

Stockholm 2023

# Annual Report

# Safello Group AB



# Table of contents

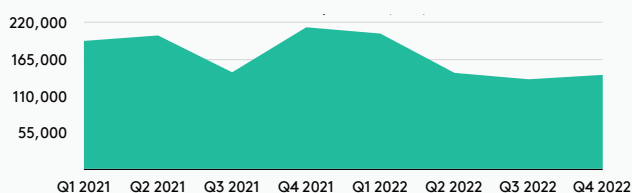
<b>The year in summary</b>	3
<b>Statement by the Chairman</b>	5
<b>Business overview</b>	6
<b>Market review</b>	9
<b>The Share</b>	11
<b>Annual Report:</b>	13
Directors' report	13
Income statement - Group	19
Balance sheet - Group	20
Statement of changes in equity - Group	22
Cash flow statement - Group	23
Income statement - parent company	24
Balance sheet - parent company	25
Statement of changes in equity - parent company	27
Cash flow statement - parent company	28
Notes	29
<b>The Board of directors' and the CEO's declaration</b>	43
<b>Corporate Governance Report</b>	44
<b>The Board of Directors</b>	48
<b>Management</b>	50
<b>Audit report</b>	52
<b>Other Information</b>	55



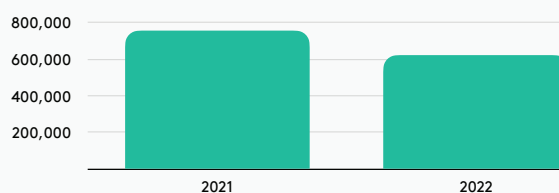
# The year in summary

- Net turnover amounted to SEK 634.9 million (757.9) and decreased by -16% compared to the previous year.
- Operating profit/loss amounted to SEK -21.5 million (-14.7). The negative result is driven by a write-down of crypto assets by SEK 5.2 million, as well as a strengthened organization to meet future demand. Staff reductions were made in the second quarter of 2022, and the cost base is more adequate to the current market environment.
- Profit/loss after financial items amounted to SEK -21.5 million (-14.7).
- Earnings per share based on the average number of shares (20,449,600 shares (19,467,668)) amounted to SEK -1.05 (-0.76).
- Earnings per share based on the average number of shares after dilution (21,440,668 shares (20,458,736)) amounted to SEK -1.00 (-0.72).
- The number of executed orders in the period decreased by -3% to 232,802 orders (239,191).

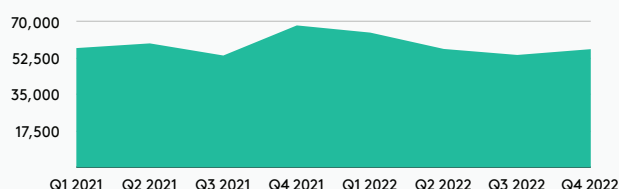
Quarterly Volume (kSEK)<sup>1</sup>



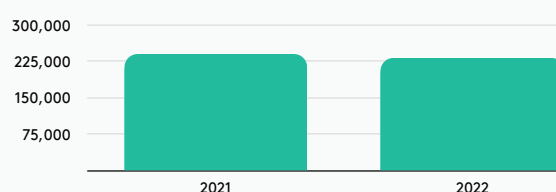
Yearly volume (kSEK)<sup>1</sup>



Quarterly number of orders<sup>1</sup>



Yearly number of orders<sup>1</sup>



<sup>1</sup> Based on Safellos internal data



**Q1**

New Fee  
Structure

**Q2**

Terminated  
Investigation

**Q3**

OTC Service

**Q4**

Institutional  
Custody Services

### Events during the year

Several milestones were reached during the year. Listed below are some key events which are important for Safello's long-term strategy, in the respective quarter.

#### *Q1 - New fairer fee structure and LOI with Avanza*

In February 2022, Safello introduced a new dynamic fee structure based on 12-month aggregate trading volume per client. The more the customer purchases, the lower the fee. Through the updated and merit-based fee structure, the company offers the same fee structure to all customers. The model brings increased transparency and reduces administration.

The majority of Safello's customer base consists of private customers, but through the products Safello Premium and Safello Business, the Company has provided services to individuals with a large net worth, so-called. high-net-worth individuals (HNWI), and companies. Safello Premium was phased out in connection with the introduction of the new fee structure.

Safello enters into an LOI with Avanza regarding potential partnership in relation to crypto services. The LOI was cancelled by Avanza in June 2022.

#### *Q2 - Termination of AML investigation*

The SFSA closed the investigation of Safello in relation to money laundering and terrorist financing rules. The final decision was that there was no reason for the SFSA to take further measures in relation to the investigation and the investigation was therefore declared closed.

#### *Q3 - OTC Service*

In September, Safello entered into an agreement with Blockchain.com for the provision of OTC services. The OTC services enable Safello to trade larger volumes on behalf of its customers at tailor-made prices. Through the agreement, Safello can meet the market's demand for OTC services for larger customers.

#### *Q4 - Institutional Custody Services and the first institutional customer*

In December, Safello launched the Institutional Custody Services service and at the same time onboarded Quantum Leben AG as the first financial institution to the platform. In conjunction with the launch, Safello introduced a new annual custody fee applied to the service. The onboarding of Quantum Leben is a strategic step to meet a new customer group and enable new revenue streams.

Safello also entered into a marketing agreement with the insurance intermediary Hubins AB, which is the exclusive distributor of Quantum Leben AG's endowment insurance. The agreement covers the use of the companies' trademarks for marketing and communication purposes.

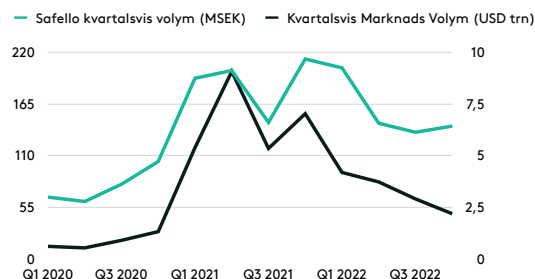
The possibility to invest real crypto assets within a unit-linked insurance is a unique product that competes with equity traded products tracking Bitcoin and Ethereum. Compared to e.g. certificates, real crypto within a unit-linked insurance decreases the counterparty risk and provides transparency with regards to the storage of funds.



# Statement by the Chairman

Dear shareholder,

The crypto market was plagued by yet another series of scandals and negative market sentiment in 2022. Yet, Safello stood strong, outperforming the market in terms of relative volumes while avoiding the many pitfalls our competition was exposed to that led to a string of bankruptcies. The value of our principled approach of acting as the safe fellow to our over 300,000 users, 370 businesses and now 1 financial institution shined through. It helped us clear the second audit by the regulator in our company's history and paved the way to continue to lead innovation in the Swedish market as the undisputed market leader.



As we look at our growth ahead, the goal post shifts to the European stage where we have now onboarded the first institutional client. The European regulation MiCA (Market in Crypto Asset) that is likely to come into effect in 2024 will likely contribute to increased growth by making crypto services more easily accessible within the EU. And the advantage of Safello in the years ahead is clear.

1. We have one of the longest running operations in Europe that consistently clears scrutiny from regulators and the adversities in the market.
2. We practice a rigorous risk based approach across the organization that positions us to be confident in our ability to adapt to the MiCA regulatory environment swiftly.
3. We have our custody set up in a regulated environment that builds upon the trust of point one and two.
4. We have the operational capabilities to scale with our partners and towards our retail customers.

In summary, we have proven to have a long lasting impact on the Swedish market with a full service platform that is ready for institutional partners. The API platform we originally developed for Avanza gives us a leg up as demand grows. And the portal we developed for our collaboration with Quantum Leben further builds on this foundation.

As the sentiment improves over the coming quarters and years, it is our reputation that puts us in a position to win deals and earn customer and partner trust. With fewer reliable options to choose from, Safello is the safe fellow our partners need and we are excited to help them succeed!

Kind regards,  
Frank Schuil

<sup>1</sup> <https://www.theblock.co/data/crypto-markets/spot/cryptocurrency-exchange-volume-monthly> och Safellos interna data.



# Business overview

*Safello offers a brokerage platform and enables individuals and companies to securely buy, store and sell cryptocurrencies such as Bitcoin (BTC), Ethereum (ETH), Chainlink (LINK), Polkadot (DOT) and Polygon (MATIC) with SEK and EUR. At the beginning of 2023, Safello expanded to also offer the cryptocurrencies Algorand (ALGO) and Uniswap (UNI), as well as USD Coin (USDC), which is a "stable coin". The name Safello comes from "Safe Fellow", as in a "safe person" to follow into the cryptocurrency economy. The company's philosophy is to empower independence by onboarding people to the decentralized economy. Safello does this by being a safe bridge between the traditional financial economy and the ecosystem for digital currencies. This fundamental principle governs the company's decision making today.*

As of December 31, Safello had over 307,000 customers (250,000 customers per 30 of December 2021) and handled 826,000 orders (593,000), which corresponds to a volume of SEK 2,210 million (1,585).<sup>2</sup>

Number of customers cumulatively  
per 2022-12-31

**307,000**

Number of orders cumulatively per  
2022-12-31

**826,000**

Volume cumulatively per  
2022-12-31 (MSEK)

**2,210**

Number of customers cumulatively  
per 2021-12-31

**250,000**

Number of orders cumulatively per  
2021-12-31

**593,000**

Volume cumulatively per  
2021-12-31 (MSEK)

**1,585**

<sup>2</sup> Based on Safellos internal data, since inception in 2013, rounded off to nearest thousand in SEK



### The core of the business

Building trust takes time and requires a cautious and careful approach, which has been Safello's focus since the start in 2013. The company's internal business motto "Boring is Good" reflects that the services should work and work well. While innovation is crucial in a competitive cryptocurrency market, it must never be at the expense of security and reliability.

### Existing products and services

Safello has recently simplified its service offering for buying and selling cryptocurrencies. Safello offers trading by two different platforms:

- I. Safello Web App
- II. Safello Mobile

#### *Safello Web App*

Safello Web App offers an interface similar to banking for users by logging in using BankID, a Swedish e-identification solution. Features include: the ability to buy, sell and store cryptocurrencies as well as view holdings, portfolio development and download order history. It is also possible to send certain cryptocurrencies to your own external wallet, as well as to make deposits of certain cryptocurrencies to your Safello wallet from an external address. Purchases can be made with Swish, SEPA, Klarna open banking and bank giro service when purchasing cryptocurrencies.

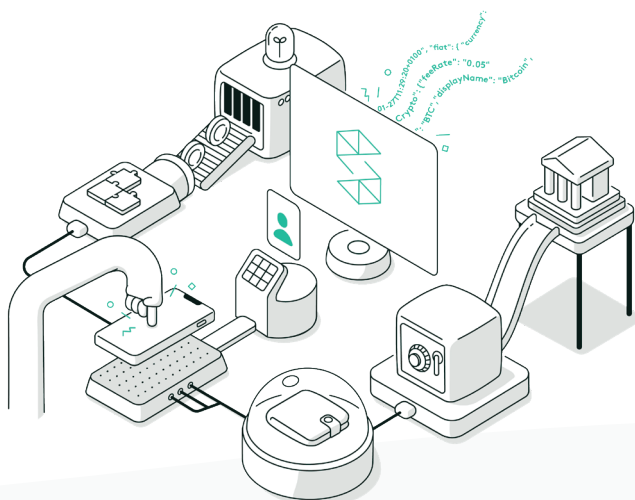
#### *Safello Mobile*

Safello mobile has been further developed in 2022 to improve the user experience. During the year 33 version updates were made. In the latest version of the app, users have the entire product range in app format, including Safello Wallet, trading and order history. Safello Mobile will continue to evolve in 2023 to further improve user interface and functionality.

### Safello Institutional Custody Service

In December 2022, Safello launched the Institutional Custody Service. The offer includes purchases and sales for financial institutions, as well as a custody service. The customer is the financial institution. Safello is responsible for executing the purchases and sales of the orders placed by the customer, as well as for the custody of the cryptocurrency assets. Safello charges a fee for trading and storage. This business model simplifies for Safello as it creates fewer, but larger, transactions to carry out, and the financial institution is responsible for ensuring that their end customers have undergone customer due diligence and anti-money laundering checks, as well as suitability assessments.

Safello sees good opportunities to build a long-term relationship with these customers and, in the long run, the business model can generate stable and recurring income for the business.





### **Simplified fee structure adapted for the future**

In February 2022, Safello introduced a new dynamic fee structure based on 12 months' aggregate trading volume per customer. The more the customer buys, the lower the fee. Through the updated and merit-based fee structure, the company now offers the same fee structure to all customers. The model entails increased transparency and less administration.

The majority of Safello's customer base consists of private customers, but through the products Safello Premium and Safello Business, the Company has provided services to individuals with large net worth, so-called high-net-worth individuals (HNWI), and companies. Safello Premium was phased out with the new fee structure. Safello Business has changed and the onboarding has been simplified in 2022. The fee structure is the same as for private customers.

Safello charges a fee for every transaction that is made at the platform. This applies both to customers who buy and to customers who sell cryptocurrency and it applies to every customer transaction in Safello's product portfolio. Furthermore, the company introduced withdrawal fees for Bitcoin and Ethereum in the second half of 2022. Storage of cryptocurrency is currently free of charge for private customers at Safello. For financial institutions (See "Safello Institutional Custody Services" above) Safello charges for custody of cryptocurrency. The fees are displayed during the entire purchasing and sales process and on Safello's fee page: <https://help.safello.com/en/articles/3311447-what-are-safello-s-fees>. So-called Mining fees for the transaction to the customer's external wallet address are shown separately on the customer's receipt and are not included in the fee. Safello's operations do not include bitcoin mining or mining-related services. Safello charges an administration fee for incorrectly stated payment information from the customer and for refunds.

### **Developed business model**

Safello looks forward with confidence to further developing both Institutional Custody Services and Crypto-as-a-Service to be able to offer services to more financial institutions. The advantages for Safello are many. Safello gets larger and long-term partners. Hopefully, a lower fee per transaction will be offset by larger volumes, as well as recurring platform and custody fees that are stable. For Safello's customers, the financial institutions, it means an opportunity to be able to offer cryptocurrency services within the framework of their product offering.

By being able to offer cryptocurrency to their end customers, a new market opens up for the financial institutions. For end customers, an example of a product is capital insurance that can serve as a tax-efficient solution competing with exchange-traded products such as certificates. The difference to certificates is that the end customer actually owns the cryptocurrency.

Safello's traditional business model will remain, and will be continuously developed. More currency pairs are planned, and the goal is to eventually be able to offer trading between different currency pairs.





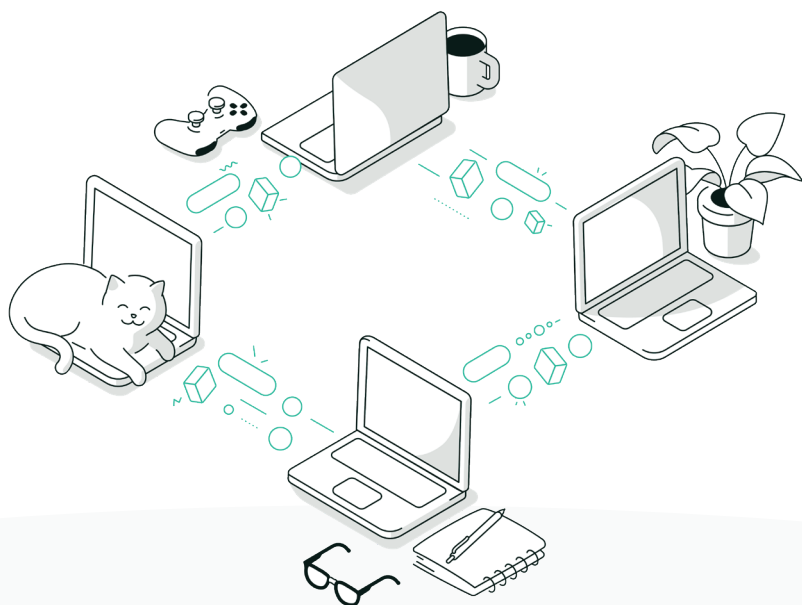
# Market review

To sum up 2022 in the crypto market, it can be stated that hubris is often followed by increased humility. The extravagant capital rounds for various crypto and web3 related projects continued a bit into the first quarter of 2022. Major scandals hit the market in the second quarter, followed by further scandals in the second half of the year. Many individuals and companies have been affected by rogue players and a lack of control. Bankruptcies, restructurings or major problems were noted in, among others, Celsius, FTX/Alameda, BlockFi, Three Arrows Capital, Voyager Digital and Genesis.

The general theme has been poor risk control, in many cases irregularities and poor understanding by those involved about where and how assets are stored, and how they interact with each other. Many business models were not built on solid foundations. At Safello, we believe that in the longer term this purge can be beneficial to the ecosystem, and that a more sustainable crypto-economy can emerge. It is also worth noting that traditional financial actors, e.g. Fidelity and Blackrock, during the fourth quarter opened up to cryptocurrencies in their customer portfolios. Large international financial institutions are investing in crypto talent, and this can also be observed, to a lesser extent, in the Nordics.

For the major cryptocurrencies bitcoin and ethereum, the fall from the all-time highs has been large, but at the same time prices have stabilized in the fourth quarter of 2022 and volatility has come down significantly. However, trading volumes globally have decreased, and also in Sweden.

To ensure longevity for Safello, the second quarter saw organizational changes that significantly reduced the cost base. We have continued our product development, introduced withdrawal fees that strengthened revenues and renegotiated contracts to have a cash register that, under prevailing market sentiment, means that we can hibernate, continue development and continue to take market shares in Sweden.





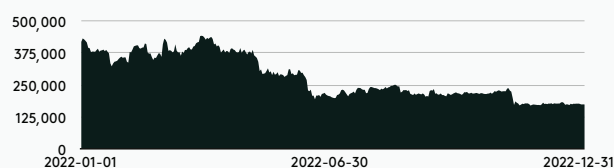
## Decreasing market value

Rates fluctuated greatly during the year, with sharp corrections in May, June and November. Large price movements are to be expected in the crypto world, and generally it is positive for Safello's fee-based model.

The development in 2022 for the cryptocurrencies included in Safello's offering is presented below. All graphs show the currency's opening rate<sup>3</sup> as of the specified date, converted from USD to SEK.<sup>4</sup>

	BTC	DOT	ETH	LINK	MATIC
Total market cap 31/12 2022 (billion SEK)	3,337	54	1,509	28	71
Change in market cap 1/1 - 31/12 2022 (%)	-59 %	-81 %	-62 %	-68 %	-65 %

■ BTC in SEK 2022



■ DOT in SEK 2022



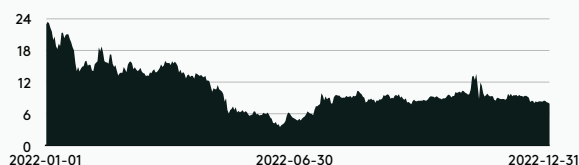
■ ETH in SEK 2022



■ LINK in SEK 2022



■ MATIC in SEK 2022



## Positive development towards uniform regulations

The proposed MiCA regulation (Markets in Crypto Assets regulation) which is expected to enter into force during 2024, implies stronger consumer protection and higher thresholds to enter into and operate in the crypto market. Safello is positive about upcoming regulation which legitimizes the crypto market as a whole and strengthens the focus on corporate governance and customer protection in particular. The coming regulation creates a level playing field for actors in the market, which will benefit those, like Safello, who have always strived to be compliant with current legislation. Safello is well positioned and equipped for upcoming regulation and sees it as a competitive advantage.

## The crypto market going forward

At the time of writing it is still unclear whether the major bankruptcies and scandals that have characterized 2022 will have long term effects on more crypto companies or spill over into the broader economy. The crypto market has recovered since the year end 2022/2023, but prices remain far from the levels seen in 2021. It is likely that the interest rate hikes and the slowdown in the global economy will continue to weigh on the cryptocurrency prices in 2023. What speaks against this thesis is that the crypto economy still offers an alternative to the traditional financial system. Projects funded in 2021 and early 2022 largely still have the financial muscle to continue developing their projects, and the likelihood is high that some of these will be successful.

<sup>3</sup> <https://www.coingecko.com/>

<sup>4</sup> <https://www.riksbank.se/sv/statistik/sok-rantor--valutakurser/>



# The Share

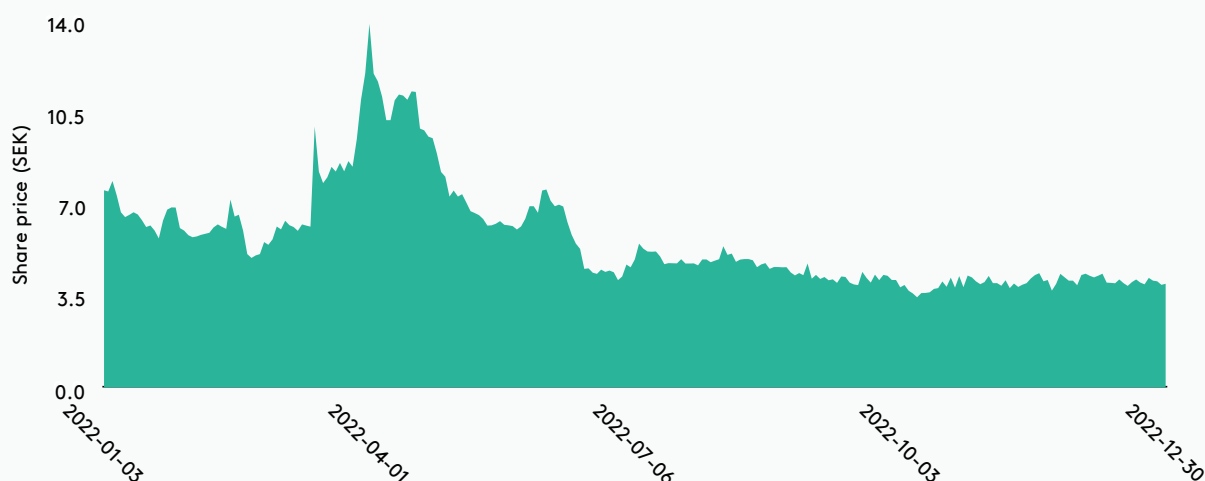
SFL

## The share

The number of shares as of December 31, 2022 was 20,449,600, distributed among 2,393 shareholders. All shares have an equal right to the company's profits and assets and each share entitles the shareholder to one vote at the Annual General Meeting. The company's shares have been traded on First North Growth Market since May 12, 2021. The share is traded under the ticker SFL and the ISIN code for the share is SE0015346895.

## Share price development

The share was traded at a minimum of SEK 3.04 and a maximum of SEK 14.78 in 2022. The share price development can be seen in the graph below.



## Share capital and shares

The share capital in the Company as of December 31, 2021 amounted to SEK 1,022,480 divided into 20,449,600 shares, with a quotient value of SEK 0.05. The shares have been issued in accordance with Swedish law and are denominated in Swedish kronor (SEK). The shares are issued in one class of shares. All issued shares are fully paid up and are freely transferable. According to the Articles of Association, the share capital must be at a minimum of SEK 847,480 and a maximum of SEK 3,389,920 and the number of shares must be at a minimum of 16,949,600 and a maximum of 67,798,400. Each share is entitled to one vote. At a general meeting, each person entitled to vote may vote for the full number of shares held or represented without restrictions in voting rights.

## Dividend and dividend policy

The shares carry the right to a dividend for the first time on the record date for dividends that falls immediately after the shares have been entered in the share register of Euroclear Sweden AB ("Euroclear") when the registration is complete. The right to a dividend accrues to the person who was registered as a shareholder in the share register kept by Euroclear on the record date determined by the Annual General Meeting. Payment is arranged by Euroclear or for nominee-registered holdings in accordance with the respective nominee's routines.



Dividends are proposed by the Board and decided by the Annual General Meeting in accordance with the Swedish Companies Act and the Articles of Association. When considering proposals for dividends, several factors are taken into account, including the Company's operations, operating profit/loss and financial position, current and expected liquidity needs and other significant factors. This year, the Board of Directors has not proposed a dividend payment to the Annual General Meeting.

#### **Incentive program - warrants**

The company has one incentive program for management and employees and one for the board. The programs include a total of 100,000 warrants to board members and 891,068 warrants to management and employees. The warrants were offered to those entitled to subscribe at an estimated market value and a price of SEK 0.69 per warrant, calculated by an independent advisor based on the Black and Scholes model for warrants valuation. The total number of subscribed and paid warrants amounts to 991,068. The program runs for 3 years and each warrant gives the right to acquire one share in Safello Group AB at a price of SEK 23.63 in the period 1 March to 30 April 2024.

#### *Dilution*

In the event that all warrants in the program are exercised for subscription of shares, this entails a dilution of approximately 4.6 percent of the total number of outstanding shares and votes in the Company as of December 31, 2022.

#### **Changes in shares/share capital**

The table below presents changes in the Company's shares and share capital during 2022 and the comparison year 2021. No change has taken place in the company's shares or share capital during 2022.

Event	Decision date	Subscription price (SEK)	Change of shares	Change in share capital (SEK)	Quota value (SEK)	Total number of shares	Total share capital (SEK)
New share issue	2021-04-16	13.50	3,000,000	150,000	0.05	20,449,600	1,022,480
New share issue	2021-03-31	13.50	500,000	25,000	0.05	17,449,600	872,480
Share split 1:160	2021-03-12	-	16,843,665	-	0.05	16,949,600	847,480
Bonus issue	2021-03-12	-	-	741,545	8.00	105,935	847,480



# Annual Report

## Directors' report

The Board of Directors and the Chief Executive Officer of Safello Group AB (corp. id 556892-3550) hereby submit the following annual report and consolidated accounts for the financial year 2022-01-01 - 2022-12-31. The Group is headquartered in Stockholm, Malmskillnadsgatan 32, 111 51 Stockholm. The annual report has been prepared in thousands of Swedish kronor (kSEK) unless otherwise stated.

### Information about the business

The Group consists of Safello Group AB (parent company) and the subsidiaries Safello AB, Safello Technology Development AB and Rational Money AB.

Safello started its operations in 2013 and offers trading, exchange, storage and other products and services related to cryptocurrency. Safello's brokerage platform makes it possible for customers to securely buy, sell and store cryptocurrencies with SEK and EUR. Safello offers cryptocurrencies such as Bitcoin (BTC), Ethereum (ETH), Chainlink (LINK), Polkadot (DOT) and Polygon (MATIC). Since January 2023, Algorand (ALGO), Uniswap (UNI) and USD Coin (USDC) are also offered.

The subsidiary Safello AB is registered with the Swedish Financial Supervisory Authority to operate as a financial institution.

### Significant events during the financial year

#### *Products and services*

In February Safello introduced a new tier-based fee structure where all purchases and sales are measured over an aggregate rolling 12-months period. The new fee structure provides additional transparency and simplifies the trading process for customers, where customers automatically receive a more favorable fee level depending on trading volume, compared with the previous structure where an application was needed to obtain premium pricing.

Safello also ended the Safello Widget and Partner Widget and replaced these features with a new affiliate partner program, through the global partnership management platform [impact.com](https://impact.com).

In July, Safello introduced a fee for withdrawing Bitcoin from the Safello Wallet to other wallet addresses. At the end of September, a fee was also introduced for the withdrawal of Ethereum. Withdrawal fees have been introduced to be more in line with other players in the market.

Safello AB entered into an agreement with [Blockchain.com](https://blockchain.com) at the end of September for the provision of OTC services. The OTC services enable Safello to trade larger volumes on behalf of its customers at tailor-made prices. By entering into the agreement, Safello can meet the market's demand for OTC services for larger customers, which is a service that Safello intends to offer.

In March, the subsidiary Safello AB and Avanza Bank AB (a wholly owned subsidiary of Avanza Bank Holding AB) entered into a letter of intent (LOI) regarding a potential collaboration regarding cryptocurrency services with the ambition to evaluate a potential collaboration for the distribution of Safello's services via Avanza's platform. Avanza terminated the



negotiations in June since they considered that the market for crypto assets is not sufficiently regulated at the moment to offer direct crypto investments via their platform.

During the year, Safello started a collaboration with tax service Divly to offer its users a seamless process to calculate and manage tax on their cryptocurrency transactions. The integration with Divly simplifies the declaration process since users get access to tools that automatically calculate the outcome and create a K4 report.

On 5 December Safello launched its Institutional Custody Services and onboarded the first financial institution, Quantum Leben AG, to the platform. In connection with the launch, Safello introduced a new fee structure applicable to the service. The onboarding of Quantum Leben is a first strategic step to cater for a new type of clients and enable new revenue streams.

Safello also entered into a marketing agreement with the FinTech company Hubins. The agreement will cover marketing activities in relation to Hubins insurance distribution providing investments in crypto assets available within a unit-linked insurance.

On 21 December, based on Safello's Institutional Custody Service product, insurance distributor Hubins opened the possibility to store real crypto within a unit-linked insurance. The new investment opportunity utilizes Safello's platform for custody and management. The possibility to invest real crypto assets within a unit-linked insurance is a unique product that competes with equity traded products tracking Bitcoin and Ethereum. Compared to e.g. certificates, real crypto within a unit-linked insurance decreases the counterparty risk and provides transparency over the storage of funds.

#### *Miscellaneous*

On November 24, Safello was announced as Sweden's 11th fastest-growing technology company when Deloitte announced its Sweden Technology Fast 50 top list.

#### *Corporate*

On April 27, 2022, Safello held its annual general meeting in Stockholm. A summary of all decisions can be found in the report from the annual general meeting from April 27, available on the company's website. The AGM decided, among other things, on the re-election of Frank Schuil, Jacob Jacobsson, Sepehr Alavi, Knut Pedersen and Johan Lorenzen as board members and the re-election of Jacob Jacobsson as chairman of the board. Johan Lorenzen resigned as board member on October 1, 2022, due to increased commitments outside the Safello Group.

Furthermore, Safello initiated a change of Certified Advisor from Corpura Fondkommission AB to Amudova AB at the beginning of the year, which made Christina Ploom, CEO and Senior Advisor at Amudova AB, unavailable for re-election. The change of Certified Adviser from Corpura Fondkommission AB to Amudova AB took effect on July 19.

Since Q4 2021, Safello was subject of an investigation by the Financial Supervisory Authority ("FI") regarding the company's compliance with the money laundering regulations. FI announced on June 15 that there was no reason for FI to take further measures due to the investigation. The case was therefore dismissed.

#### *Organisation & Leadership*

During the year, Safello invested in strengthening the organization but at the same time adapted the organization to strengthen the resistance to reduced activity in the market and to save costs in the longer term. Both personnel and external services and costs have been reviewed and the total number of employees has decreased continuously during the year until the end of the year, which has also gradually reduced the cost base. Emelie Moritz started as COO in March 2022.

#### **Expected future development, risks and uncertainties**

A number of factors affect, or may affect, Safello's operations both directly and indirectly. The company is exposed to risks that include strategic and external risks but also business risks such as operational and financial risks. Active risk management is a prerequisite for the Company to be able to conduct a successful business. The following describes, without any particular order and without claiming to be exhaustive, any risk factors and significant circumstances that are considered essential for Safello's operations and future development.



#### *Price risk of cryptocurrency*

A significant financial risk in Safello's operations is the price risk attributable to fluctuations in cryptocurrency prices. The Company strives to manage price risk by continuously monitoring developments in the market in general and specifically with regards to the cryptocurrencies with which the Company trades. The Group maintains a limited stock of cryptocurrencies, to facilitate day-to-day operations, while minimizing price risk.

During the third quarter of 2021, the Parent Company was mandated by the Board to invest SEK 10 million in cryptocurrency as part of a long-term strategy. The holdings comprise Ethereum and Bitcoin, and are subject to the price swings in the respective assets.

#### *Warehousing and storage of cryptocurrencies*

Safello stores both its own cryptocurrency and cryptocurrency on behalf of customers in Fireblock's wallet infrastructure. Storage of cryptocurrencies entails risks related to operational disruptions in IT systems and cybercrime, and therefore Safello has developed processes and routines that aim to minimize the risk of theft or that crypto is lost in other ways. Since November 2022, Safello has a proof-of-reserves page that displays the customer crypto assets that the company administers (see <https://safello.com/proof-of-reserves/>). In addition, Safello keep an inventory of crypto assets at blockchain.com and Bitstamp in order to be able to transact in real time on behalf of our customers. Downtime, cybercrime or fraud at these counterparties could lead to loss of Safello's holdings at these counterparties.

#### *Currency risk*

Safello is exposed to currency risks due to unfavorable changes in exchange rates that may adversely affect earnings and equity. The Group is only active in Sweden but is exposed to currency risks that arise from currency exposures primarily attributable to the purchase and sale of cryptocurrency. The exposure is primarily to EUR and in order to manage these effects, the Company strives to make exchanges at as favorable rates as possible.

#### *Negative cash flow and risk of future capital needs*

The company is in an expansion phase and has a negative cash flow in the operations at Group level. There is a risk that the Company will not generate sufficient funds for shorter or longer periods to finance the continued operations. Hence, there is a long-term risk that additional capital may need to be raised.

#### *Security breaches and risks related to the technical platform*

Safello is highly dependent on its technical platform for day-to-day operations. A downturn or an interruption in the technical platform may damage Safello's reputation and affect the Company's ability to acquire, retain and serve its customers. Furthermore, it is becoming increasingly common for companies to be exposed to cyber attacks, some of which are sophisticated targeted attacks on companies' computer networks and there is a risk that the Company will not be able to anticipate the attacks or implement effective measures in time to prevent the attacks. Safello has developed processes and routines that aim to eliminate operational disruptions and minimize the consequences in the event of a technical interruption.

#### *Dependence on key people*

The business is dependent on the ability to recruit, develop and retain qualified employees. There is a risk that the Company may not offer all key personnel satisfactory conditions in relation to the competition that exists from other companies in the industry or related industries. Should these persons leave and not longer be a part of Safello, the Company operations may be adversely affected.

#### *Competition and market*

Safello operates in a highly competitive market. There is a risk of increased competition from market participants with, in many cases, significantly greater financial resources that may lead to reduced growth opportunities or that the Company's operations are negatively affected in other ways. Furthermore, there is a risk that Safello will over time be exposed to both competition and margin pressure.



#### *Regulatory risks*

The regulation of cryptocurrencies is still at a relatively early stage and, apart from the Fifth and Sixth Money Laundering Directives, there is currently no harmonized legislation at EU level addressing cryptocurrencies. Some EU member states have chosen to adopt local legislation while others are awaiting EU regulation. There is a bill at EU level, the so-called The MiCA regulation, which aims at cryptocurrency services, but it is currently not clear when it will be implemented, nor its final wording. Thus, there are, and are still expected to be, regulatory differences between different countries.

There is also a risk that some countries will impose restrictions or bans on the use and/or possession of cryptocurrency. If regulatory changes occur within the Company's area of activity, these may entail increased costs for the Company to ensure compliance with the rules, and should the Company fail to comply with applicable rules, there is a risk that competent authorities will impose sanctions or withdraw necessary permits, which depending on the severity would adversely affect the Company's margins.

#### **The company's branches abroad**

Safello Group AB has a branch in Norway that is dormant, otherwise the Company has no branches abroad.

#### **The stock**

The number of shares as of December 31, 2022 was 20,449,600, distributed among 2,393 shareholders. All shares have an equal right to the company's profits and assets and each share entitles the shareholder to one vote at the Annual General Meeting. The company has been traded on the First North Growth Market since May 12, 2021. The share is traded under the ticker SFL.

#### **Summary of earnings per share**

	2022	2021
Number of shares before dilution	20,449,600	20,449,600
Number of shares after potential dilution	21,440,668	21,440,668
Average number of shares	20,449,600	19,467,668
Average number of shares after potential dilution	21,440,668	20,458,736
Share capital per share (SEK)	-1.68	2,73
Earnings per share before dilution (SEK)	-1.05	-0,76
Earnings per share after dilution (SEK)	-1.00	-0,72
Dividends per share (as proposed in the current year) (SEK)	-	-





## Ownership - the company's ten largest shareholders

The table below shows the Company's largest owner according to the share register and nominee list according to Euroclear Sweden AB with record date 30 December 2022 and subsequent known changes.

	Number of shares	Voting rights and share capital (%)
Frank Schuil BV <sup>5</sup>	4,031,260	19.71%
WSC III LP	2,370,749	11.59%
Joakim Johansson <sup>6</sup>	2,095,200	10.25%
Northzone VII L.P	1,375,425	6.73%
Emil Oldenburg	1,203,262	5.88%
Brown Brothers Harriman & CO	1,097,291	5.37%
Nordnet Pensionsförsäkring AB	1,010,394	4.94%
IBKR Financial Services AG	571,100	2.79%
BNY Mellon NA	505,379	2.47%
Försäkringsbolaget Avanza Pension	485,909	2.38%
<i>Company's ten largest shareholders in total</i>	<i>14,745,969</i>	<i>72.11%</i>
<i>Other shareholders</i>	<i>5,703,631</i>	<i>27.89%</i>
<b>Total</b>	<b>20,449,600</b>	<b>100.00%</b>

## Development of operations, earnings and position - Group<sup>7</sup>

	2022	2021	2020	2019
Net sales (kSEK)	634,898	757,898	315,007	206,621
Profit/loss after financial items (kSEK)	-21,505	-14,736	882	249
Operating margin (%)	neg	neg	0%	0%
Return on equity (%)	neg	neg	4%	2%
Total assets (kSEK)	41,511	62,863	28,178	13,289
Acid-test ratio (%)	380%	542%	394%	253%
Equity/asset ratio (%)	83%	89%	81%	83%
Number of employees	30	22	10	9

## Development of operations, earnings and position - Parent company<sup>8</sup>

	2022	2021	2020	2019
Net sales (kSEK)	3,000	4,384	0	0
Profit/loss after financial items (kSEK)	-14,557	-18,067	-4,216	-6,559
Operating margin (%)	neg	neg	neg	neg
Return on equity (%)	neg	neg	neg	neg
Total assets (kSEK)	55,452	70,538	38,578	26,062
Acid-test ratio (%)	1099%	1278%	1465%	1249%
Equity/asset ratio (%)	97%	97%	97%	99%
Number of employees	6	4	2	1

<sup>5</sup> Frank Schuil owns 100% of Frank Schuil BV. Frank Schuil also owns 60,812 shares privately.

<sup>6</sup> Joakim Johansson has 500,000 shares by a capital insurance.

<sup>7</sup> For key ratio definitions, see Accounting principles in Note 1

<sup>8</sup> For key ratio definitions, see Accounting principles in Note 1



## Appropriation of profit or loss

The Board of Directors proposes that the earnings of (in SEK)

Share premium	101,392,136
Non-restricted equity	-34,261,778
Profit or loss of the year	-14,556,842
	<b>52,573,516</b>

To be disposed as

	0
Dividend to shareholders (0 SEK per share)	52,573,516
Profit or loss carried forward	<b>52,573,516</b>



## Income statement - Group

	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Net sales		634,898	757,898
Activated work for own account		939	0
Other operating income		3,167	5
		<b>639,004</b>	<b>757,903</b>
<i>Operating expenses</i>			
Raw materials and consumables		-2,055	-2,770
Merchandise		-604,597	-718,228
Other external expenses	2	-11,495	-24,389
Personnel costs	3	-32,339	-22,738
Depreciation of tangible and intangible fixed assets		-9,123	-3,445
Other operating expenses		-903	-1,009
		<b>-660,511</b>	<b>-772,579</b>
<b>Operating profit/loss</b>		<b>-20,507</b>	<b>-14,675</b>
<i>Results from financial items</i>			
Other interest income and similar items	4	4	0
Interest expenses and similar performance items	5	-1	-61
		<b>3</b>	<b>-61</b>
<b>Profit/loss after financial items</b>		<b>-21,505</b>	<b>-14,736</b>
Tax on profit/loss for the year	6	5	-57
<b>Profit/loss for the year</b>		<b>-21,499</b>	<b>-14,794</b>
<b>Attributable to</b>			
The parent company's shareholders		<b>-21,499</b>	<b>-14,794</b>
Minority interest		<b>0</b>	<b>0</b>



## Balance sheet - Group

1:2

	Note	2022-12-31	2021-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Capitalized expenditure for development and similar work	7	1,932	2,981
Goodwill	8	5,277	6,944
Cryptocurrency	9	4,883	10,135
		<b>12,092</b>	<b>20,060</b>
<i>Property, plant and equipment</i>			
Machinery and other technical facilities	10	165	237
Equipment, tools, fixture and fittings	11	112	47
		<b>277</b>	<b>284</b>
<i>Financial assets</i>			
Other long-term receivables	12	333	401
		<b>333</b>	<b>401</b>
<b>Total non-current assets</b>		<b>12,702</b>	<b>20,745</b>
<b>Current assets</b>			
<i>Inventory</i>			
Prepared goods and goods for sale		1,757	4,253
		<b>1,757</b>	<b>4,253</b>
<i>Current receivables</i>			
Accounts receivable		0	39
Other receivables	13	4,585	1,514
Prepaid expenses and accrued income	14	1,085	1,709
		<b>5,670</b>	<b>3,262</b>
<i>Kortfristiga placeringar</i>			
Cash and bank balances		21,344	34,602
<b>Total current assets</b>		<b>28,809</b>	<b>42,117</b>
<b>TOTAL ASSETS</b>		<b>41,511</b>	<b>62,863</b>



## Balance sheet - Group

2:2

	Note	2022-12-31	2021-12-31
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital		1,022	1,022
Share premium		101,392	101,392
Other equity including profit/loss for the year		68,031	-46,532
<b>Equity attributable to the parent company's shareholders</b>		<b>34,383</b>	<b>55,883</b>
Minority interest		0	0
<b>Total equity</b>		<b>34,383</b>	<b>55,883</b>
<i>Current liabilities</i>			
Liabilities to credit institutions		0	19
Advance payment from customers		1,497	1,000
Accounts payable		935	1,027
Current tax liabilities		1,082	448
Other liabilities		2,659	2,862
Accrued expenses and deferred income	15	956	1,624
<b>Total current liabilities</b>		<b>7,128</b>	<b>6,980</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>41,511</b>	<b>62,863</b>



## Statement of changes in equity - Group

	Share capital	Unregistered share capital	Share premium	Other equity including result for the year	Eq. attrib. to parent company's share-holders	Total equity
Opening balance 2021-01-01	99	7	54,317	-31,681	22,742	22,742
<i>Transactions with owners:</i>						
Bonus issue	742	-	-	-742	0	0
Registered new share issue	7	-7	-	-	0	0
Non-cash issue	25	-	6,725	-	6,750	6,750
New share issue	150	-	40,350	-	40,500	40,500
Warrants issued	-	-	-	684	684	684
Profit/loss for the year	-	-	-	-14,794	-14,794	-14,794
Outgoing balance 2021-12-31	1,022	0	101,392	-46,532	55,882	55,882
<i>Transactions with owners:</i>						
Profit/loss for the year	-	-	-	-21,499	-21,499	-21,499
Outgoing balance 2022-12-31	1,022	0	101,392	-68,032	34,383	34,383



## Cash flow statement - Group

	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
<b>Operating activities</b>			
Operating profit/loss		-21,507	-14,675
Adjustment for entries not included in cash flow			
Depreciation and write-downs		9,143	3,445
		<b>-12,364</b>	<b>-11,230</b>
Received Interest	4	4	0
Paid interest	5	-1	-61
Paid Income tax		5	-172
<b>Cash flow from operating activities</b>			
<b>before changes in working capital</b>		<b>-12,356</b>	<b>-11,463</b>
<i>Changes in working capital</i>			
Change in inventories		-236	-2,549
Change in operating receivables		287	1,444
Change in operating liabilities		148	1,447
<b>Cash flow from operating activities</b>		<b>-12,157</b>	<b>-11,121</b>
<i>Investment activities</i>			
Acquisition of participations in subsidiaries		0	-1,595
Acquisition of intangible assets		0	0
Sales of intangible assets		1,015	-10,135
Acquisition of property, plant and equipment		-154	-407
Acquisition of financial fixed assets		68	-332
<b>Cash flow from investing activities</b>		<b>-1,101</b>	<b>-12,469</b>
<i>Financing activities</i>			
New share issue		0	40,500
Warrants		0	684
<b>Cash flow from financing activities</b>		<b>0</b>	<b>41,184</b>
<b>Cash flow for the period</b>		<b>-13,258</b>	<b>17,594</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>34,602</b>	<b>17,008</b>
<b>Exchange rate difference in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at year end</b>		<b>21,344</b>	<b>34,602</b>



## Income statement - parent company

	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Net sales		3,000	4,384
Other operating income		2,275	5
		<b>5,275</b>	<b>4,389</b>
<i>Operating expenses</i>			
Merchandise			-411
Other external expenses	2	-4,538	-15,033
Personnel costs	3	-10,020	-6,953
Depreciation of tangible and intangible fixed assets		5,300	0
Other operating expenses		-15	0
		<b>-19,873</b>	<b>-22,397</b>
<b>Operating profit/loss</b>		<b>-14,598</b>	<b>-18,008</b>
<i>Results from financial items</i>			
Resultat från andelar i koncernföretag	18	-500	0
Other interest income and similar items	4	543	0
Interest expenses and similar performance items	5	-1	-59
		<b>41</b>	<b>-59</b>
<b>Profit/loss after financial items</b>		<b>-14,557</b>	<b>-18,067</b>
Appropriations	17	0	895
<b>Profit before tax</b>		<b>-14,557</b>	<b>-17,172</b>
Tax on profit/loss for the year	6	0	0
<b>Profit/loss for the year</b>		<b>-14,557</b>	<b>-17,172</b>





## Balance sheet - parent company

1:2

	Note	2022-12-31	2021-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Cryptocurrency		4,809	10,123
		<b>4,809</b>	<b>10,123</b>
<i>Materiella anläggningstillgångar</i>			
Inventarier, verktyg och installationer	11	49	0
		<b>49</b>	<b>0</b>
<i>Financial assets</i>			
Shares in group companies	18,19	30,184	29,934
		<b>30,184</b>	<b>29,934</b>
<b>Total non-current assets</b>		<b>35,042</b>	<b>40,056</b>
<b>Current receivables</b>			
<i>Short-term receivables</i>			
Receivables from group companies		13,247	5,696
Other receivables	13	304	73
Prepaid expenses and accrued income	14	1,280	1,017
		<b>14,831</b>	<b>6,786</b>
<i>Kortfristiga placeringar</i>			
Cash and bank balances		5,540	23,696
<b>Total current assets</b>		<b>20,410</b>	<b>30,482</b>
<b>TOTAL ASSETS</b>		<b>55,452</b>	<b>70,538</b>



## Balance sheet - parent company

2:2

	Note	2022-12-31	2021-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>20</b>		
<i>Restricted capital</i>			
Share capital		1,022	1,022
		<b>1,022</b>	<b>1,022</b>
<i>Non-restricted capital</i>			
Additional paid in capital		101,392	101,392
Retained earnings		-34,262	-17,090
Profit/loss for the year		-14,557	-17,172
		<b>52,574</b>	<b>67,130</b>
<b>Total equity</b>		<b>53,596</b>	<b>68,153</b>
<i>Current liabilities</i>			
Accounts payable		462	173
Liabilities to group companies		156	0
Current tax liabilities		418	169
Other liabilities		267	1,401
Accrued expenses and prepaid income	15	554	643
<b>Total current liabilities</b>		<b>1,856</b>	<b>2,385</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>55,452</b>	<b>70,538</b>



## Statement of changes in equity - parent company

	<i>Restricted equity</i>		<i>Non-restricted equity</i>			<b>Total equity</b>
	<b>Share capital</b>	<b>Unregistered share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Profit/loss for the year</b>	
<b>Opening balance 2020-01-01</b>	<b>99</b>	<b>7</b>	<b>54,317</b>	<b>-17,856</b>	<b>824</b>	<b>37,391</b>
Transfer of results previous year	-	-		824	-824	0
<i>Transactions with owners:</i>						
Bonus issue	742	-	-	-742	-	0
Registered new share issue.	7	-7	-	-	-	0
Non-cash issue	25	-	6,725	-	-	6,750
New share issue	150	-	40,350	-	-	40,500
Warrants issued	-	-	-	684	-	684
Profit/loss for the year	0	-	-	-	-17,172	-17,172
<b>Outgoing balance 2020-12-31</b>	<b>1 022</b>	<b>0</b>	<b>101,392</b>	<b>-17,090</b>	<b>-17,172</b>	<b>68,153</b>
Transfer of results previous year	0	0	0	-17,172	17,172	0
Profit/loss for the year	-	-	-	-	-14,557	-14,557
<b>Outgoing balance 2021-12-31</b>	<b>1,022</b>	<b>0</b>	<b>101,392</b>	<b>-34,262</b>	<b>-14,557</b>	<b>53,596</b>



## Cash flow statement - parent company

		2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
<b>Operating activities</b>			
Operating profit/loss		-14,598	-18,008
Adjustment for entries not included in cash flow			
Depreciation and write-downs		5,317	0
Group contribution	17	0	895
		<b>-9,281</b>	<b>-17,113</b>
Received interest	4	543	0
Paid interest	5	-1	-59
Paid Income tax		0	0
<b>Cash flow from operating activitie before changes in working capital</b>		<b>-8,740</b>	<b>-17,172</b>
<i>Changes in working capital</i>			
Change in operating receivables		-8,085	-531
Change in operating liabilities		-529	1,198
<b>Cash flow from operating activities</b>		<b>17,353</b>	<b>-16,505</b>
<i>Investment activities</i>			
Acquisition of participations in subsidiaries		-750	-2,000
Acquisition of intangible fixed assets		-1	0
Sales of intangible fixed assets		1	-10,123
Acquisition of tangible fixed assets		-53	0
<b>Cash flow from investing activities</b>		<b>-803</b>	<b>-12,123</b>
<i>Financing activities</i>			
New share issue		0	40,500
Group contributions received		0	0
Warrants		0	684
<b>Cash flow from financing activities</b>		<b>0</b>	<b>41,184</b>
<b>Cash flow for the period</b>		<b>-18,156</b>	<b>12,556</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>23,696</b>	<b>11,140</b>
<b>Exchange rate difference in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at year end</b>		<b>5,540</b>	<b>23,696</b>



# Notes

## Note 1 Accounting principles, etc.

### **General accounting principles**

The annual report and consolidated accounts have been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Accounting Standard Board's general recommendations BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). The Board of Directors has approved this annual report and consolidated financial statements on March 30, which will be submitted for adoption at the Annual General Meeting on May 4, 2023.

Accounting principles are unchanged compared to the previous year. The parent company and the Group apply the same accounting principles unless otherwise stated below.

### **Accounting principles - Group**

#### **Consolidated financial statements**

##### *Extent*

The consolidated financial statements include the parent company and its subsidiaries. Subsidiaries refer to those undertakings in which the parent has, directly or indirectly, a controlling influence. Normally, this means an entity in which the parent holds more than 50 % of the votes, or otherwise holds the controlling influence and thus has the right to design the entity's financial and operational strategies in order to obtain economic benefits. The consolidated financial statements include the subsidiaries from the day the Group receives control until the date on which it no longer exists. The accounting principles of the subsidiaries are in general in accordance with the Group's accounting principles.

##### *Accounting method*

The consolidated financial statements are prepared in accordance with the acquisition method. This means that the identifiable assets and liabilities of the acquired business are recognized at market value in accordance with established acquisition analysis. If the carrying amount exceeds the estimated market value of the expected net assets according to the acquisition analysis, the difference is recognized as goodwill. The Group's equity includes the parent company's equity and the part of the subsidiaries' equity that has been added after the subsidiaries have been acquired.

##### *Transactions between group companies*

Intra-group receivables and liabilities and transactions between group companies as well as unrealised profits are eliminated in full. Unrealised losses are also eliminated unless the transaction corresponds to an impairment requirement.

Changes in internal profit during the financial year are eliminated in the income statement of the Group.



## Revenue recognition

Income is recognized at fair value of what has been or will be received and recognized to the extent that it is likely that the financial benefits will be assimilated to the company and the proceeds can be reliably calculated. Income is recognized as income when significant benefits and risks associated with ownership of the goods have been transferred from the entity to the buyer.

### *Cryptocurrency trading*

The Group offers trading of the cryptocurrencies Bitcoin, Chainlink, Ethereum, Polkadot and Polygon. When trading cryptocurrency, in the form of buy, sell or withdrawal, the income is normally recognized as revenue when significant benefits and risks associated with ownership of the goods have been transferred from the company to the buyer, which occurs when the customer has gained control of the promised asset.

## Lease

### *The Group as a lessee*

The Group is a lessee through so-called operating leases as the financial risks and benefits associated with the asset have not been transferred to the Group. The lease payments, including any first increased rent, are recognized as a cost on a straight-line basis over the leasing period.

## Employee benefits

Employee benefits refer to all types of remuneration that the Group provides to employees. The Group's remuneration includes salaries, paid leave, paid absences and post-employment benefits (pensions). Accounting takes place in line with earnings. Compensation after termination of employment refers to defined contribution or defined benefit pension plans. Defined contribution plans are classified as plans where set contributions are paid and there are no obligations, whether legal or informal, to pay anything further, in addition to those fees. Other plans are classified as defined benefit pension plans. The Group has only defined contribution pension plans. Expenditure on defined contribution plans is recognized as an expense during the period during which the employees perform the services on which the obligation is based.

## Foreign currency items

Receivables and liabilities in foreign currency have been valued at the rate on the reporting date. Exchange gains and losses on operating receivables and operating liabilities are recognized in operating income, while exchange gains and losses on financial receivables and liabilities are recognized as financial items.

## Tax

Total tax consists of current tax and deferred tax. Taxes are recognized in the income statement, except where the underlying transaction is recognized directly against equity, whereby the associated tax effect is recognized in equity.

### *Current tax*

Current tax refers to income tax for the current financial year and the part of the income tax of the previous financial year that has not yet been reported. Current tax is calculated on the basis of the tax rate applicable at the balance sheet date.

### *Deferred tax*

Deferred tax is income tax related to future financial years as a result of past events. Accounting is done according to the balance sheet method. According to this, deferred tax liabilities and deferred tax assets are recognized on temporary differences that arise between book and tax values for assets and liabilities, as well as for other tax deductions or losses.

Deferred tax assets are reported net against deferred tax liabilities only if they can be paid with a net amount. Deferred tax is calculated on the basis of the tax rate applicable on the balance sheet date. Effects of changes in applicable tax rates are recorded in the period during which the change has been established. Deferred tax assets are reduced to the extent that it is unlikely that the underlying tax asset will be realized in the foreseeable future. Deferred tax assets are recognized as financial non-current assets and deferred tax liability as a provision.



### Property, plant and equipment and intangible assets

Property, plant and equipment and intangible fixed assets are recognized at acquisition value reduced by accumulated depreciation and any impairment losses.

The depreciable amount consists of the cost reduced by an estimated residual value if this is material. Depreciation takes place on a straight-line basis over the expected useful life.

*The following depreciation periods apply:*

Intangible fixed assets	
Capitalized expenditure for development and similar projects	5 years
Goodwill	5 years
Property, plant and equipment	
Machinery and other technical installations	3 years
Equipment, tools, fixture and fittings	5 years

#### *Internally generated intangible assets*

The Group applies the so-called "activation model" for internally generated intangible assets. The method involves activating all expenses that meet the criteria in K3 of an intangible asset and to depreciate it during the estimated useful life of the asset. The cost includes personnel costs incurred in the development work together with a share of relevant overheads. Internally generated intangible fixed assets refer to Safello's cryptocurrency trading platform.

#### *Goodwill*

Goodwill is the difference between the acquisition value and the Group's share of the fair value of an acquired subsidiary's identifiable assets and liabilities on the acquisition date. At the time of acquisition, goodwill is reported at acquisition value and after the first reporting occasion, it is valued at acquisition value after deductions for depreciation and any write-downs. Goodwill is amortized over the expected useful life, which amounts to 5 years.

At each balance sheet date, the company assesses whether there is any indication that the value of goodwill is lower than the carrying amount. If there is such an indication, the company calculates the recoverable amount of goodwill and prepares an impairment test.

When testing for impairment, goodwill is allocated to cash-generating units. If the recoverable amount of a cash-generating unit is determined to be less than the carrying amount, the impairment amount is allocated, first less the carrying amount of goodwill attributable to the cash-generating unit and then the carrying amount of other assets is reduced in proportion to the carrying amount of each asset in the unit. A reported write-down of goodwill may not be reversed in a later period.

#### *Cryptocurrency*

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

At each balance sheet date, the company assesses whether there is any indication that the market value of cryptocurrency is lower than the carrying amount. If there is such an indication, the company prepares an impairment test to assess whether the decline can be deemed as significant and whether it can be deemed as temporary or permanent.



### Financial instruments

The company reports and values financial instruments at acquisition value. Accounts receivable and other current receivables are reported at the lower of acquisition value and the amount by which they are expected to be settled, i.e. with deductions for expected losses. Accounts payable and other current liabilities are reported at the amount by which they are expected to be settled. Long-term receivables and long-term liabilities are valued after the first reporting at accrued acquisition value.

### Inventory

The inventory consists of cryptocurrency and has been valued at the lower of its acquisition value and its net sales value on the balance sheet date. The net sales value refers to the goods' estimated sales price, less selling costs. The chosen valuation method means that any obsolescence in the inventory has been taken into account.

### Estimates and assessments

The preparation of financial statements and the application of accounting principles are often based on management's assessments, estimates and assumptions that are considered reasonable at the time the assessment is made. Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable under the prevailing conditions. The results of these are used to assess the reported values of assets and liabilities that are not otherwise clear from other sources. The actual outcome may differ from these estimates and judgments. The estimates and assumptions are reviewed regularly.

Any changes are reported in the period in which the change is made if it only affected this period or in the period in which the change is made and future periods if the change affects both current and future periods.

*The following of the Board's assessments have a significant effect on the amounts reported in the annual accounts and the consolidated accounts:*

#### *Estimation of the value of goodwill and internally generated intangible non-current assets*

The carrying amount of goodwill and internally generated intangible fixed assets constitute assessment items in the financial reporting. The book value depends on the future market for the company's products developing as expected. The assessment as of December 31, 2022 is that the carrying amount of these items does not exceed fair value.

#### *Estimation of the value of cryptocurrency*

The carrying amount of cryptocurrency constitutes an assessment item in the financial reporting, as it constitutes a volatile market. The book value is compared with the market value on the balance sheet date and is also set in relation to the expected future development of the value of the cryptocurrency. The company has made a write-down of cryptocurrency to market value per the end of the second quarter 2022, that amounted to SEK 4.9 million. The assessment as of December 31, 2022 is that the carrying amount of these items does not exceed fair value.

## Accounting principles - Parent company

Only those accounting principles that deviate from those applied in the consolidated accounts.

### Group contribution

Received and paid group contributions are reported as appropriations.

### Shares in group companies

Shares in Group companies are reported at acquisition value less any write-downs. Dividends are reported as income, even if the dividend refers to accumulated profits before the time of acquisition. The dividend is normally reported when the competent body has made a decision on it and it can be calculated in a reliable manner.





## Note 2 – Fees to auditors

	Group		Parent company	
	2022	2021	2022	2021
<i>We Audit Sweden AB</i>				
Audit assignment	425	339	189	126
	<b>425</b>	<b>339</b>	<b>189</b>	<b>126</b>

Audit assignments refers to review of the annual report and accounting and the Board of Directors and the Managing Director's management, other tasks that it is for the company's auditors to carry out and advice or other assistance caused by observations in such review or implementation of other duties.

## Note 3 – Employees and personnel costs

### *Average number of employees*

	2022		2021	
	Number of employees	of which are men	Number of employees	of which are men
Parent company	6	50%	4	75%
Subsidiaries	24	63%	18	61%
<b>Total group</b>	<b>30</b>	<b>60%</b>	<b>22</b>	<b>64%</b>

### *Number of employees at period end*

	2022		2021	
	Number of employees	of which are men	Number of employees	of which are men
Parent company	6	33%	6	50%
Subsidiaries	22	59%	26	58%
<b>Total group</b>	<b>28</b>	<b>54%</b>	<b>32</b>	<b>56%</b>



#### Salaries and other remuneration

	Group		Parent company	
	2022	2021	2022	2021
<i>Salaries</i>				
The Board and CEO	2,046	1,528	2,046	1,528
Other employees	20,034	13,646	4,566	2,951
	<b>22,080</b>	<b>15,174</b>	<b>6,611</b>	<b>4,479</b>
<i>Social expenses</i>				
Pension costs for the CEO (no pension cost for the Board)	312	235	312	235
Pension costs other employees	2,414	1,497	712	461
Other social security contribution	7,533	5,076	2,384	1,508
	<b>10,259</b>	<b>6,808</b>	<b>3,409</b>	<b>2,204</b>

#### Pension obligations

The company has no pension obligations to the Board or to the CEO.

#### Bonuses and similar

The company has no costs relating to bonuses or similar to senior executives.

#### Gender distribution among senior executives

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Percentage of women on the board	0%	17%	0%	17%
Percentage of men on the board	100%	83%	100%	83%
Percentage of women among other senior executives	40%	17%	40%	17%
Percentage of men among other senior executives	60%	83%	60%	83%

The data relates to the relationship on the balance sheet date.

### Note 4 – Other interest income and similar performance items

	Group		Parent company	
	2022	2021	2022	2021
Other interest income	4	0	543	0
Results on the sale of short-term investments	0	0	0	0
	<b>4</b>	<b>0</b>	<b>543</b>	<b>0</b>



## Note 5 – Interest expenses and similar items

	Group		Parent company	
	2022	2021	2022	2021
Other interest expenses	-1	-2	-1	0
Exchange rate differences	0	-59	0	-59
	-1	-61	-1	-59

## Note 6 – Tax on profit/loss for the year

	Group		Parent company	
	2022	2021	2022	2021
Current tax	5	-57	0	0
<b>Total reported tax</b>	<b>5</b>	<b>-57</b>	<b>0</b>	<b>0</b>
<b>Average effective tax rate</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Reconciliation of effective tax rate

<b>Profit/loss before tax</b>	<b>-21,505</b>	<b>-14,736</b>	<b>-14,557</b>	<b>-17,172</b>
Tax on the reported result at applicable tax rate (20.6%):	-4,430	-3,036	-2,999	-3,537
<b>Tax effect from:</b>				
Non-deductible write-down	246	358	0	0
Other non-deductible expenses	37	32	22	5
Change in loss carried forward for which no deferred tax was capitalized	4,141	2,703	2,977	3,533
<b>Reported Tax</b>	<b>-5</b>	<b>57</b>	<b>0</b>	<b>0</b>
<b>Effective tax rate</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Disclosure of deferred tax assets and liabilities

#### Group

The Group has a tax deficit that amounted to kSEK 129,053 (kSEK 109,438) at balance sheet date. Since the group is in an expansion phase, it has been chosen not to capitalize any deferred tax on loss carried forward.

#### Parent company

The parent company has a tax deficit that amounted to kSEK 37,768 (kSEK 23,840) at balance sheet date. Since the group is in an expansion phase, it has been chosen not to capitalize any deferred tax on loss carried forward.



## Note 7 – Capitalized expenditure for development and similar projects

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
<b>Accumulated cost</b>				
At beginning of the year	9,454	9,454	0	0
Additions of the year	939	0	0	0
<b>At end of the year</b>	<b>10,393</b>	<b>9,454</b>	<b>0</b>	<b>0</b>
<b>Accumulated depreciation</b>				
At beginning of the year	-6,474	-4,583	0	0
Depreciation for the year	-1,988	-1,891	0	0
<b>At end of the year</b>	<b>-8,462</b>	<b>-6,474</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at end of the year</b>	<b>1,932</b>	<b>2,981</b>	<b>0</b>	<b>0</b>

## Note 8 – Goodwill

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
<b>Aquisition value</b>				
At beginning of the year	8,333	0	0	0
Acquisitions of the year	0	8,333	0	0
<b>At end of the year</b>	<b>8,333</b>	<b>8,333</b>	<b>0</b>	<b>0</b>
<b>Accumulated depreciation</b>				
At beginning of the year	-1,389	0	0	0
Depreciation for the year	-1,667	-1,389	0	0
<b>At end of the year</b>	<b>-3,055</b>	<b>-1,389</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at end of the year</b>	<b>5,277</b>	<b>6,944</b>	<b>0</b>	<b>0</b>

## Note 9 – Cryptocurrency

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
<b>Aquisition value</b>				
At beginning of the year	10,135	0	10,123	0
Acquisitions of the year	73	10,123	0	10,123
Additional from acquisitions of the year	0	13	0	0
Sales / disposals	-17	0	-17	0
<b>At end of the year</b>	<b>10,192</b>	<b>10,135</b>	<b>10,105</b>	<b>10,123</b>
<b>At beginning of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Write-offs of the year	-5,308	0	-5,296	0
<b>At end of the year</b>	<b>-5,308</b>	<b>0</b>	<b>-5,296</b>	<b>0</b>
<b>write-offs</b>				
<b>Carrying amount at end of the year</b>	<b>4,883</b>	<b>10,135</b>	<b>4,809</b>	<b>10,123</b>



## Note 10 – Machines and other technical facilities

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
<b>Aquisition value</b>				
At beginning of the year	537	189	0	0
Acquisitions of the year	71	348	0	0
<b>At end of the year</b>	<b>608</b>	<b>537</b>	<b>0</b>	<b>0</b>
<b>Accumulated depreciation</b>				
At beginning of the year	-300	-147	0	0
Depreciation for the year	-142	-153	0	0
<b>At end of the year</b>	<b>-442</b>	<b>-300</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at end of the year</b>	<b>165</b>	<b>237</b>	<b>0</b>	<b>0</b>

## Note 11 – Equipment, tools, fixture and fittings

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
<b>Aquisition value</b>				
At beginning of the year	59	0	0	0
Acquisitions of the year	83	59	53	0
<b>At end of the year</b>	<b>142</b>	<b>59</b>	<b>53</b>	<b>0</b>
<b>Accumulated depreciation</b>				
At beginning of the year	-12	0	0	0
Depreciation for the year	-18	-12	-4	0
<b>At end of the year</b>	<b>-30</b>	<b>-12</b>	<b>-4</b>	<b>0</b>
<b>Carrying amount at end of the year</b>	<b>112</b>	<b>47</b>	<b>49</b>	<b>0</b>

## Note 12 – Other long-term receivables

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
<b>Aquisition value</b>				
At beginning of the year	401	69	0	0
Additional receivables	-69	333	0	0
<b>At end of the year</b>	<b>333</b>	<b>401</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at end of the year</b>	<b>333</b>	<b>401</b>	<b>0</b>	<b>0</b>



### Note 13 – Other short-term receivables

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Other receivables	4,585	1,514	304	73
	<b>4,585</b>	<b>1,514</b>	<b>304</b>	<b>73</b>

### Note 14 – Prepaid expenses and accrued income

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Prepaid rent	0	0	0	0
Prepaid insurance premiums	460	815	460	815
Other prepaid expenses	625	894	820	202
	<b>1,085</b>	<b>1,709</b>	<b>1,280</b>	<b>1,017</b>

### Note 15 – Accrued expenses and deferred income

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Accrued holiday pays	321	653	154	213
Accrued social security charges	101	205	48	67
Accrued interest	0	0	1	0
Other accrued expenses	533	766	350	362
	<b>956</b>	<b>1,624</b>	<b>554</b>	<b>643</b>

### Note 16 – Business combinations and divested activities

During the year, the parent company Safello Group AB has given an unconditional shareholder contribution of SEK 250,000 to Safello AB.

No other business combinations or divestments have taken place during the year.



## Note 17 – Appropriations

	Parent company	
	2022	2021
Received group contribution	0	895
	0	895

## Note 18 – Shares in Group companies

	Parent company	
	2022-12-31	2021-12-31
<b>Aquisition value</b>		
At beginning of the year	40,234	31,484
Acquisitions of the year	750	8,750
<b>At end of the year</b>	<b>40,984</b>	<b>40,234</b>
<b>Accumulated write-downs</b>		
At beginning of the year	-10,300	-10,300
Årets nedskrivningar	-500	0
<b>At end of the year</b>	<b>-10,800</b>	<b>-10,300</b>
<b>Carrying amount at end of the year</b>	<b>30,184</b>	<b>29,934</b>

## Note 19 – Specification of shares Group companies

Name	Equity share	Voting rights	Number of shares	Book value
Safello AB	100%	100%	50,000	300
Safello Technology Development AB	100%	100%	353,316	21,134
Rational Money AB	100%	100%	500	8,750
				<b>30,184</b>

	Corp.ID.	Registered office
Safello AB	556954-4165	Stockholm
Safello Technology Development AB	556984-5265	Stockholm
Rational Money AB	559229-7831	Stockholm



## Note 20 – Number of shares

	2022-12-31	2021-12-31	2022-12-31	2021-12-31
	Quotient value	Quotient value	Number	Number
Ordinary shares	0.05	0.05	20,449,600	20,449,600
			<b>20,449,600</b>	<b>20,449,600</b>

## Note 21 – Collaterals

No collaterals on the balance sheet date or at the end of comparison year.

## Note 22 – Contingent liabilities

No contingent liabilities on the balance sheet date or at the end of comparison year.

## Note 23 – Items not included in balance sheet

Safello treats cryptocurrency belonging to customers as funds held on behalf of each customer, and it is always stored in a separate wallet, based on Fireblock's digital infrastructure, except for funds in transaction hence necessary to be able to carry out transfers or transactions on customers behalf. Balances relating to each customer are registered in an internal ledger, and the net of customers' crypto assets are regularly sent to the separate wallet to ensure separation of customer funds. Since these funds do not belong to Safello and are stored separately, the company does not take up these assets and liabilities in the balance sheet.

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
<i>Items not included in balance sheet</i>				
Cryptocurrency on behalf of customers	48,172	45,002	0	0
	<b>48,172</b>	<b>45,002</b>	<b>0</b>	<b>0</b>





## Note 24 – Disclosure of certain related party transactions

No transactions with related parties have taken place this year or during the comparison year.

## Note 25 – Significant events after balance sheet date

On January 12, Safello added three new crypto assets to the offering, and becomes the first crypto platform in Sweden to offer USDC.

On February 22, Viktoria Berglund Blohmé was appointed as Head of Finance as CFO Johan Edin has decided to leave the company.

On March 9, Safello announced that Frank Schuil has been appointed as new Chairman of the Board and Emelie Moritz as new CEO. Jacob Jacobsson will remain on the Board of Directors.

## Note 26 – Appropriation of profit or loss

	2022-12-31	2021-12-31
<b>Proposed appropriation of the company's profit or loss</b>		
The Board of Directors proposes that the earnings of (in SEK)		
Share premium	101,392,136	101,392,136
Non-restricted equity	-34,261,778	-17,089,770
Profit or loss of the year	-14,556,842	-17,172,008
	<b>52,573,516</b>	<b>67,130,358</b>
To be disposed as		
Dividend to shareholders (0 SEK per share)	0	0
Profit or loss carried forward	52,573,516	67,130,358
	<b>52,573,516</b>	<b>67,130,358</b>



## Not 27 – Key ratios definitions

### *Net Sales*

Operating revenue, invoiced costs, ancillary income and revenue corrections.

### *Operating margin (%)*

Operating profit as a percentage of net sales.

### *Adjusted equity*

Equity with additions for untaxed reserves reduced by deferred tax.

### *Return on equity (%)*

Profit after financial items as a percentage of adjusted equity.

### *Equity ratio (%)*

Adjusted equity as a percentage of balance sheet total

### *Acid-test ratio (%)*

Current assets excluding inventories and work in progress as a percentage of current liabilities.

### *Number of employees*

Average number of employees during the financial year

### *Equity per share*

Equity at the balance sheet date divided by the number of shares at the end of the period.

### *Earnings per share before dilution*

Profit after tax for the period divided by the weighted average number of shares during the period.

### *Earnings per share after dilution*

Profit after tax for the period divided by the weighted average number of shares during the period including potential dilution



## The Board of Directors' and the CEO's declaration

The Board of Directors and the President certify that the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual and consolidated financial statements (K3), respectively good accounting practice. The annual report and consolidated accounts give a true and fair view of the parent company's and the group's position and results. The Board of Directors' report for the Parent Company and the Group, respectively, provides a fair overview of the development of the Parent Company and the Group's operations, position and results and describes significant risks and uncertainties that the Parent Company and the companies included in the Group face.

**Stockholm, 30 March 2023**

Frank Schuil  
Chairman

Knut Pedersen  
Board member

Sepehr Alavi  
Board member

Jacob Jacobsson  
Board member

Emelie Moritz  
CEO

Our audit report has been issued on 30 March 2023  
WeAudit Sweden AB

Mikael Köver  
Authorized public accountant



# Corporate Governance Report

The company is a Swedish public limited company, listed on the Nasdaq First North Growth Market. The corporate governance in the company is designed in regards to the Swedish Companies Act, the Articles of Association, internal rules and regulations such as rules of procedure for the Board and CEO instructions, Nasdaq First North's regulations, as well as existing praxis for good practice at the stock market. The company is not obliged to apply the Swedish Code of Corporate Governance, but chooses to follow the parts of the Code that is deemed relevant given the company's status.

## Annual General Meeting

The shareholders' influence in Safello Group AB is exercised at the Annual General Meeting (Annual General Meeting or, if applicable, Extraordinary General Meeting), which in accordance with the Swedish Companies Act is the Company's highest decision-making body. At the Annual General Meeting, the shareholders exercise their voting rights in matters such as approval of income statements and balance sheets, disposition of the Company's profit/loss, granting discharge from liability to the Board and the CEO, election of Board members and auditors, amendments to the Company's Articles of Association and other matters, according to the Company's Articles of Association. There is no limit to the number of votes each shareholder can cast at a general meeting. Safello Group AB announces the exact time and place for the Annual General Meeting (and, if applicable, an Extraordinary General Meeting) as soon as the Board has made such a decision. Notice of a general meeting shall be given by advertising in "Post- och Inrikes Tidningar" and on the Company's website. That a convocation has been issued shall be announced in Dagens Industri. Decisions made at the Annual General Meeting are published after the meeting in a press release and the minutes of the meeting are published on the Company's website.

The Annual General Meeting for 2021 was held on 27 April 2022. At the meeting it was decided, *inter alia*, to authorise the Board of Directors to issue shares and convertibles.

More information about the Company's share and shareholders can be found on pages 11 and 17, respectively.

## The right to attend a general meeting

Shareholders who wish to participate in the Annual General Meeting must be included in a printout or other presentation of the entire share register on the record date for the Annual General Meeting. Shareholders who wish to attend the Annual General Meeting must notify the Company no later than the date specified in the notice of the meeting. This day may not be Sunday, another public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth weekday before the meeting.

In addition to registering with the Company for participation, shareholders who have had their shares registered with a nominee through a bank or a securities institution, in order to be entitled to participate in the meeting through the nominee, must temporarily have their shares registered with Euroclear Sweden.

Shareholders should inform the nominee of this in good time before the record date. Shareholders may attend the Annual General Meeting in person or by proxy and may also be assisted by a maximum of two people.

## Initiatives from shareholders

Shareholders who wish to have a matter considered at the Annual General Meeting must send a written request to the Board. The request must be received by the Board no later than seven weeks before the Annual General Meeting. If the request is received by the board later, the matter is raised to the extent that the matter can be raised in the notice convening the meeting.



### **The board of directors**

The Board is the Company's highest decision-making body after the Annual General Meeting and the Company's highest leading body. The Board is responsible for the Company's organization and management of the Company's affairs. According to the Swedish Companies Act, the Board is responsible for the Company's management and organization, which means that the Board is responsible for, among other things, setting goals and strategies, ensuring routines and systems for evaluating established goals, continuously evaluating the Company's results and financial position and evaluating operational management. The Board is also responsible for ensuring that the annual report and interim reports are prepared in a timely manner. Furthermore, the Board is responsible for appointing the CEO, adopting instructions for the CEO's work and to monitor the results of the CEO's work. The Board members are elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Company's Articles of Association, the Board shall consist of a minimum of three and a maximum of eight members with a maximum of two deputies. The Company's Board currently consists of four members, who are presented on page 48–49.

The Chairman of the Board shall ensure that the Board's work is conducted efficiently and that the Board fulfills its tasks in accordance with the Swedish Companies Act, and to ensure that meetings are held when necessary and that the Board is convened when requested by a board member or CEO. The Chairman of the Board is also responsible for ensuring that the Board receives satisfactory decision-making material for its work and that the Board evaluates its work annually. The Board follows a written rules of procedure that are revised annually and adopted at the statutory Board meeting every year. The rules of procedure regulate, among other things, the Board's work, functions and the division of work between the Board and the CEO, as well as how often the Board shall meet. In 2022, the Board held twelve meetings.

The Board members' holdings of shares in the Company and whether the Board members are independent in relation to the Company and its management as well as major shareholders are shown below.  
The data presented is per 31 December 2022



Name	Position	Elected	Shares (%)	Options	Independent in relation to:	
					The company and company's management	Larger shareholders
Jacob Jacobsson	Chairman	2013	0.88 % <sup>9</sup>	40,000	Yes	Yes
Knut Pedersen	Board member	2021	0 %	20,000	Yes	Yes
Frank Schuil	Board member	2013	20.01 % <sup>10</sup>	183,043	No	No
Sepehr Alavi	Board member	2018	0 %	0	Yes	No

In order to determine a member's independence, an overall assessment is made of all the circumstances that may give reason to question the member's independence in relation to the Company or the Company's management.

#### *Remuneration to the board*

The remuneration of the Board members is decided by the Annual General Meeting. At the Annual General Meeting on April 27, 2022, it was decided that fees to the Board shall be paid in the amount of SEK 100,000 to the Chairman of the Board, Jacob Jacobsson, and each of the Board members who are independent in relation to the Company, i.e. Johan Lorenzen and Knut Pedersen, for the period until the end of the next Annual General Meeting. Other board members do not receive remuneration. Johan Lorenzen resigned prematurely and has therefore received board remuneration, pro rata until his resignation.

#### *Remuneration to the management*

Remuneration to the CEO and senior executives shall be determined at market levels and shall consist of a fixed salary, any variable salary, pension and any other benefits. Questions about salary and other remuneration to the CEO and senior executives are decided by the Board. The total annual remuneration must be market-based and competitive in the labor market where the executive is located and consider the individual's qualifications and experiences, and that outstanding achievements must be reflected in the total remuneration.

#### *Variable remuneration*

Safello Group AB has an incentive program for management and employees and one for the board. At the Annual General Meeting on March 12, 2021, it was decided to offer the Board a total of 100,000 warrants and management and employees a total of 950,875 warrants. The options were offered to those entitled to subscribe at an estimated market value and a price of SEK 0.69 per warrant, calculated by an independent advisor based on the Black and Scholes model for option valuation.

A total of 100,000 warrants were subscribed for by board members and 891,068 warrants by management and employees. The total number of subscribed and paid warrants amounts to 991,068.

The program runs for 3 years and each warrant entitles the holder to acquire one share in Safello Group AB at a price of SEK 23.63 in the period 1 March to 30 April 2024.

If the warrants are fully exercised, the number of shares will increase by 991,068, corresponding to a dilution effect for existing shareholders of 4.6 percent.

<sup>9</sup> Frank Schuil BV holds 4 031 260 shares/19.71% of the capital and votes. Frank Schuil also holds 60 812 shares privately.

<sup>10</sup> 2 370 749 shares via White Star Capital and Residence Ventures LLC (as of 31 December 2022)



### CEO and senior executives (per 31 December 2022)

The CEO is subordinate to the Board and is responsible for the Company's day-to-day management. The division of work between the Board and the CEO is stated in the rules of procedure for the Board and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information for board meetings and is the presenter of the material at board meetings. In such a report, the Company's financial position and development must be taken into account. The CEO and other senior executives are presented on page 50–51.

Name	Position	Joined	Shares (%)	Warrants
Frank Schuil	CEO	2013	20.01 %	183,043
Johan Edin	CFO	2021	0.04 %	116,482
Emelie Moritz	COO	2022	0.44 %	8,412
Niklas Dusenlund	Head of engineering	2022	-	-
Helén Landenberg Råmsell	General Counsel	2021	-	38,035

### Principal shareholders

The company's largest shareholders are Frank Schuil BV (19.71% of the votes), WSC III LP (11.59% of the votes) and Joakim Johansson (10.25% of the votes). Frank Schuil owns 100% of the shares and votes in Frank Schuil BV. Frank Schuil also owns 60,812 shares privately.

### Financial reporting

The Board has established rules of procedure with instructions regarding internal and external financial reporting. All interim reports and press releases are published on Safello's website in direct connection with publication.

### Internal control

According to the Swedish Companies Act, the board has the overall responsibility for the company's organization being designed so that the accounting, asset management and the company's financial conditions in general are controlled in a reassuring manner. The company's internal control structure is based on the division of work between the board and the CEO. The board has also adopted a policy of authorization that is applied throughout the organization. Regular reporting and review of financial outcomes and risks takes place both operationally in the business and by the Board.

### Audit

The auditor shall examine the Company's annual report and accounts as well as the administration of the Board of Directors and the CEO. After each financial year, the auditor shall submit an audit report to the Annual General Meeting. According to the Company's Articles of Association, the Company must have a registered auditing company or an auditor and a deputy auditor. The company's auditor is WeAudit Sweden AB with Mikael Köver as principal auditor. According to the decision of the Annual General Meeting on March 12, 2021, fees shall be paid to the auditor according to approved invoices.



# The Board of Directors



## Frank Schuil

Born 1984 | Chairman of the Board since 2023, Board member since 2013

### Education:

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

### Experience:

Frank is a serial entrepreneur and keynote speaker with over 13 years of experience. Frank is adviser to Innobridge, member of the Scandinavian Cryptocurrency Director Group and advisor to the Lifeboat Foundations New Money Systems Board. Former city leader at BitAngels, advisor to ICON, senior adviser at Centigo and Nordic Ambassador at Innovate Finance.

### Other commitments:

No commitments outside Safello Group.

### Independence:

Not independent in relation to the company and its management and not independent in relation to major shareholders.

### Holdings:

4,031,260 shares via Frank Schuil BV (as of 31 December 2022). Frank Schuil owns 100% of Frank Schuil BV. Frank owns 60,812 shares privately. 183,043 warrants.



## Jacob Jacobsson

Born 1953 | Board member since 2013

### Education:

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

### Experience:

Jacob is a serial entrepreneur with experience from several startups, five exits/IPOs and over 25 years of experience as CEO. He is also a Board member/chairman of several public and privately held companies.

### Other commitments:

Director / Chairman of Seven Sensing Software, Advanced Telesensors and Cymbet, Director of Micron, Newscale and Vidatronic.

### Independence:

Independent in relation to the company and its management and independent in relation to major shareholders.

### Holdings:

180,280 shares (as of 31 December 2021). 40,000 warrants





### Knut Pedersen

Born 1968 | Board member since 2021

#### Education:

Bachelor's degree in Business Administration from The University of Michigan, Ross School of Business.

#### Experience:

Over 25 years of in-depth knowledge and expertise in the financial industry. He has previously served as President and CEO of Catella AB, a role in which he successfully developed the Swedish asset manager into a pan-European finance group within real estate and alternative investments. Prior to that, Knut was Managing Partner at ABG Sundal Collier AB and has previously worked at international investment banks in the United States, Germany and Sweden.

#### Other commitments:

Engaged in various board assignments.

#### Independence:

Independent in relation to the company and its management and independent in relation to major shareholders.

#### Holdings:

No shares (as of 31 December 2022).  
20,000 warrants.



### Sepehr Alavi

Born 1977 | Board member since 2018

#### Education:

Bachelor's degree in financial economics from Concordia University.

#### Experience:

Sepehr is General Partner at White Star Capital with extensive expertise in the crypto industry. White Star invests and manages a dedicated crypto fund, WSC Digital Asset. In addition to leading White Star's Digital Asset fund, Sepehr provides extensive investment expertise in the sector as investors in more than 12 digital asset and blockchain companies. His crypto portfolio and traditional financial relationships are added value for Safello.

#### Other commitments:

General Partner at White Star Capital.

#### Independence:

Independent in relation to the company and its management, not independent in relation to major shareholders.

#### Holdings:

2,370,749 shares via White Star Capital and Residence Ventures LLC (as of 31 December 2022).  
No warrants.



# Management



## Emelie Moritz

Born 1992 | Chief Executive Officer (since March 2023) | Joined in 2022

### Education:

Law degree from Uppsala University

### Experience:

Emelie has experience from Carnegie Investment Bank, Avanza Bank as business lawyer and from Fondab as COO.

### Other commitments:

No commitments outside Safello Group.

### Holdings:

90,544 shares (as of 31 December 2022)  
8,412 warrants.



## Johan Edin

Born 1978 | Chief Financial Officer |  
Joined in 2021

### Education:

M.Sc. in Business and Administration, with Finance as a major, from the Stockholm School of Economics.

### Experience:

Johan has over 12 years of experience in investment banking (DCM and ECM) from DNB Bank, Arctic Securities, Citigroup and Goldman Sachs. In addition, experience as a CFO in the energy sector, as well as entrepreneurial experience in the hospitality industry.

### Holdings:

8,960 shares via endowment insurance (as of 31 December 2022)  
116,482 warrants.

### Other commitments:

No commitments outside Safello Group.



## Helén Landenberg Rämssell

Born 1989 | General Counsel | Joined in 2021

### Education:

LL.M., Stockholm University

### Experience:

Helén has over 7 years of experience as lawyer with business law firms (KANTER Advokatbyrå and Gernandt & Danielsson Advokatbyrå), where she has been practicing mainly in the areas of M&A, capital markets and company law. She also has experience from client secondment on ICA Gruppen as legal counsel.

### Other commitments:

No commitments outside Safello Group.

### Holdings:

No shares (as of 31 December 2022).  
38,035 warrants.



## Niklas Dusenlund

Born 1984 | Head of Engineering |  
Joined in 2022

### Education:

Master of Science, Electrical Engineering,  
Lund University.

### Experience:

Niklas has 9 years experience of software engineering (Cosylab Slovenia, Sweden and Switzerland, Shift Cryptosecurity, Klarna) within different domains of which three years are within crypto. He also has experience as Head of engineering at Shift Cryptosecurity.

### Other commitments:

No commitments outside Safello Group.

### Holdings:

No shares (as of 31 December 2022).  
No warrants.



## Auditor's report

### To the general meeting of the shareholders of Safello Group AB

Corporate identity number 556892-3550

### Report on the annual accounts and consolidated accounts

#### ***Opinions***

We have audited the annual accounts and consolidated accounts of Safello Group AB for the financial year 2022-01-01 - 2022-12-31. The annual accounts and consolidated accounts of the company are included on pages 13-43 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

#### ***Basis for Opinions***

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### ***Other Information than the annual accounts and consolidated accounts***

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-12 and 44-47. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## ***Responsibilities of the Board of Directors and the Managing Director***

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

## ***Auditor's responsibility***

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual report can be found at The Auditors' Inspectorate's website:

[www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

## **Report on other legal and regulatory requirements**

### ***Opinions***

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Safello Group AB for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### ***Basis for Opinions***

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## ***Responsibilities of the Board of Directors and the Managing Director***

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

## ***Auditor's responsibility***

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the annual report can be found at

The Auditors' Inspectorate's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Stockholm 30 of March 2023

WeAudit Sweden AB

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Mikael Köver

Authorized Public Accountant



# Other Information

## Annual General Meeting

The Annual General Meeting will be held on 4 May 2023 in Stockholm.

## Financial Calendar

4 May 2023	Annual General Meeting 2022
12 May 2023	Interim report for the first quarter
25 August 2023	Interim report for the second quarter
17 November 2023	Interim report for the third quarter
23 February 2024	Year-end report

*This information is such that Safello Group AB is required to disclose in accordance with the EU Market Abuse Regulation. The information was provided by the contact person below, for publication on March 31 at 8:00 CET 2023.*

## Certified Adviser

Safello Group AB's share (SFL) is listed on Nasdaq First North Growth Market, and Amudova AB is the Certified Adviser.

Amudova AB  
Nybrogatan 6,  
Box 5855  
102 40 Stockholm  
[info@amudova.se](mailto:info@amudova.se)

## Important information

This report has been made in a Swedish and English version. In the event of any discrepancies between the Swedish and English version, the Swedish version shall prevail.

## For further information, please contact:

Johan Edin, CFO  
[ir@safello.com](mailto:ir@safello.com)

## Contact information:

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