

Stockholm 2023

# Interim Report

**Second Quarter 2023 (1 April - 30 June 2023)**



# Eventful quarter with focus on broadening Safello's financial infrastructure and partnerships

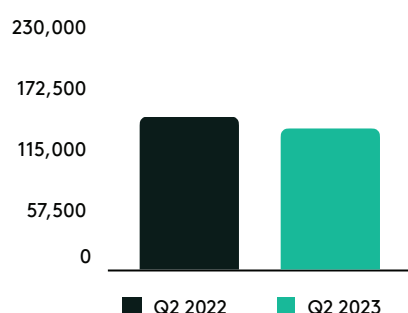
## Summary of the second quarter (Apr-Jun 2023)

- Net turnover decreased by -6% and amounted to SEK 136.9 million (145.7).
- Gross profit increased by +13% and amounted to SEK 7.7 million (6.8).
- Operating profit before depreciation and amortization (EBITDA) amounted to SEK -2.1 million (-6.4).
- Operating profit amounted to SEK -2.3 million (-12.6).
- Net profit/loss in the period amounted to SEK -2.3 million (-12.6).
- Earnings per share based on the average number of shares (20,449,600 shares) amounted to SEK -0.11 (-0.62).
- Earnings per share based on the average number of shares after potential dilution (21,440,668 shares) amounted to SEK -0.11 (-0.59).
- The number of executed orders decreased by -21% to 45,069 orders (56,980).

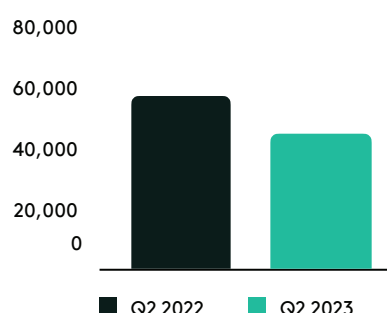
## Summary of the first six months (Jan-Jun 2023)

- Net turnover decreased by -22% and amounted to SEK 274.9 million (350.9).
- Gross profit increased by +24% and amounted to SEK 19.1 million (15.3).
- Operating profit before depreciation and amortization (EBITDA) amounted to SEK -0.6 million (-9.5).
- Operating profit amounted to SEK 0.7 million (-16.7).
- Net profit/loss in the period amounted to SEK 0.7 million (-16.7).
- Earnings per share based on the average number of shares (20,449,600 shares) amounted to SEK 0.04 (-0.81).
- Earnings per share based on the average number of shares after potential dilution (21,440,668 shares) amounted to SEK 0.03 (-0.78).
- The number of executed orders decreased by -11% to 108,920 orders (121,821).
- The Group had a cash balance of SEK 17.7 million at the end of the second quarter (SEK 21.3 million at year end 2022) and in addition 18 BTC (18) and 110 ETH (110) in liquid crypto assets. The market value of the crypto assets was SEK 8.2 million (SEK 4.9 million at year end 2022) at the end of the quarter. The book value at the end of the quarter was SEK 8.2 million (7.4), representing a positive adjustment of the book value by SEK 0.8 million.

## Volume from crypto trading (KSEK)



## Number of crypto orders





## Significant events during the second quarter

On April 4, Safello entered into an agreement with BCB Group, a global infrastructure and payment service provider for digital assets firms. The usage of BCB Group's services aims to complement and strengthen Safello's trading and settlement infrastructure.

On April 27, Handelsbanken terminated Safello's access to the payment services Swish Handel and Swish Företag with immediate effect due to suspicions on Safello's services being used for or in connection with sale of goods and services which, according to the bank's assessment, are contrary to Swedish or foreign law or other constitution or Swedish or foreign authority decision. There is no consensus regarding Handelsbanken's decision.

On May 4, Safello held its Annual General Meeting (AGM) in Stockholm. A summary of all decisions is available in the AGM report from May 4 on the company's website. The AGM resolved, among other things, on the re-election of Frank Schuil, Jacob Jacobsson, Sepehr Alavi and the election of Viktor Fritzén as Board of Directors. Frank Schuil was elected as Chairman of the Board. The AGM also decided on the introduction of a long-term incentive program for board members, employees and/or consultants through a targeted issue of warrants to the participants.

On May 5, Safello announced that instant payments are available as a payment method for transactions. Safello's customers can securely purchase digital assets through instant payment. The option for instant payments is provided by an external payment service provider and replaces the terminated payment method Swish.

On June 7, Safello entered into an agreement with Worldpay to extend payment methods on the platform and in the mobile app. Worldpay is a global leader in payments processing technology and solutions, and wholly owned by FIS Global. With a presence in more

than 145 countries and over 33 years of experience, Worldpay enables businesses to accept a wide range of payment methods securely and efficiently.

On June 9, Safello entered into an agreement with Januar to broaden the financial infrastructure on Safello's platform. Januar, known for its innovative payment processing solutions, empowers businesses to accept multiple payment methods specializing in offering business accounts that seamlessly integrate decentralized finance solutions into traditional financial structures. Focusing on companies active within the digital asset space, allowing for EU crypto companies to leverage Januar's payment account solutions to accept payments and send payouts while maintaining full compliance and security.

On June 22, Safello was invited by The Swedish Police Authority to participate in the procurement of a cryptocurrency exchange to be the nominated supplier of cryptocurrency services to the Swedish Police, the Swedish Customs Office and the Swedish Economic Crime Authority. The objective of the procurement is to establish a framework agreement that will cater to the needs of the Swedish Police Authority, the Swedish Customs Office and the Swedish Economic Crime Authority on a national basis.

On June 29, Safello announced that it will change its banking partner due to Handelsbanken's termination of Safello's business relationship. The decision means that Handelsbanken will cease the provision of bank accounts and ancillary services for the group. The termination will take effect earliest September 30 2023.

On June 30, Safello announced plans to list Euro Coin, Circle Internet Financial's fully-reserved, euro-backed stablecoin. Safello's focus on stablecoins has increased as the use cases have matured significantly.

## Significant events after the end of the reporting period

On July 11, Safello entered into an agreement with Finshark, a Swedish open banking company providing Safello with payment initiation services for instant payments and payouts. Finshark was founded in Sweden in 2019 and licensed as a payment institution under the SFSA (Finansinspektionen). Finshark's commitment to delivering innovative, seamless and compliant financial solutions makes them an ideal partner for Safello.

On August 18, Safello was chosen by The Swedish Police Authority as the exclusive supplier of cryptocurrency services to ensure the needs of the Swedish Police, the Swedish Customs Office and the Swedish Economic Crime Authority on a national basis, with a term of maximum 4 years. The aggregated number of transactions is estimated to an amount of 150 transactions, with a maximum cap of 600 transactions, per year.



# Results Summary for the Group and the Parent company

Below are key ratios for the quarter, accumulated and compared to the same periods prior year as well as the most recent full year.

## Results Summary

### Group

|                              | 2023<br>Apr-Jun<br>(3 months) | 2022<br>Apr-Jun<br>(3 months) | 2023<br>Jan-Jun<br>(6 months) | 2022<br>Jan-Jun<br>(6 months) | 2022<br>Jan-Dec<br>(12 months) |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|
| Net turnover (KSEK)          | 136,882                       | 145,666                       | 274,940                       | 350,852                       | 634,898                        |
| Gross Profit (KSEK)          | 7,677                         | 6,814                         | 19,067                        | 15,323                        | 32,352                         |
| EBITDA (KSEK)                | -2,061                        | -6,402                        | -613                          | -9,501                        | -12,384                        |
| Operating Profit/loss (KSEK) | -2,257                        | -12,641                       | 725                           | -16,667                       | -21,507                        |
| Net profit/loss (KSEK)       | -2,261                        | -12,642                       | 716                           | -16,667                       | -21,505                        |
| Balance sheet totals (KSEK)  | 38,995                        | 46,697                        | 38,995                        | 46,697                        | 41,511                         |
| Acid-test ratio (%)          | 557 %                         | 402 %                         | 557 %                         | 402 %                         | 380 %                          |
| Equity/Asset ratio (%)       | 90 %                          | 84 %                          | 90 %                          | 84 %                          | 83 %                           |

## Results Summary

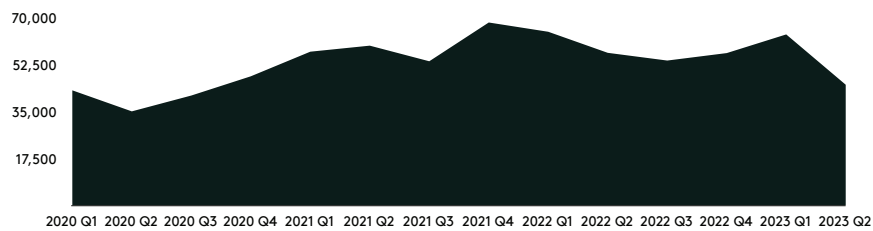
### Parent Company

|  | 2023<br>Apr-Jun<br>(3 months) | 2022<br>Apr-Jun<br>(3 months) | 2023<br>Jan-Jun<br>(6 months) | 2022<br>Jan-Jun<br>(6 months) | 2022<br>Jan-Dec<br>(12 months) |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|
| Net turnover (KSEK)                      | 700                           | 1,230                         | 1,537                         | 2,485                         | 3,000                          |
| Gross Profit (KSEK)                      | 712                           | 3,501                         | 1,549                         | 4,759                         | 5,275                          |
| EBITDA (KSEK)                            | -2,895                        | -630                          | -5,637                        | -3,266                        | -9,299                         |
| Operating Profit/loss (KSEK)             | -2,112                        | -5,927                        | -2,341                        | -8,562                        | -14,598                        |
| Profit/loss after financial items (KSEK) | -1,947                        | -5,715                        | -1,986                        | -8,350                        | -14,557                        |
| Balance sheet totals (KSEK)              | 53,335                        | 62,117                        | 53,335                        | 62,117                        | 55,452                         |
| Acid-test ratio (%)                      | 870 %                         | 1,150 %                       | 870 %                         | 1,150 %                       | 1,100 %                        |
| Equity/Asset ratio (%)                   | 97 %                          | 96 %                          | 97 %                          | 96 %                          | 97 %                           |

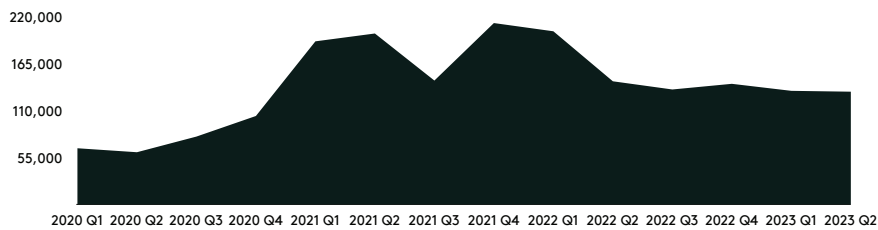


# Key Metrics and Graphs

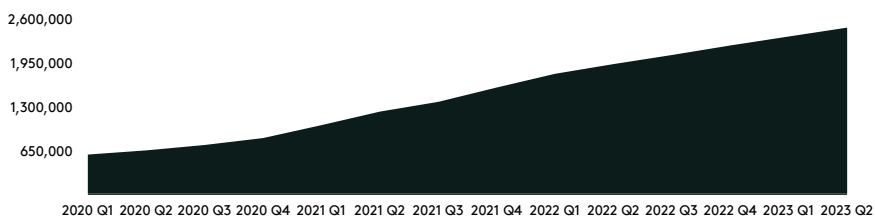
Number of Crypto orders per Quarter



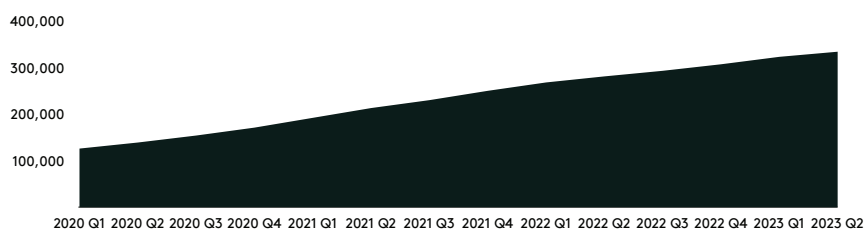
Volume per Quarter



Cumulative volume since start 2013



Number of registrations cumulatively since start 2013





# CEO Letter



Dear shareholder,

The second quarter of the year has been eventful for Safello as a company and the crypto market as a whole. In June, the crypto market gained renewed confidence as the largest asset manager in the world, Blackrock, followed by several other asset managers, applied to launch bitcoin backed ETF's with the SEC. In Europe, the MiCA regulation has been voted through in the second quarter and as we leap towards the implementation of the MiCA-regulation I am confident we will see more interest in crypto assets from traditional financial institutions, shown already by American asset managers.

For Safello, the termination of Swish in the beginning of the second quarter was a brutal reminder of the concentration risk we had towards Handelsbanken and Swish as the main payment method on the platform. The termination forced us to focus on building redundancy with banking partners as well as payment methods and rebuild the infrastructure across the entire platform. We have partnered with Ping Payments, Worldpay, Flow-Bank, Januar and Finshark to name a few, and launched two new instant payment methods. We will continue to add more payment options in order to increase accessibility to our customers as well as strengthening our business continuity and market leading position.

As a result of the abrupt termination of Swish in May, Safello did not achieve a profitable quarter. Without redundancy in instant payment methods, volumes dropped significantly during the first part of May, but have since recovered to normalized levels. The cost cuts implemented in the first quarter continue to add to our efficiency and I am optimistic that we will regain our profitable position in the near term.

The past quarter has, despite the turmoil with Handelsbanken, validated Safello's market leading position. Safello was, as the only Swedish crypto company, invited to tender in the Swedish Police Authorities procurement of a crypto service provider to serve the Police Authority, the Customs Office and the Swedish Economic Crime Authority with crypto services. In addition, Safello was chosen by Malmö Stad to provide crypto services in an ongoing campaign focusing on environmental awareness. An agreement with Circle was entered into for direct minting of the stablecoin USDC and EUROC, laying the groundwork for a new business segment we believe will grow over the next few years catering to the need of seamless and near instant cross border payments.

To conclude, the path to profitability for Safello is prioritized in combination with innovation to find new business areas and break out moments. As we look ahead our focus is to keep the momentum as the market leader for retail investors by strengthening the customer experience across the platform combined with adding new business areas to increase revenue streams. We see continued user growth on the retail side which proves that customers value a safe, reliable and compliant platform for their crypto trading.

**Kind regards,  
Emelie Moritz**



# 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 be a reliable guide to new users to make them feel safe when they enter the market, while preserving their financial freedom. This basic principle governs the Company's decision-making today.*

As of June 30, Safello had over 334,000 customers (323,000 customers per 31 March) and had handled 935,000 orders (890,000), which corresponds to a volume of SEK 2,475 million (2,343).<sup>1</sup>

In the second quarter, order volumes<sup>2</sup> amounted to SEK 132.3 million, compared with SEK 144.5 million in the corresponding period prior year, which corresponds to a decrease of -8%. The order volume was SEK 49.3 million (48.1) in April, SEK 38.8 million (49.3) in May and SEK 44.2 million (47.0) in June.

Number of  
customers  
cumulatively per  
2023-06-30

**334,000**

Number of orders  
cumulatively per  
2023-06-30

**935,000**

Volume  
cumulative per  
2023-06-30 (MSEK)

**2,475**

Number of  
customers  
cumulatively per  
2023-03-31

**323,000**

Number of orders  
cumulatively per  
2023-03-31

**890,000**

Volume  
cumulative per  
2023-03-31 (MSEK)

**2,343**

Based on Safello's back office data, rounded off to nearest thousand in SEK

<sup>1</sup> Based on Safello's internal data, since inception in 2013, rounded off to nearest thousand in SEK

<sup>2</sup> Based on Safello's internal data, rounded off to the nearest thousand in SEK.



# Comments about the period

## Results and development during the Second Quarter 2023 (Group)

### Net turnover

Net turnover for the second quarter amounted to SEK 136.9 million (SEK 145.7 million for the corresponding period prior year). Net turnover refers to Safello's sale of cryptocurrency in inventory, fees on completed transactions and some revenue from affiliates.

### Other operating income

Other operating income amounts to SEK -0.5 million (-0,1).

### Gross profit and gross margin

Gross profit amounted to SEK 7.7 million (6.8) with a gross margin to 5.6% (4.6%). During the third quarter of 2022, Safello introduced withdrawal fees, first on BTC and towards the end of the quarter also on ETH transactions. The fees are common practice in the industry. In the second quarter of 2023, the withdrawal fees contributed to the gross profit by around SEK 2.7 million (0.0), thereby contributing around 3.6% points (0.0) to gross margin.

Gross profit is also affected by changes in the value of cryptocurrency in stock. For further information see "Inventory" below. Safello did not capitalize work for own account during the quarter.

### Operating expenses

Total operating expenses during the quarter amounted to SEK 9.7 million (13.2). Of these, personnel costs amounted to SEK 6.1 million (9.8), which corresponds to a decrease of -37% compared to the second quarter 2022. The decrease is a result of the cost reductions announced in the second quarter of 2022. The remaining part consists of other operating expenses amounting to SEK 3.6 million (3.5). The increase in other operating expenses is largely related to consultants covering for employees on parental leave.

### Operating profit/loss

Operating profit for the second quarter amounted to SEK -2.3 million (-12.6).

### Net income

Net income for the second quarter amounted to SEK -2.3 million (-12.6).





## Financial standing and Cash Flow

### Goodwill and intangible fixed assets

Goodwill amounted to SEK 4.4 million as of June 30 (SEK 5.3 million as of December 31 2022) and represents the surplus value in connection with the acquisition of Rational Money AB minus depreciation. Goodwill amortization is made linearly over 5 years.

Cryptocurrencies classified as intangible assets are investments in liquid bitcoin and ether holdings booked at acquisition value. As of June 30, the book value of the investments amounted to SEK 8.2 million (SEK 4.9 million as of December 31 2022) and the acquisition value of the investments amounted to SEK 10.1 million. Safello made a write-up of the book value of SEK 0.8 million to reflect a higher market value in the second quarter of 2023. The market value at the end of the second quarter amounted to SEK 8.2 million. Safello may adjust the book value in the future if the change is deemed to be significant and reflect a long-term value.

Intangible fixed assets amounted to SEK 0.9 million (3.0) as of June 30. The balance sheet item refers to capitalized expenses for development work in Safello Technology Development AB. In the second quarter no capitalization was made.

### Inventory

Inventories refers to cryptocurrencies for sale in the business. As of June 30, inventories amounted to SEK 3.2 million (2.0). The stock of cryptocurrencies is traded with high frequency and Safello holds on average an inventory of bitcoin, ether, polkadot, polygon, chainlink, USDC, algorand and uniswap. Inventory is valued at acquisition value and the change in the period affects the gross profit with SEK -0.5 million compared with SEK -2.0 million in the corresponding period in prior year.

### Current Receivables

Short-term receivables arise when Safello keeps liquidity (in EUR or other fiat-currencies) with counterparties such as crypto liquidity providers. As of June 30, current receivables amounted to SEK 4.0 million (5.7).

### Cash and cash equivalents

Cash as of June 30 amounted to SEK 17.7 million (21.3). Cash and cash equivalents exclude crypto holdings and liquidity held at crypto liquidity providers, which are classified as current receivables.

### Equity

As of June 30, equity amounted to SEK 35.1 million (34.4). The change of SEK 0.7 million since 31 December 2022 is related to the net income in the period.

### Current liabilities

Current liabilities consist of ongoing crypto transactions, accounts payable and other liabilities such as VAT, taxes and fees, holiday pay liabilities and VAT. As of June 30, current liabilities amounted to SEK 3.9 million (7.2).

### Cash flow

Cash flow from operating activities amounted to SEK -2.1 million (SEK -2.9 million in the second quarter of 2022). Changes in working capital had an impact on cash flow by SEK -0.0 million (3.5).

Cash flow from investing activities amounted to SEK 0.0 million (-0.8) and cash flow from financing activities amounted to SEK 0.0 million (0.0). Total cash flow for the second quarter amounted to SEK -2.1 million (-3.7).



## Income statement in summary

The Group

Amount in KSEK

|  | 2023-04-01<br>-2023-06-30<br>(3 months) | 2022-04-01<br>-2022-06-30<br>(3 months) | 2023-01-01<br>-2023-06-30<br>(6 months) | 2022-01-01<br>-2022-06-30<br>(6 months) | 2022-01-01<br>-2022-12-31<br>(12 months) |
|--|---|---|---|---|--|
| Net sales  | 136,882                                 | 145,666                                 | 274,940                                 | 350,852                                 | 634,898                                  |
| Activated work on own account  |   | 701                                     |   | 939                                     | 939                                      |
| Other operating income   | -494                                    | 2,266                                   | -88                                     | 2,635                                   | 3,167                                    |
| Cost of goods sold   | -128,711                                | -141,819                                | -255,785                                | -339,103                                | -606,652                                 |
| <b>Gross profit</b>  | <b>7,677</b>                            | <b>6,814</b>                            | <b>19,067</b>                           | <b>15,323</b>                           | <b>32,352</b>                            |
| Operating expenses   | -3,633                                  | -3,466                                  | -7,330                                  | -6,561                                  | -12,398                                  |
| Personnel Expenses   | -6,104                                  | -9,750                                  | -12,350                                 | -18,263                                 | -32,339                                  |
| <b>EBITDA</b>  | <b>-2,061</b>                           | <b>-6,402</b>                           | <b>-613</b>                             | <b>-9,501</b>                           | <b>-12,384</b>                           |
| Depreciation and impairment of<br>intangible and tangible fixed assets | -196                                    | -6,240                                  | 1,337                                   | -7,166                                  | -9,123                                   |
| <b>Operating profit/loss</b>   | <b>-2,257</b>                           | <b>-12,641</b>                          | <b>725</b>                              | <b>-16,667</b>                          | <b>-21,507</b>                           |
| Interest income and similar items                                      | -2                                      |   | -1                                      | -1                                      | 4  |
| Interest expenses and similar items                                    | -3                                      | -1                                      | -8                                      | -1                                      | -1                                       |
| <b>Profit/loss after financial items</b>                               | <b>-2,261</b>                           | <b>-12,642</b>                          | <b>716</b>                              | <b>-16,668</b>                          | <b>-21,505</b>                           |
| Tax on profit/loss in the period                                       |   |   |   | 6                                       | 5  |
| <b>Net profit/loss in the period</b>                                   | <b>-2,261</b>                           | <b>-12,642</b>                          | <b>716</b>                              | <b>-16,662</b>                          | <b>-21,499</b>                           |
| <b>Attributable to:</b>  |   |   |   |   |  |
| The parent company's shareholders                                      | -2,261                                  | -12,642                                 | 716                                     | -16,662                                 | -21,499                                  |
| Minority interests   | -                                       | -                                       | -                                       | -                                       | -  |



## Balance sheet in summary

### The Group

Amount in KSEK

|   | 2023-06-30              | 2022-06-30              | 2022-12-31              |
|---|-------------------------|-------------------------|-------------------------|
| <strong>Assets</strong>                       |                         |                         |                         |
| Goodwill                                      | 4,444                   | 6,111                   | 5,277                   |
| Cryptocurrency                                | 8,185                   | 4,901                   | 4,883                   |
| Other intangible assets                       | 892                     | 2,971                   | 1,932                   |
| Tangible fixed assets                         | 237                     | 309                     | 277                     |
| Financial assets                              | 333                     | 333                     | 333                     |
| <strong>Total fixed assets</strong>           | <strong>14,090</strong> | <strong>14,624</strong> | <strong>12,702</strong> |
| Inventory                                     | 3,215                   | 2,022                   | 1,757                   |
| Current receivables                           | 3,987                   | 5,489                   | 5,670                   |
| Short-term investments                        | 39                      | 18                      | 38                      |
| Cash and cash equivalents                     | 17,664                  | 24,544                  | 21,344                  |
| <strong>Total current assets</strong>         | <strong>24,905</strong> | <strong>32,073</strong> | <strong>28,809</strong> |
| <strong>Total assets</strong>                 | <strong>38,995</strong> | <strong>46,697</strong> | <strong>41,511</strong> |
| <strong>Equity and liabilities</strong>       |                         |                         |                         |
| Share capital                                 | 1,022                   | 1,022                   | 1,022                   |
| Other equity                                  | 34,077                  | 38,199                  | 33,361                  |
| <strong>Total equity</strong>                 | <strong>35,099</strong> | <strong>39,221</strong> | <strong>34,383</strong> |
| Current liabilities                           | 3,896                   | 7,475                   | 7,128                   |
| <strong>Total current liabilities</strong>    | <strong>3,896</strong>  | <strong>7,475</strong>  | <strong>7,128</strong>  |
| <strong>Total equity and liabilities</strong> | <strong>38,995</strong> | <strong>46,697</strong> | <strong>41,511</strong> |



## Changes in equity

The Group

Amount in KSEK

|                       | Share capital | Un-registered share capital | Other contributed capital | Other equity incl. the result for the period | Equity attrib. to parent company's share-holders | Total equity |
|-----------------------|---------------|-----------------------------|---------------------------|--|--|--------------|
| Equity 2022-01-01     | 1,022         | -                           | 101,392                   | -46,532                                      | 55,883   | 55,883       |
| Result for the period |               |                             |                           | -21,499                                      | -21,499  | -21,499      |
| Equity 2022-12-31     | 1,022         | -                           | 101,392                   | -68,031                                      | 34,383   | 34,383       |
| Result for the period |               |                             |                           | 716  | 716  | 716          |
| Equity 2023-06-30     | 1,022         | -                           | 101,392                   | -67,315                                      | 35,099   | 35,099       |



## Cash flow statement in summary

The Group

Amount in KSEK

|  | 2023-04-01<br>-2023-06-30<br>(3 months) | 2022-04-01<br>-2022-06-30<br>(3 months) | 2023-01-01<br>-2023-06-30<br>(6 months) | 2022-01-01<br>-2022-06-30<br>(6 months) | 2022-01-01<br>-2022-12-31<br>(12 months) |
|--|---|---|---|---|--|
| <b>Operations</b>  |   |   |   |   |  |
| Operating profit/loss                                    | -2,257                                  | -12,641                                 | 725                                     | -16,667                                 | -21,507                                  |
| Adjustment for items not included in cash flow           |   |   |   |   |  |
| Depreciation and write -downs                            | 196                                     | 6,240                                   | -1,337                                  | 7,166                                   | 9,143                                    |
| Realization results                                      | -                                       | -                                       | -                                       | -                                       | -  |
| Received interest  | -2                                      | -                                       | -1                                      | -1                                      | 4  |
| Paid interest  | -3                                      | -1                                      | -8                                      | -1                                      | -1                                       |
| Paid income tax  | -                                       | -                                       | -                                       | 6                                       | 5  |
| Net change in working capital                            | -28                                     | 3,535                                   | -3,008                                  | 3,215                                   | 2,931                                    |
| <b>Cash flow from operations</b>                         | <b>-2,093</b>                           | <b>-2,867</b>                           | <b>-3,629</b>                           | <b>-6,281</b>                           | <b>-9,425</b>                            |
| Cash flow from investment activities                     | 0                                       | -803                                    | -51                                     | -1,045                                  | -1,101                                   |
| Cash flow from financing activities                      | -                                       | -                                       | -                                       | -                                       | -  |
| <b>Cash flow for the period/change in liquid funds</b>   | <b>-2,093</b>                           | <b>-3,670</b>                           | <b>-3,680</b>                           | <b>-7,326</b>                           | <b>-10,526</b>                           |
| Cash and cash equivalents at the beginning of the period | 19,756                                  | 28,214                                  | 21,344                                  | 31,870                                  | 31,870                                   |
| Cash and cash equivalents at the end of the period       | 17,664                                  | 24,544                                  | 17,664                                  | 24,544                                  | 21,344                                   |



## Income statement in summary

The parent company

Amount in KSEK

|  | 2023-04-01<br>-2023-06-30<br>(3 months) | 2022-04-01<br>-2022-06-30<br>(3 months) | 2023-01-01<br>-2023-06-30<br>(6 months) | 2022-01-01<br>-2022-06-30<br>(6 months) | 2022-01-01<br>-2022-12-31<br>(12 months) |
|--|---|---|---|---|--|
| Net sales  | 700                                     | 1,230                                   | 1,537                                   | 2,485                                   | 3,000                                    |
| Other operating income   | 12                                      | 2,271                                   | 12                                      | 2,275                                   | 2,275                                    |
| <b>Gross profit</b>  | <b>712</b>                              | <b>3,501</b>                            | <b>1,549</b>                            | <b>4,759</b>                            | <b>5,275</b>                             |
| Operating expenses   | -1,293                                  | -940                                    | -2,993                                  | 2,250                                   | -4,553                                   |
| Personnel Expenses   | -2,313                                  | -3,191                                  | -4,193                                  | -5,776                                  | -10,020                                  |
| <b>EBITDA</b>  | <b>-2,895</b>                           | <b>-630</b>                             | <b>-5,637</b>                           | <b>-3,266</b>                           | <b>-9,299</b>                            |
| Depreciation and impairment of<br>intangible and tangible fixed assets | 783                                     | -5,296                                  | 3,296                                   | -5,296                                  | -5,300                                   |
| <b>Operating profit/loss</b>   | <b>-2,112</b>                           | <b>-5,927</b>                           | <b>-2,341</b>                           | <b>-8,562</b>                           | <b>-14,598</b>                           |
| Profit/loss from participations in<br>group companies                  |   |   |   |   | -500                                     |
| Interest income and similar items                                      | 168                                     | 212                                     | 364                                     | 212                                     | 543                                      |
| Interest expenses and similar items                                    | -3                                      |   | -9                                      |   | -1                                       |
| <b>Profit/loss after financial items</b>                               | <b>-1,947</b>                           | <b>-5 715</b>                           | <b>-1 986</b>                           | <b>-8 350</b>                           | <b>-14,557</b>                           |
| Appropriations   | -                                       |   |   | -                                       |  |
| Tax on profit/loss in the period                                       | -                                       |   |   |   | -  |
| <b>Net profit/loss in the period</b>                                   | <b>-1,947</b>                           | <b>-5,715</b>                           | <b>-1,986</b>                           | <b>-8,350</b>                           | <b>-14,557</b>                           |



## Balance sheet in summary

The parent company

Amount in KSEK

|                                     | 2023-06-30    | 2022-06-30    | 2022-12-31    |
|-------------------------------------|---------------|---------------|---------------|
| <b>Assets</b>                       |               |               |               |
| Cryptocurrency                      | 8,110         | 4,828         | 4,809         |
| Tangible fixed assets               | 44            |               | 49            |
| Financial assets                    | 30,184        | 30,684        | 30,184        |
| <b>Total fixed assets</b>           | <b>38,338</b> | <b>35,511</b> | <b>35,042</b> |
|                                     |               |               |               |
| Current receivables                 | 9,629         | 16,649        | 14,831        |
| Short-term investments              | 39            | 18            | 38            |
| Cash and cash equivalents           | 5,329         | 9,938         | 5,540         |
| <b>Total current receivables</b>    | <b>14,997</b> | <b>26,605</b> | <b>20,410</b> |
|                                     |               |               |               |
| <b>Total assets</b>                 | <b>53,335</b> | <b>62,117</b> | <b>55,452</b> |
| <b>Equity and liabilities</b>       |               |               |               |
|                                     |               |               |               |
| Share capital                       | 1,022         | 1,022         | 1,022         |
| Other equity                        | 50,588        | 58,780        | 52,574        |
| <b>Total equity</b>                 | <b>51,610</b> | <b>59,803</b> | <b>53,596</b> |
|                                     |               |               |               |
| Current liabilities                 | 1,724         | 2,314         | 1,856         |
| <b>Total current liabilities</b>    | <b>1,724</b>  | <b>2,314</b>  | <b>1,856</b>  |
|                                     |               |               |               |
| <b>Total equity and liabilities</b> | <b>53,335</b> | <b>62,117</b> | <b>55,452</b> |



## Changes in equity

The parent company

Amount in KSEK

|                       | Share capital | Unregistered share capital | Share premium reserve | Non-restricted equity incl. the result for the period | Total equity |
|-----------------------|---------------|----------------------------|-----------------------|---|--------------|
| Equity 2022-01-01     | 1,022         | -                          | 101,392               | -34,262   | 68,153       |
| Result for the period |               |                            |                       | -14,557   | -14,557      |
| Equity 2022-12-31     | 1,022         | -                          | 101,392               | -48,819   | 53,596       |
| Result for the period |               |                            |                       | -1,986  | -1,986       |
| Equity 2023-06-30     | 1,022         | -                          | 101,392               | -50,804   | 51,610       |





## Cash flow analysis in summary

The parent company

Amount in KSEK

|   | 2023-04-01<br>-2023-06-30<br>(3 months) | 2022-04-01<br>-2022-06-30<br>(3 months) | 2023-01-01<br>-2023-06-30<br>(6 months) | 2022-01-01<br>-2022-06-30<br>(6 months) | 2022-01-01<br>-2022-12-31<br>(12 months) |
|---|---|---|---|---|--|
| <b>Operations</b>   |   |   |   |   |  |
| Operating profit  | -2,112                                  | -5,927                                  | -2,341                                  | -8,562                                  | -14,598                                  |
| Adjustment for items not included in cash flow                  |   |   |   |   |  |
| Depreciation and write-downs                                    | -783                                    | 5,296                                   | -3,296                                  | 5,296                                   | 5,317                                    |
| Group contributions   | -                                       | -                                       | -                                       | -                                       | -  |
| Received interest   | 168                                     | 212                                     | 364                                     | 212                                     | 543                                      |
| Paid interest   | -3                                      | -                                       | -9                                      | -                                       | -1                                       |
| Paid income tax   | -                                       | -                                       | -                                       | -                                       | -  |
| Net change in working capital                                   | 2,534                                   | -1,181                                  | 5,070                                   | -9,954                                  | -8,613                                   |
| <b>Cash flow from operations</b>                                | <b>-196</b>                             | <b>-1,600</b>                           | <b>-211</b>                             | <b>-13,009</b>                          | <b>-17,353</b>                           |
| Cash flow from investment activities                            | -                                       | -750                                    | -                                       | -750                                    | -803                                     |
| Cash flow from financing activities                             | -                                       | -                                       | -                                       | -                                       | -  |
| <b>Cash flow for the period/change in liquid funds</b>          | <b>-196</b>                             | <b>-2,350</b>                           | <b>-211</b>                             | <b>-13,759</b>                          | <b>-18,156</b>                           |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>5,525</b>                            | <b>12,288</b>                           | <b>5,540</b>                            | <b>23,696</b>                           | <b>23,696</b>                            |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>5,329</b>                            | <b>9,938</b>                            | <b>5,329</b>                            | <b>9,938</b>                            | <b>5,540</b>                             |



# Additional information

## Transactions with related parties

No transactions with related parties have taken place.

## Employees

The average number of employees in the Group, including consultants, during the second quarter was 26 (compared to 35 employees during the corresponding period in prior year). The average number of employees (full-time positions excluding consultants) during the quarter was 22 (33). The number of employees at the end of the quarter was 26 (32).

## Off balance sheet items

Safello treats cryptocurrencies belonging to customers as accounting funds held on behalf of each customer, and with the exception of what is necessary to practically carry out transfers of cryptocurrencies for customers, cryptocurrencies belonging to customers are always stored in a separate wallet based on Fireblock's digital infrastructure. Balances regarding each customer are kept on an internal ledger, and the net of the customers' crypto assets is sent regularly to the separate wallet to ensure separation of client funds. As these funds do not belong to Safello and are stored separately, the company will not include these assets and liabilities on the balance sheet.

The client funds held in the separate wallet can be observed here: <https://safello.com/proof-of-reserves/>

## Shareholders and Share Capital

On June 30, Safello Group AB had 2,250 shareholders (compared with 2,393 shareholders at 31 of December 2022).

Safello's share capital on June 30 amounted to SEK 1,022,480 (SEK 1,022,480). The number of shares was 20,449,600 (20,449,600) and the average number of shares in the quarter was 20,449,600 (20,449,600) before dilution and 21,440,668 (21,440,668) after potential dilution.

## Forward-looking statements

This interim report may contain statements concerning, among other things, Safello's financial situation and profitability, as well as statements about growth and long-term market potential that may be forward-looking. Safello believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions. However, forward-looking statements include risks and uncertainties, and the actual results or consequences may differ significantly from those made. In addition to what is required by applicable law, forward-looking statements apply only on the day they are made and Safello does not undertake to update any of them in the light of new information or future events.

## Auditor

The company's auditor is WeAudit Sweden AB. This report has not been reviewed by the company's auditor.

## Accounting Principles

Safello prepares its financial reports in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3) Annual Accounts and Consolidated Accounts. The same accounting principles and calculation methods have been used in the Interim Report as in the most recent Annual Report. The Interim Report has been prepared in accordance with ÅRL Chapter 9, Interim Report.



## Goodwill

Goodwill constitutes 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 makes an assessment of 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 lower than the carrying amount, the impairment amount is allocated, first the carrying amount of goodwill attributable to the cash-generating unit is reduced 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.

## Intangible assets - 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 Swedish 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.

## Key Ratio Definitions and Concepts

### *Net sales*

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

### *Volume*

The company's net sales from completed crypto transactions (buy and sell orders), based on Safello's internal data.

### *Number of orders*

Number of orders executed, based on Safello's internal data.

### *Number of registrations*

Number of registrations, based on Safello's internal data.

### *Adjusted equity*

Equity with additions for untaxed reserves reduced by deferred tax.

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

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

### *Equity ratio (%)*

Adjusted equity as a percentage of balance sheet total.

### *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.



### Financial Calendar

|                  |                                      |
|------------------|--------------------------------------|
| 17 November 2023 | Interim report for the third quarter |
| 23 February 2024 | Year-end report 2023                 |

*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 Aug 25 2023, at 8:00 CET.*

### Certified Adviser

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

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### Important information

This statement 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:

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