

**Annual Report**  
for  
**Safello Group AB**

556892-3550

Financial Year

2019

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 2019.

All amounts in the annual report are given in Swedish kronor, SEK.

## 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 spread of the corona virus can be assumed to adversely affect the development of the company's operations, position and results. See also the note regarding significant events after the end of the financial year.

The company is headquartered in Stockholm.

### Significant events during the financial year

On January 1, 2019, the company's operations were transferred to the subsidiary Safello AB. At the end of 2019, the subsidiary Safello Technology AB was merged with the subsidiary Safello Technology Development AB. The purpose of the Group's restructuring has been to streamline the operations of the Parent Company and its subsidiaries.

### 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)	2019	2018	2017	2016
Net turnover	0	27 094	4 405	930
Profit/loss after financial items	0	-8 029	1 304	-3 144
Equity/assets ratio (%)	99	93	92	15

### Changes in Equity

	Share capital	Premium reserve	Retained profit/loss	Profit/loss this year	Total
Amount at the opening of the year	99 125	43 427 946	-5 182 776	-8 688 865	29 655 430
Appropriation of earnings as per decision of the Annual General Meeting:			-8 688 865	8 688 865	0
Profit/loss for the year				-3 983 985	-3 983 985
<b>Amount at the closing of the year</b>	<b>99 125</b>	<b>43 427 946</b>	<b>-13 871 641</b>	<b>-3 983 985</b>	<b>25 671 445</b>

### **Proposals for profit allocation**

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

accumulated loss	-13 871 641
Överkursfond	43 427 946
year's loss	-3 983 985
	<b>25 572 320</b>

be distributed so that they are:  
carried over

25 572 320

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

## Income Statement

	Note	2019-01-01 -2019-12-31	2018-01-01 -2018-12-31
<b>Operating revenues</b>			
Net turnover		0	27 094 254
Other operating income		0	332 343
		<b>0</b>	<b>27 426 597</b>
<b>Operating costs</b>			
Raw materials and consumables		0	-2 734 338
Goods for resale		0	-23 180 203
Other external costs		-1 020 188	-1 809 698
Personnel costs	2	-1 486 609	-1 377 295
Other operating expenses		-712	0
		<b>-2 507 509</b>	<b>-29 101 534</b>
<b>Operating profit/loss</b>		<b>-2 507 509</b>	<b>-1 674 937</b>
<b>Profit/loss from financial items</b>			
Profit/loss from participations in group companies	3	-4 050 000	-6 250 000
Interest expense and similar profit/loss items		-1 465	-103 929
		<b>-4 051 465</b>	<b>-6 353 929</b>
<b>Profit/loss after financial items</b>		<b>-6 558 974</b>	<b>-8 028 865</b>
Appropriations	4	2 574 989	-660 000
<b>Pre-tax profit/loss</b>		<b>-3 983 985</b>	<b>-8 688 865</b>
<b>Net profit/loss for the year</b>		<b>-3 983 985</b>	<b>-8 688 865</b>

## Balance Sheet

	Note	2019-12-31	2018-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Cryptocurrency	5	55	0
		<b>55</b>	<b>0</b>
<i>Financial assets</i>			
Participations in group companies	6, 7	21 183 733	21 233 733
		<b>21 183 733</b>	<b>21 233 733</b>
<b>Total fixed assets</b>		<b>21 183 788</b>	<b>21 233 733</b>
<b>Current assets</b>			
<i>Inventories, etc.</i>			
Finished goods and goods for resale		0	328 322
		<b>0</b>	<b>328 322</b>
<i>Current receivables</i>			
Receivables from group companies		4 566 383	2 395 628
Current tax assets		17 442	18 832
Other receivables		97 310	1 106 607
Deferred expenses and accrued income		6 091	11 167
		<b>4 687 226</b>	<b>3 532 234</b>
<i>Cash on hand and in bank</i>		190 954	6 962 300
<b>Total current assets</b>		<b>4 878 181</b>	<b>10 822 856</b>
<b>TOTAL ASSETS</b>		<b>26 061 969</b>	<b>32 056 589</b>

## Balance Sheet

Note

2019-12-31

2018-12-31

### EQUITY AND LIABILITIES

#### Equity

##### *Restricted reserves*

Share capital

99 125

99 125

**99 125**

**99 125**

##### *Non-restricted equity*

Premium Fund

43 427 946

43 427 946

Retained earnings or losses

-13 871 641

-5 182 776

Profit/loss for the year

-3 983 985

-8 688 865

**25 572 320**

**29 556 306**

#### **Total equity**

**25 671 445**

**29 655 431**

#### **Current liabilities**

Liabilities to credit institutions

0

14 800

Advance payments from customers

0

1 739 400

Accounts payable

59 999

18 708

Liabilities to group companies

0

223 888

Other liabilities

149 356

159 846

Accrued expenses and deferred income

181 169

244 517

#### **Total current liabilities**

**390 524**

**2 401 159**

### **TOTAL EQUITY AND LIABILITIES**

**26 061 969**

**32 056 589**



## 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 cryptocurrencies 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 not changed as compared to the previous year.

#### Intangible assets

##### *Cryptocurrency*

The company recognizes investments and investments in cryptocurrency as intangible fixed assets. No planned depreciation is applied to the assets that are cryptocurrency, this to give a true and fair view in accordance with the Swedish Annual Accounts Act.

#### 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.

#### Group 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 cryptocurrencies 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 cryptocurrencies offered in the business.

### *Future outlook*

The Company group profitability for the accounting year 2020 will be largely dependent on developments in the market for cryptocurrencies and if volatility remains high. During 2019 this market has been very volatile.

## Note 2 Average number of employees

	2019	2018
Average number of employees	1	1

## Note 3 Profit/loss from Participation in Group Companies

	2019	2018
Write-downs	-4 050 000	-6 250 000
	<b>-4 050 000</b>	<b>-6 250 000</b>

## Note 4 Appropriations

	2019	2018
Group contributions received	2 940 000	0
Group contributions paid	-365 011	-660 000
	<b>2 574 989</b>	<b>-660 000</b>

## Note 5 Cryptocurrency

	2019-12-31	2018-12-31
Purchasing	121 173	0
Sales/discards	-121 118	
<b>Accumulated acquisition value, closing balance</b>	<b>55</b>	<b>0</b>
<b>Book value, closing balance</b>	<b>55</b>	<b>0</b>



### Note 6 Participation in Group companies

	2019-12-31	2018-12-31
Acquisition value, opening balance	29 003 733	22 753 733
Purchasing	4 050 000	6 250 000
Sales/discards/merger	-1 570 000	0
<b>Accumulated acquisition value, closing balance</b>	<b>31 483 733</b>	<b>29 003 733</b>
Write-down losses, opening balance	-7 770 000	-1 520 000
Sales/discards/merger	1 520 000	0
Write-downs for the year	-4 050 000	-6 250 000
<b>Accumulated write-down losses, closing balance</b>	<b>-10 300 000</b>	<b>-7 770 000</b>
<b>Book value, closing balance</b>	<b>21 183 733</b>	<b>21 233 733</b>

### Note 7 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 Development AB	100%	100%	353 316	21 133 733
				<b>21 183 733</b>
	<b>Corp. ID No.</b>	<b>Head office</b>		
Safello AB	556954-4165	Stockholm		
Safello Technology Development AB	556984-5265	Stockholm		

### Note 8 Significant events after the financial year

The spread of the corona virus has had a negative impact on the company's operations after the balance sheet date. Due to uncertainty about future political decisions and the behavior of people and companies, it is not possible at present to quantify the effect of virus spread on the business.

The income statement and balance sheet will be submitted to the annual general meeting for ratification.

Stockholm 2020-



Jacob Jacobsson  
Chairman



Joakim Johansson

Sepehr Alavi



Frank Schuil  
Managing Director

Our auditor's report was submitted 2020-

WeAudit Sweden AB

Mikael Köver  
Authorized Public Accountant

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