company has, as of the date of the Prospectus, no other outstanding warrants, convertible debentures or other financial instruments that can be used to subscribe for new shares in the Company nor in any other way affect the share capital.

Incentive program for members of the board of directors

On the annual general meeting held on 12 March 2021 it was resolved on a directed issue of up to 100 000 warrants, pursuant to which the Company's share capital will increase with up to SEK 5,000. The right to subscribe for the warrants shall, with deviation from the shareholders preferential right, vest in: (i) the chairman of the board: a maximum of 50,000 warrants, (ii) other independent board members: the remaining warrants.

Each warrant gives the right to subscribe to one new share in the Company during the period between 1 March 2024 and 30 April 2024 or an earlier date as stipulated in the terms and conditions for the warrants. The subscription price for each warrant has been set to SEK 0.69, corresponding to the fair market price according to the Black-Scholes model.

In the event that all warrants in the incentive program are exercised for subscription of shares, it will result in a dilution of up to 0,5 percent of the total amount to outstanding shares and votes in the Company as of the date of the Prospectus. (Including shares subscribed for by Irrational Software AB on 31 March 2021 but which on the date of the Prospectus have not yet been registered with the Swedish Companies Registration Office.)

Incentive program for employees

On the annual general meeting held on 12 March 2021 it was resolved on a directed issue of up to 950,875 warrants, pursuant to which the Company's share capital will increase with up to SEK 47,543.75. The right to subscribe for the warrants shall, with deviation from the shareholders preferential right, vest in: (i) CEO: a maximum of 209,193 warrants, (ii) other senior executives: a maximum of 142,631 warrants per person (approximately 6 persons) and (iii) other employees: a maximum of 23,772 warrants per person (approximately 12 persons).



Each warrant gives the right to subscribe to one new share in the Company during the period between 1 March 2024 and 30 April 2024 or an earlier date as stipulated in the conditions for the warrants. The subscription price for each warrant has been set to SEK 0.69, corresponding to the fair market price for the warrants according to the Black-Scholes model.

In the event that all warrants in the incentive program are exercised for subscription of shares, it will result in a dilution of up to 5 percent of the total amount to outstanding shares and votes in the Company as of the date of the Prospectus. (Including shares subscribed for by Irrational Software AB on 31 March 2021 but which on the date of the Prospectus have not yet been registered with the Swedish Companies Registration Office.)

Articles of association

The articles of association of the Company do not contain provisions that are likely to have the effect of delaying, deferring or preventing a change in the control of the Company.

Material agreements

Credit agreement with Blockchain Access UK Ltd

On 27 March 2020, Safello entered into a short term credit agreement with Blockchain Access UK Ltd ("Blockchain Access"), and, on 7 January 2021, Safello entered into a term sheet with Blockchain Access, to borrow either fiat currency or agreed digital currency. The credit line is used to, inter alia, cover Safello's cryptocurrency shortfalls during weekends and holidays and provide liquidity in the general course of business. Pursuant to the agreement, Safello has two business days to settle the trades, after which an interest is charged by Blockchain Access. As at the date of the Prospectus, Safello has never had to pay interest as Safello has always met the settlement time.

The term of the credit agreement is indefinite until (i) either party provides 30 days notice to the other of termination; (ii) the loaned assets are repaid in full or (iii) an event of default occurs and if capable of remedy is not remedied within the outlined grace period. Upon termination, any loaned assets are to be redelivered immediately to Blockchain Access together with any fees, costs or other expenses or other amounts owed.

Master agreement with Zignsec AB

On 8 May 2020, Safello entered into a master agreement with Zignsec AB ("Zignsec"). Under the master agreement, Zignsec undertakes to provide Safello with digital onboarding and ID verification services for Safello's platform. Pursuant to the master agreement, Safello and Zignsec have further agreed on certain service levels to be maintained by Zignsec. Zignsec invoices Safello on a monthly basis and the invoice amount varies depending on the number of ID verification signatures. The agreement runs until further notice and the termination notice period is three months.

License agreement with Chainalysis Inc.

On 9 September 2020, Safello entered into a license agreement with Chainalysis Inc. ("Chainalysis"). Under the license agreement, Safello has the right to use Chainalysis's cryptocurrency compliance and investigation software within Safello's business. The license is a non-exclusive, non-transferable and committed term license. Safello pays an annual license fee to Chainalysis for the use of the cryptocurrency compliance and investigation software.

Pursuant to the license agreement, Chainalysis undertakes to support, implement and maintain appropriate safeguards to protect the security, confidentiality and integrity of the cryptocurrency compliance and investigation software. Safello and Chainalysis have agreed on certain service levels to be maintained by Chainalysis.

The license agreement remains in effect for one year. Following the initial term of 1 year, the license agreement will be renewed automatically for additional periods of one year. Unless otherwise agreed to by the parties, the fees will increase to the Chainalysis's then current rates. The license agreement may be terminated by either party in writing, such termination to be effective as of the expiration of the license agreement.

Agreement with Klarna Bank AB

On 24 November 2020, Safello entered into a cooperation agreement with Klarna Bank AB ("Klarna"). The agreement applies to Klarna Open Banking. The Klarna Open Banking solution provides a way for Safello to handle all required customer interaction, for example, the selection of the bank or the authorization of a payment. With Klarna Open Banking, Klarna, inter alia, enables access to multiple European banks for Safello's customers. The agreement has an initial term of twelve months, starting from 17th February 2021 and the termination notice period is three months.

Share purchase agreement with Irrational Software AB

On 29 March 2021, Safello entered into a share purchase agreement with Irrational Software AB to acquire 100 percent of the shares in Rational Money AB ("Bitcoin.se"), which owns and runs the educational website www.bitcoin.se, for a purchase price that amounted to SEK 8,750,000, payable partly in cash and partly in the form of shares in Safello. The transaction was paid partly through the issuance of 500,000 new common shares in Safello equivalent to a value of SEK 6,750,000 (the "Consideration Shares"), and partly through a cash payment of SEK 2,000,000. The Consideration Shares were issued at a price per share of SEK 13.50, which is the same price per share as in the Offering. By issuing the Consideration Shares, the number of shares and votes increase by 500,000. The share capital increases by SEK 25,000. The Consideration Shares are subject to a twelve-month lock-up from the first day of trading on First North. After the first 12 months, 50 percent of the Consideration Shares will be subject to lock-up during the three-month period following the aforementioned twelve-month period and 25 percent of the Consideration Shares will be locked up during the three-month-period following the aforementioned three-month period.



Regulatory registration

Safello is recorded as a financial institution in accordance with Section 2 of the Act (1996:1006) on currency exchange and other financial activities.



Available documents

The following documents are, throughout the period of validity of the Prospectus, available on the Company's website, www.safello.com/sv/.

- The Company's articles of association.
- The Company's certificate of registration.