

Annual Report
for
Safello Group AB

556892-3550

Financial Year

2018

This financial report is a translation from the official Swedish annual report.

The Board of Directors and the managing director for Safello Group AB hereby submit the annual financial statement for the financial year 2018.

Directors' Report

Information about the operations

Safello Group AB was established in 2013 and offers purchasing, exchange, management and other services related to crypto currencies. The Company is approved as a Financial Institution.

The company is headquartered in Stockholm.

Significant events during the financial year

During the year the Company has offered purchasing of crypto currencies and related services in a safe environment. Large efforts have also been made during the year to further develop the business as far as technology improvements, client offerings and administrative and other activities in order to continuously deliver a qualitative and safe transaction business.

Also, during the accounting year 2018 major restructuring efforts began in the group. The Company has name changed during the year from Safello AB to Safello Group AB, and the Company has transferred its business and operations to the subsidiary Safello AB (name changed from Safello Warrants AB). The asset transfer took place on 1/1/2019. Further, an application for a merger has been submitted to the relevant authority to merge Safello Technology AB with Safello Technology Development AB. The purpose of the full restructuring is to simplify the group legal structure to further support the business of the group.

Ownership

Owners who hold more than 10% of the shares in the company are :

Frank Schuil BV
Joakim Johansson
WSC III LP

Multi-year overview (Tkr)	2018	2017	2016	2015
Net turnover	27 094	4 405	930	1 700
Profit/loss after financial items	-8 029	1 304	-3 144	-2 502
Equity/assets ratio (%)	93	92	15	36

Changes in Equity

	Share capital	Premium reserve	Retained profit/loss	Profit/loss this year	Total
Amount at the opening of the year	99 087	43 377 984	-5 672 027	489 251	38 294 295
New issue	38	49 962			50 000
Appropriation of earnings as per decision of the Annual General Meeting:			489 251	-489 251	0
Profit/loss for the year				-8 688 865	-8 688 865
Amount at the closing of the year	99 125	43 427 946	-5 182 776	-8 688 865	29 655 430

Proposals for profit allocation

The Board of Directors recommends that the profit/loss and brought forward profits available for disposition (SEK):

accumulated loss	-5 182 776
Överkursfond	43 427 946
year's loss	-8 688 865
	29 556 305

be distributed so that they are:

carried over 29 556 305

The company's earnings and financial position in general are indicated in the following income statement and balance sheet with notes.

Income Statement	Note	2018-01-01 -2018-12-31	2017-01-01 -2017-12-31
Net turnover	3	27 094 255	4 405 084
Other operating income		332 343	961 818
		27 426 598	5 366 902
Operating costs			
Raw materials and consumables		-2 734 338	0
Goods for resale		-23 180 203	0
Other external costs		-1 809 698	-2 014 308
Personnel costs	4	-1 377 295	-1 253 875
Write-down of current assets other than ordinary write-downs		0	-60 408
Other operating expenses		0	-706 737
		-29 101 534	-4 035 328
Operating profit/loss	5	-1 674 936	1 331 574
Profit/loss from financial items			
Profit/loss from participations in group companies	6	-6 250 000	0
Other interest income and similar profit/loss items		0	74 891
Interest expense and similar profit/loss items		-103 929	-102 214
		-6 353 929	-27 323
Profit/loss after financial items		-8 028 865	1 304 251
Appropriations	7	-660 000	-815 000
Pre-tax profit/loss		-8 688 865	489 251
Net profit/loss for the year		-8 688 865	489 251

Balance Sheet

	Note	2018-12-31	2017-12-31
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Participations in group companies	8, 9	21 233 733	21 233 733
Receivables from group companies		0	1 778 009
		21 233 733	23 011 742
Total fixed assets		21 233 733	23 011 742
Current assets			
<i>Inventories, etc.</i>			
Finished goods and goods for resale		328 322	0
		328 322	0
<i>Current receivables</i>			
Accounts receivable		0	204 010
Receivables from group companies		2 395 628	16 301
Current tax assets		18 832	18 832
Other receivables		1 106 607	3 356 733
Deferred expenses and accrued income		11 167	0
		3 532 234	3 595 876
<i>Current investments</i>			
Other current investments		0	11 335
		0	11 335
<i>Cash on hand and in bank</i>			
		6 962 300	14 934 602
Total current assets		10 822 856	18 541 813
TOTAL ASSETS		32 056 589	41 553 555

Balance Sheet

Note

2018-12-31

2017-12-31

EQUITY AND LIABILITIES

Equity

Restricted reserves

Share capital

99 125

99 087

99 125

99 087

Non-restricted equity

Premium Fund

43 427 946

43 377 984

Retained earnings or losses

-5 182 776

-5 672 027

Profit/loss for the year

-8 688 865

489 251

29 556 305

38 195 208

Total equity

29 655 430

38 294 295

Current liabilities

Liabilities to credit institutions

14 800

0

Advance payments from customers

1 739 400

2 475 933

Accounts payable

18 708

51 562

Liabilities to group companies

223 888

0

Other liabilities

159 846

119 204

Accrued expenses and deferred income

244 517

612 560

Total current liabilities

2 401 159

3 259 260

TOTAL EQUITY AND LIABILITIES

32 056 589

41 553 555

Notes

Note 1 Accounting and Valuation principles

General Information

The annual report is drawn up in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Reporting and consolidated reports (K3).

Receivables and liabilities in foreign currencies and crypto currencies have been valued at the closing rate of exchange. Profit on exchange and exchange loss on operating receivables and liabilities are reported in the operating result.

The accounting principles has changed as compared to the previous year.

Revenue Recognition

Revenue has been raised to the fair value of consideration received or receivable and is recognised to the extent that it is probable that the economic benefits will be available to be used by the company and the revenue can be measured reliably.

The sale of crypto currency is normally recognised income as revenue when the significant risks and rewards associated with ownership of the goods has been transferred from the company to the buyer.

Financial instruments

Shares in subsidiaries

Investments in subsidiaries are carried at cost less any impairment losses. The cost includes the purchase price paid for the shares and acquisition costs. Any capital contributions are added to the cost when they arise.

Inventories

The inventories are valued at the lower of acquisition cost and net realisable value on the balance sheet date. The net realisable value refers to the calculated sales price of the products less selling costs. The selected valuation method means that the inventory obsolescence has been taken into consideration.

Group Contributions and Shareholders' Contributions

Obtained and provided group contributions accounted for as appropriations.

Group Relationships

This is a parent company but with reference to the exception rules described in Chapter 7, §3 of the Annual Accounts Act, no consolidated financial statements are prepared.

Definition of Key Business Ratios

Net turnover

Main operating revenues, invoiced expenses, side income and revenue adjustments.

Profit/loss after financial items

Profits after financial items and costs but before appropriations and taxes.

Equity/assets ratio (%)

Adjusted equity (equity and untaxed reserves with deductions for deferred tax) as a percent of the balance sheet total.

Estimates and judgments

Risk and risk management

The most significant risk/exposure in the company business is on price fluctuations in the value of the crypto currencies offered for purchase to customers. The Company manages such currency risk by continuously monitoring market and crypto currency price fluctuations. The risk of losses is minimized by treasury management and low warehousing of the crypto currencies offered in the business.

Future outlook

The Company group profitability for the accounting year 2019 will be largely dependent on developments in the market for crypto currencies and if volatility remains high. During 2018 this market has been very volatile.

Note 2 Significant events after the financial year

Upon finalized restructuring during 2019 Safello Group AB will be a non-operating holding company with two subsidiaries, Safello AB and Safello Technology Development AB.

Note 3 Nettoomsättningen

Lack of comparability between years has arisen as a result of changing accounting principles when trading with crypto currency.

Note 4 Average number of employees

	2018	2017
Average number of employees	1	1

Note 5 Purchases and Sales between Group Companies

	2018	2017
Share of the total acquisitions for the year made by other companies within the group	2,58 %	2,60 %

Note 6 Profit/loss from Participation in Group Companies

	2018	2017
Write-downs	6 250 000	0
	6 250 000	0

Note 7 Appropriations

	2018	2017
Group contributions paid	660 000	815 000
	660 000	815 000

Note 8 Participation in Group companies

	2018-12-31	2017-12-31
Acquisition value, opening balance	22 753 733	100 000
Purchasing	6 250 000	22 653 733
Accumulated acquisition value, closing balance	29 003 733	22 753 733
Write-down losses, opening balance	-1 520 000	0
Write-downs for the year	-6 250 000	-1 520 000
Accumulated write-down losses, closing balance	-7 770 000	-1 520 000
Book value, closing balance	21 233 733	21 233 733

Note 9 Specification of Participation in Group Companies

Name	Capital share	Share of voting power	No.of shares	Book value
Safello AB	100%	100%	50 000	50 000
Safello Technology AB	100%	100%	50 000	50 000
Safello Technology Development AB	100%	100%		21 133 733 21 233 733

	Corp. ID No.	Head office
Safello AB	556954-4165	Stockholm
Safello Technology AB	559035-2505	Stockholm
Safello Technology Development AB	556984-5265	Stockholm

Stockholm 2019-

Jacob Jacobsson
Chairman

Joakim Johansson

Sepehr Alavi

Frank Schuil
Managing Director

Our auditor's report was submitted 2019-

We Audit Sweden AB

Mikael Köver
Authorized Public Accountant