

Stockholm 2022

Annual Report

Safello Group AB



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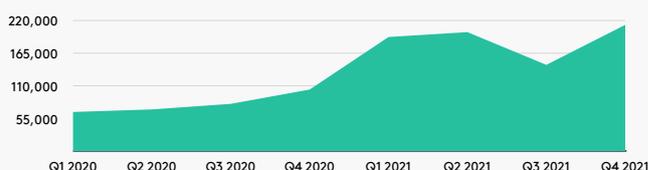
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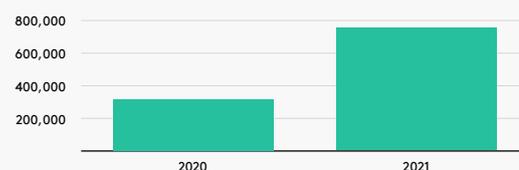
The year in summary

- Net turnover amounted to SEK 757.9 million (315.0) and increased by +141% compared to prior year.
- Operating profit/loss amounted to SEK -14.7 million (0.9). The negative result is driven by non-recurring costs for the IPO during the year, costs for a marketing campaign in the fourth quarter, as well as headcount additions to strengthen the business in the long run.
- Profit/loss after financial items amounted to SEK -14.7 million (0.9).
- Earnings per share based on the average number of shares (based on 19,467,668 shares) amounted to SEK -0.76.
- Earnings per share based on the average number of shares after dilution (based on 20,458,736 shares) amounted to SEK -0.72.
- The number of orders executed increased by +43% to 239,191 (167,355).

Quarterly Turnover (kSEK)¹



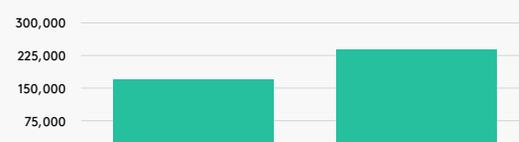
Yearly turnover (kSEK)¹



Quarterly number of orders¹



Yearly number of orders¹



¹ Baserat på Safellos interna data



Q1

Acquisition of
Rational Money
AB

Q2

IPO

Q3

Fireblocks

Q4

Wallet,
subscription,
Multicrypto

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 - Acquisition of Rational Money AB

On March 31, 2021, Safello Group AB acquired all shares in Rational Money AB. The company operates the website bitcoin.se and the purpose of the acquisition was to continue to develop the platform for information and training of individuals and companies within the crypto area, as well as to internalize partner costs.

Q2 - IPO

Safello Group AB was listed on the Nasdaq First North Growth Market on May 12, 2021 and is traded under the name SFL. The new issue of 3,000,000 shares was completed at a price per share of SEK 13.50, which added SEK 40.5 million to the company (before issue costs).

Q3 - Fireblocks

Safello entered into an agreement with Fireblocks in August, which gave the company access to Fireblock's wallet infrastructure to support the introduction of a digital wallet.

Q4 - Safello Wallet, Safello Subscription, Additional Currencies

Safello launched Safello Wallet in October, a service that enables cryptocurrency trading for customer groups who do not have the technical knowledge to manage self-managed wallets.

Safello Subscription, a feature that can be compared to a monthly savings scheme in cryptocurrency, was launched on November 22. The feature makes it easier for customers to trade regularly, and can be seen as part of Safello's efforts to reduce the volatility in revenue.

During the fourth quarter, Safello expanded its product range by offering trading in Chainlink (LINK), Polkadot (DOT) and Polygon (MATIC) at Safello's platform.



CEO Statement

Dear shareholder,

The past year has flown by and was one of monumental change for Safello and the market.

Safello...

- Became a listed company on Nasdaq First North Growth Market.
- Grew the team from ~10 people to over 30 people.
- Transitioned from being a Web-first to a Mobile-first company.
- Took the market leadership position in Sweden.
- Became a custody partner to store digital assets.

And with this change came growth:

43 percent growth in YoY orders.

47 percent growth in YoY customers.

141 percent growth in YoY turnover.

Safello delivered on its promise in the prospectus to launch Safello Wallet and Safello Subscription and extended cryptocurrency support with Chainlink, Polkadot and Polygon. Other 2021 milestones include the first nationwide crypto marketing campaign in Sweden and changing the fee levels and structure. In Q1 2022 we further developed this fee structure, closed an affiliate partnership setup and reignited our content efforts to drive our educational efforts. Finally, the team came together to launch Safello Donate to support Ukraine and we signed an LOI with Avanza to kick off our Crypto-as-a-Service strategy. Large non-recurring costs for IPO, marketing and recruitment have contributed to an operating loss in 2021, but these have been important investments as a part of Safello's long-term strategy.

The market meanwhile reached new highs peaking at 2.9 trillion USD² market cap for all crypto assets.

Cryptocurrency users adoption is now on track with the Internet, where the goalpost has moved from bringing the first 100 million users onboard to getting the first 1 billion users in the crypto economy by 2027.³

Safello's role in 2022 and beyond

The Market in Crypto Assets (MiCA) regulation that has now been adopted by the European Council⁴ will open the flood gates as the over 6,000⁵ banks in Europe will face similar challenges to embrace crypto demand as open banking did with PSD2⁶. Positioned as the safe fellow for users and companies alike, Safello can take advantage and fill the gap. The capacity to enable crypto custody, trading, support and compliance while managing risk in a regulated environment is where Safello excels. With almost 9 year of expertise serving over 250k retail customers and educating authorities and partners alike, Safello can play a crucial role to be the trusted partner for financial institutions to make this transition.

And Safello is ready. While perhaps being overshadowed by our retail focus in the prospectus, Safello has been serving partners since 2018 with the launch of Safello Partner. In a revenue share based model partners get access to a dashboard to track metrics and manage their payouts. Early iterations of the product included Safello API that would enable deep integration of crypto functionalities into B2B2C propositions. As the migration to our modular platform has been completed, this toolset can be reignited to serve financial institutions (FIs). We call it Crypto-as-a-Service and are rebuilding this capability from the ground up.

While macroeconomic circumstances remain uncertain, the crypto writing is on the wall. The team and I are very excited to see how fast the landscape evolves and to work with Avanza and other financial institutions that have started to embrace this future. As a shareholder of Safello you get a front row seat. Join the ride!

**Kind regards,
Frank Schuil**

² <https://coinmarketcap.com/charts/>

³ <https://cryptoslate.com/internet-vs-crypto-adoption-chart-predicts-1-billion-users-by-2027/>

⁴ <https://www.consilium.europa.eu/en/press/press-releases/2021/11/24/digital-finance-package-council-reaches-agreement-on-mica-and-dora/>

⁵ <https://www.statista.com/statistics/940867/number-of-banks-in-europe-by-country/>

⁶ https://ec.europa.eu/info/law/payment-services-psd-2-directive-eu-2015-2366_en



Business overview

Safello offers a brokerage platform and enables individuals and companies to securely buy, store and sell leading cryptocurrencies such as Bitcoin (BTC) and Ethereum (ETH) with SEK and EUR, and in 2021 the product offering has been expanded with Chainlink (LINK), Polkadot (DOT) and Polygon (MATIC). 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 December 31, 2021, Safello had over 250,000 customers and had handled over 593,000 orders, which corresponds to a volume of over SEK 1,585 million.⁷

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

Number of customers cumulatively per 2020-12-31

171,000

Number of orders cumulatively per 2020-12-31

286,000

Volume cumulatively per 2020-12-31 (MSEK)

834

⁷ Baserat på Safellos interna data



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 Widget was shut down in February 2022 and trading will in the future be offered 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

In 2021, Safello completed the journey towards becoming a mobile first company, among other things by making 16 version updates during the year. In the latest version of the app, users have the entire product range in app format, including Safello Wallet, trade and order history. Safello Mobile will develop further in 2022 to improve the user interface and functionality.

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 also changed and Safello's focus in 2022 will be to find larger partners who can drive up trading volumes, either directly or indirectly, by giving the end user access to cryptocurrency services.

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. Storage of cryptocurrency is currently free of charge at Safello. 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's short-term goal is to refine the Company's existing partner offering by offering an API-based collaboration with major financial institutions and companies, transforming the partner business into a Crypto-as-a-Service offering. The development work for the MVP solution ("Minimum Viable Product") is nearing completion, and the product will be developed and refined continuously.

The partners' end customers get access to Safello's platform, where they can safely and easily trade and store cryptocurrencies. Safello is responsible for the entire process, and the commission is divided between Safello and the partner according to individual agreements. Exactly which functions that will be provided to the end customers by the partners will be regulated between Safello and the partners respectively.

For the consumer, this provides access to cryptocurrency services without changing financial service providers. The idea is also that increased volumes will lead to a more attractive product offering for the consumer, while generating additional revenue for Safello over time. For Safello's future partners, the possibility of trading provides potentially more satisfied customers and part of the revenue from the cryptocurrency services.

The company sees great potential in the financial sector, where traditional financial institutions could offer their customers tailored cryptocurrency services in a secure way with Safello as a local partner. More and more financial players are offering cryptocurrency services to their end customers in this way in Europe, and Safello is well positioned to offer these services in Sweden as well as in the rest of Europe.

For most traditional financial players, it is time-consuming and complex to build their own infrastructure to offer cryptocurrency trading. It demands regulatory compliance, knowledge and development capacity. At the same time, many consumers wish for that service to be offered. The choice is then between building cryptocurrency expertise internally, releasing the consumer to independent actors that offer cryptocurrency services, or integrating a solution that generates revenue and increases customer satisfaction, without having to build all infrastructure internally, i.e. Crypto-as-a-Service. Safello is convinced that many players will choose the last option, and therefore the company focuses on the goal of offering competitive products, locally packaged and tailored to the needs of each financial institution, depending on the desired level of de-risking.



Market review

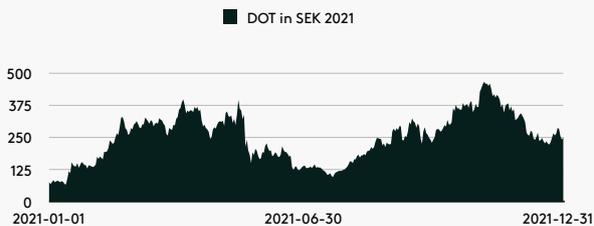
2021 was a breakthrough year for the crypto market globally. Milestones and records were overturned, the ecosystem grew and the NFT boom took off. Crypto companies, including Safello, were listed on stock exchanges, global giants invested in the market and international banks began the journey in earnest to offer crypto services to their customers. The war in Ukraine has shown the benefits of blockchain technology, and how it can be utilized when traditional financial systems are under pressure. In summary, the crypto world has cemented its position as part of the financial world.

Increasing market value

Prices have fluctuated sharply during the year, and price records were followed by sharp corrections. Large price movements are to be expected in the crypto world, and typically this is positive for Safello's fee-based model.

The development in 2021 for the cryptocurrencies included in Safello's offering is presented below. All graphs show the currency's opening rate⁸ as of the specified date.

	BTC	DOT	ETH	LINK	MATIC
Total market cap 31/12 2021 (billion SEK)	8 077	266	2 958	83	158
Change in market cap 1/1 - 31/12 2021 (%)	73 %	252 %	453 %	81 %	15 160 %



⁸ <https://www.coingecko.com/>



NFT boom

Non-Fungible Tokens (NFT) reached a wider audience during the year, especially when 69 million USD was paid for "the First 5000 Days", a collage of 5,000 images in NFT format. Crypto Punk, Bored Apes Yacht Club and Pudgy Penguins also made headlines for high prices and an abundance of projects were started. More practical applications of NFTs could also include services that facilitate transactions in real estate, equities and other financial instruments. The Play-to-Earn market for NFTs has grown rapidly with games such as Axie Infinity and Sorare, whereas virtual real estate transactions in Decentraland has attracted companies like JPMorgan and Samsung.⁹ Development is progressing rapidly.

Growing institutional interest and stock exchange listings

Globally, 2021 was the year when global players began to take a serious interest in cryptocurrency. In August 2021, Coinbase announced that 10 of the world's 100 largest hedge funds are customers.¹⁰ Tesla invested 1.5 billion USD in cryptocurrency, and Visa, Mastercard and Paypal accelerated their investment in blockchain technology.¹¹ Banks such as Goldman Sachs and Citigroup are building global cryptocurrency teams.¹² There is news from various parts of Europe about links between traditional financial players and cryptocurrency companies.

A number of crypto companies were listed on stock exchanges in 2021. Coinbase in the USA had a market value of USD¹³ 68 billion at the time of listing. Safello was listed in May 2021, and during the year other crypto companies were also listed in Sweden and in other Nordic countries.

Furthermore, Venture Capital companies invested an estimated USD 30 billion in 2021 in crypto companies, which means that many crypto companies and projects have financing secured for the foreseeable future even if the market were to weaken.¹⁴

Positive development towards uniform regulations

The proposed MiCA Regulation (Regulation on Markets in Crypto Assets), which forms part of the so-called "Digital Finance Package" adopted by the European Commission in 2020, has in 2021 been the subject of consideration in the Council of Ministers, which in November 2021 adopted its position that will form the framework for the Council of Ministers' negotiations with the European Parliament. The bill can be adopted when the Council of Ministers and the European Parliament have agreed on the text and are expected, depending on how long these negotiations take, to enter into force sometime in 2023. The regulation is expected to provide a harmonized regulatory framework for cryptocurrency companies to comply with, and make it easier to operate in a single European market in the same way as traditional financial services today.

Chainalysis analyzes the blockchain

Chainalysis, an analysis company in blockchain technology, concludes in its compilation for 2021 that (suspected) criminal transactions accounts for 0.15% of the transaction volume¹⁵, compared to 0.34% in 2020, and the reduction is part of a multi-year trend. In 2021 it corresponds to about 14 billion USD. It can be put in relation to money laundering which the U.N. estimates at up to five percent of global GDP, equivalent to about two trillion USD.¹⁶

The crypto market going forward

At the time of writing, the markets are overshadowed by geopolitical concerns and macroeconomic challenges. The war in Ukraine, high and rising inflation rates, and general concerns about a new world order are affecting all markets. Institutional interest remains high, and investment rounds in crypto companies have been fully subscribed to high values also during the beginning of 2022. Whether traditional financial markets and the cryptocurrency market diverge remains to be seen, but historically it has taken about 70 days for the crypto market to become more independent from the rest of the financial market in weaker market environments.¹⁷

⁹ <https://www.coindesk.com/video/recent-videos/samsung-enters-the-metaverse-opening-a-virtual-version-of-flagship-837x-store/>
<https://www.coindesk.com/business/2022/02/15/jpmorgan-is-the-first-bank-into-the-metaverse-looks-at-business-opportunities/>

¹⁰ <https://www.theblockcrypto.com/linked/114153/coinbase-hedge-fund-clients-earnings>

¹¹ See till exempel: <https://www.wsj.com/articles/tesla-buys-1-5-billion-in-bitcoin-11612791688>

¹² <https://www.reuters.com/business/finance/exclusive-goldman-sachs-restarts-cryptocurrency-desk-amid-bitcoin-boom-2021-03-01/>

¹³ <https://www.reuters.com/article/us-coinbase-ipo-idUSKBN2B91B3>

¹⁴ <https://www.bloomberg.com/news/articles/2021-12-19/ftx-moonpay-axie-lead-crypto-firms-attracting-record-30-billion-in-2021>

¹⁵ The 2022 Crypto Crime Report, Chainalysis

¹⁶ <https://www.unodc.org/unodc/en/money-laundering/overview.html>

¹⁷ <https://panteracapital.com/blockchain-letter/the-next-mega-trade/>



The Share

SFL

The share

The number of shares as of December 31, 2021 was 20,449,600, distributed among 2,534 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 7.46 and a maximum of SEK 37.20 in 2021.



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, 2021.

Changes in shares / share capital

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	13.05	3,000,000	150,000	0.05	20,449,600	1,022,480
New share issue	2021-03-31	13.05	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
New share issue	2020-12-16	1,600	6,810	6,810	1.00	105,935	105,935





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 2021-01-01 - 2021-12-31. 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 leading cryptocurrencies such as Bitcoin (BTC) and Ethereum (ETH) and in 2021 the product offering was expanded by Chainlink (LINK), Polkadot (DOT) and Polygon (MATIC).

Safello Group AB and its subsidiary Safello AB are licensed to operate as financial institutions.

Significant events during the financial year

During the year, Safello continued its work to strengthen the organization, especially on the development side. The Group recruited a number of key employees during the financial year, such as Johan Edin (CFO) in January, Andreas Kennemar (COO) in June and Helen Landenberg Råmsell (General Counsel) in September.

At the Annual General Meeting on March 12, 2021, it was decided to offer warrants in two different programs, one to the Board and one to management and employees. The warrants were offered at an estimated market value of SEK 0.69 per warrant, based on the Black and Scholes model for warrants valuation. A total of 991,068 warrants were subscribed for, and the program runs for three years, with each warrant giving the right to acquire one share in Safello Group at a price of SEK 23.63 in the period March 1 to April 30, 2024, with a potential dilution effect of 4.6 percent.

As of March 31, 2021, Safello acquired all shares in Rational Money AB. The company operates bitcoin.se and the purpose of the acquisition is to continue to develop the platform for information and training of individuals and companies in the crypto area, as well as to internalize partner costs.

Safello Group AB was listed on the Nasdaq First North Growth Market on May 12, 2021 and is traded under the name SFL. The new issue of 3,000,000 shares was completed at a price per share of SEK 13.50, which added SEK 40.5 million to the company (before issue costs).

Safello entered into an agreement with Fireblocks in August, which gave the company access to Fireblock's wallet infrastructure to support the introduction of a digital wallet. Safello then launched Safello Wallet in October, a service that enables cryptocurrency trading for customers who do not have the technical knowledge to manage self-managed wallets.



During the fourth quarter, the company reduced the highest fees from 7 percent to 5 percent for cryptocurrency trading. Furthermore, during the year, they expanded their product range and made it possible to trade Chainlink (LINK), Polkadot (DOT) and Polygon (MATIC) at Safello's platform.

In October, Safello's first national marketing campaign "Make crypto boring" was launched, with the aim of building trust for the brand and in the long run to attract more customers to Safello. At the same time, a lower fee was introduced for purchases to Safello Wallet for a limited time period.

Safello Subscription, a feature that can be compared to a monthly savings in cryptocurrency, was launched on November 22. It is a feature that makes it easier for customers to trade regularly, and can be seen as part of Safello's efforts to reduce revenue volatility.

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.

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.

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 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, 2021 was 20,449,600, distributed among approximately 2,500 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 share¹⁸

	2021	2020
Number of shares before dilution	20,449,600	105,935
Number of shares after potential dilution	21,440,668	105,935
Average number of shares	19,467,668	99,423
Average number of shares after potential dilution	20,458,736	99,423
Share capital per share (SEK)	2,73	214,68
Earnings per share before dilution (SEK)	-0,76	8,87
Earnings per share after dilution (SEK)	-0,72	8,87
Dividends per share (as proposed in the current year) (SEK)	-	-

¹⁸ Observe that on March 12, 2021, a share split was performed (1:160), why the comparison towards 2020 is not entirely fair.



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 2021 and subsequent known changes.

	Number of shares	Voting rights and share capital (%)
Frank Schuil BV ¹⁹	4,031,260	19.71%
WSC III LP	2,370,749	11.59%
Joakim Johansson ²⁰	2,095,200	10.25%
Northzone VII L.P	1,375,425	6.73%
Emil Oldenburg	1,203,262	5.88%
Nordnet Pensionsförsäkring AB	901,829	4.41%
BNY Mellon NA	505,379	2.47%
Torbjörn Nilsson	424,783	2.08%
Avanza Pension Försäkringsbolaget	344,756	1.69%
IBKR Financial Services AG	340,967	1.67%
<i>Company's ten largest shareholders in total</i>	<i>13,593,610</i>	<i>66.47%</i>
<i>Other shareholders</i>	<i>6,855,990</i>	<i>33.53%</i>
Total	20,449,600	100.00%

Development of operations, earnings and position - Group²¹

	2021	2020	2019	2018
Net sales (kSEK)	757,898	315,007	206,621	27,094
Profit/loss after financial items (kSEK)	-14,736	882	249	-6,971
Operating margin (%)	neg	0%	0%	neg
Return on equity (%)	neg	4%	2%	neg
Total assets (kSEK)	62,863	28,178	13,289	13,754
Acid-test ratio (%)	542%	394%	253%	438%
Equity/asset ratio (%)	89%	81%	83%	78%
Number of employees	22	10	9	6

Development of operations, earnings and position - Parent company²¹

	2021	2020	2019	2018
Net sales (kSEK)	4,384	0	0	27,094
Profit/loss after financial items (kSEK)	-18,067	-4,216	-6,559	-8,029
Operating margin (%)	neg	neg	neg	neg
Return on equity (%)	neg	neg	neg	neg
Total assets (kSEK)	70,538	38,578	26,062	32,057
Acid-test ratio (%)	1278%	1465%	1249%	437%
Equity/asset ratio (%)	97%	97%	99%	93%
Number of employees	4	2	1	1

¹⁹ Frank Schuil owns 100% of Frank Schuil BV. Frank Schuil also owns 15,457 shares privately.

²⁰ Joakim Johansson has 500,000 shares by a capital insurance.

²¹ 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	-17,089,770
Profit or loss of the year	-17,172,008
	67,130,358

To be disposed as

Dividend to shareholders (0 SEK per share)	0
Profit or loss carried forward	67,130,358
	67,130,358



Income statement - Group

	Note	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Net sales		757,898	315,008
Other operating income		5	0
		757,903	315,008
<i>Operating expenses</i>			
Raw materials and consumables		-2,770	-3,079
Merchandise		-718,228	-296,243
Other external expenses	2	-24,389	-5,526
Personnel costs	3	-22,738	-7,102
Depreciation of tangible and intangible fixed assets		-3,445	-1,928
Other operating expenses		-1,009	-260
		-772,579	-314,138
Operating profit/loss		-14,675	870
<i>Results from financial items</i>			
Other interest income and similar items	4	0	18
Interest expenses and similar performance items	5	-61	-5
		-61	13
Profit/loss after financial items		-14,736	882
Tax on profit/loss for the year	6	-57	0
		-14,794	882
Profit/loss for the year			
Attributable to			
The parent company's shareholders		-14,794	0
Minority interest		0	0



Balance sheet - Group

	Note	2021-12-31	2020-12-31
ASSETS			
Non-current assets			
Signed not paid capital		0	114
<i>Intangible assets</i>			
Capitalized expenditure for development and similar work	7	2,981	4,872
Goodwill	8	6,944	0
Cryptocurrency	9	10,135	0
		20,060	4,872
<i>Property, plant and equipment</i>			
Machinery and other technical facilities	10	237	42
Equipment, tools, fixture and fittings	11	47	0
		284	42
<i>Financial assets</i>			
Other long-term receivables	12	401	69
		401	69
Total non-current assets		20,745	4,982
Current assets			
<i>Inventory</i>			
Prepared goods and goods for sale		4,253	1,704
		4,253	1,704
<i>Current receivables</i>			
Accounts receivable		39	0
Other receivables	13	1,514	4,224
Prepaid expenses and accrued income	14	1,709	147
		3,262	4,370
Cash and bank balances		34,602	17,008
Total current assets		42,117	23,082
TOTAL ASSETS		62,863	28,178



Balance sheet - Group

2:2

	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital		1,022	106
Share premium		101,392	54,317
Other equity including profit/loss for the year		-46,532	-31,681
Equity attributable to the parent company's shareholders		55,883	22,742
Minority interest		0	0
Total equity		55,883	22,742
<i>Current liabilities</i>			
Liabilities to credit institutions		19	0
Advance payment from customers		1,000	1,986
Accounts payable		1,027	658
Current tax liabilities		448	0
Other liabilities		2,862	1,429
Accrued expenses and deferred income	15	1,624	1,362
Total current liabilities		6,980	5,436
TOTAL EQUITY AND LIABILITIES		62,863	28,178



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 shareholders	Total equity
Opening balance 2020-01-01	99	-	43,428	-32,563	10,964	10,964
<i>Transactions with owners:</i>						
Ongoing new share issue	-	7	10,889	-	10,896	10,896
Profit/loss for the year	-	-	-	882	882	882
Outgoing balance 2020-12-31	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
Outgoing balance 2021-12-31	1,022	0	101,392	-31,738	55,883	55,883



Cash flow statement - Group

	Note	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Operating activities			
Operating profit/loss		-14,675	870
Adjustment for entries not included in cash flow			
Depreciation and write-downs		3,445	2,047
		-11,230	2,917
Received Interest	4	0	18
Paid interest	5	-61	-5
Paid Income tax		-172	-56
Cash flow from operating activities before changes in working capital		-11,463	2,873
<i>Changes in working capital</i>			
Change in inventories		-2,549	-1,205
Change in operating receivables		1,444	-1,965
Change in operating liabilities		1,447	3,166
Cash flow from operating activities		-11,121	2,869
<i>Investment activities</i>			
Acquisition of participations in subsidiaries		-1,595	0
Acquisition of intangible assets		0	-405
Sales of intangible assets		-10,135	405
Acquisition of property, plant and equipment		-407	-13
Acquisition of financial fixed assets		-332	0
Cash flow from investing activities		-12,469	-13
<i>Financing activities</i>			
New share issue		40,500	10,896
Warrants		684	0
Cash flow from financing activities		41,184	10,896
Cash flow for the period		17,594	13,752
Cash and cash equivalents at the beginning of the year		17,008	3,488
Exchange rate difference in cash and cash equivalents		0	-232
Cash and cash equivalents at year end		34,602	17,008



Income statement - parent company

	Note	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Net sales		4,384	0
Other operating income		5	0
		4,389	0
<i>Operating expenses</i>			
Merchandise		-411	0
Other external expenses	2	-15,033	-1,739
Personnel costs	3	-6,953	-2,417
Other operating expenses		0	-57
		-22,397	-4,213
Operating profit/loss		-18,008	-4,213
<i>Results from financial items</i>			
Other interest income and similar items	4	0	1
Interest expenses and similar performance items	5	-59	-4
		-59	-3
Profit/loss after financial items		-18,067	-4,216
Appropriations	17	895	5,040
Profit before tax		-17,172	824
Tax on profit/loss for the year	6	0	0
Profit/loss for the year		-17,172	824



Balance sheet - parent company

1:2

	Note	2021-12-31	2020-12-31
ASSETS			
Signed not paid capital		0	114
Non-current assets			
<i>Intangible assets</i>			
Cryptocurrency		10,123	0
		10,123	0
<i>Financial assets</i>			
Shares in group companies	18,19	29,934	21,184
		29,934	21,184
Total non-current assets		40,056	21,184
Current receivables			
<i>Short-term receivables</i>			
Receivables from group companies		5,696	6,015
Other receivables	13	73	96
Prepaid expenses and accrued income	14	1,017	30
		6,786	6,141
Cash and bank balances		23,696	11,140
Total current assets		30,482	17,280
TOTAL ASSETS		70,538	38,578



Balance sheet - parent company

2:2

	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
<i>Equity</i>	20		
<i>Restricted capital</i>			
Share capital		1,022	106
		1,022	106
<i>Non-restricted capital</i>			
Additional paid in capital		101,392	54,317
Retained earnings		-17,090	-17,856
Profit/loss for the year		-17,172	824
		67,130	37,285
Total equity		68,153	37,391
<i>Current liabilities</i>			
Accounts payable		173	304
Current tax liabilities		169	0
Other liabilities		1,401	104
Accrued expenses and prepaid income	15	643	779
Total current liabilities		2,385	1,187
TOTAL EQUITY AND LIABILITIES		70,538	38,578



Statement of changes in equity - parent company

	Restricted equity		Non-restricted equity			Total equity
	Share capital	Unregistered share capital	Share premium	Retained earnings	Profit/loss for the year	
Opening balance 2020-01-01	99	0	43,428	-13,872	-3,984	25,671
Transfer of results previous year	-	-		-3,984	3,984	0
<i>Transactions with owners:</i>						
Ongoing new share issue	-	7	10,889	-	-	10,896
Profit/loss for the year	0	-	-	-	824	824
Outgoing balance 2020-12-31	99	7	54,317	-17,856	824	37,391
Transfer of results previous year	0	0	0	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	-	-	-	-	-17,172	-17,172
Outgoing balance 2021-12-31	1,023	0	101,392	-17,090	-17,172	68,153



Cash flow statement - parent company

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Operating activities		
Operating profit/loss	-18,008	-4,213
Adjustment for entries not included in cash flow		
Group contribution	17	895
	-17,113	-4,203
Received interest	4	0
Paid interest	5	-59
Paid Income tax		0
		17
Cash flow from operating activities before changes in working capital	-17,172	-4,189
<i>Changes in working capital</i>		
Change in operating receivables	-531	-1,584
Change in operating liabilities	1,198	796
Cash flow from operating activities	-16,505	-4,977
<i>Investment activities</i>		
Acquisition of participations in subsidiaries	-2,000	0
Acquisition of intangible fixed assets	0	-405
Sales of intangible fixed assets	-10,123	405
Cash flow from investing activities	-12,123	0
<i>Financing activities</i>		
New share issue	40,500	10,896
Group contributions received	0	5,040
Warrants	684	0
Cash flow from financing activities	41,184	15,936
Cash flow for the period	12,556	10,959
Cash and cash equivalents at the beginning of the year	11,140	191
Exchange rate difference in cash and cash equivalents	0	-10
Cash and cash equivalents at year end	23,696	11,140



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 28, which will be submitted for adoption at the Annual General Meeting on April 27, 2022.

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 sales

The Group sells the cryptocurrencies Bitcoin, Chainlink, Ethereum, Polkadot and Polygon. When selling cryptocurrency, 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, 2021 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 assessment as of December 31, 2021 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	
	2021	2020	2021	2020
<i>We Audit Sweden AB</i>				
Audit assignment	299	269	126	56
	299	269	126	56

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

	2021		2020	
	Number of employees	of which are men	Number of employees	of which are men
Parent company	4	75%	2	100%
Subsidiaries	18	61%	8	75%
Total group	22	64%	10	80%

Number of employees at period end

	2021		2020	
	Number of employees	of which are men	Number of employees	of which are men
Parent company	6	50%	2	100%
Subsidiaries	26	58%	8	63%
Total group	32	56%	10	70%



Salaries and other remuneration

	Group		Parent company	
	2021	2020	2021	2020
<i>Salaries</i>				
The Board and CEO	1,528	1,287	1,528	1,287
Other employees	13,646	4,287	2,951	642
	15,174	5,574	4,479	1,929
<i>Social expenses</i>				
Pension costs for the CEO (no pension cost for the Board)	235	-	235	-
Pension costs other employees	1,497	-	461	-
Other social security contribution	5,076	1,456	1,508	471
	6,808	1,456	2,204	471

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	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Percentage of women on the board	17%	0%	17%	0%
Percentage of men on the board	83%	100%	83%	100%
Percentage of women among other senior executives	17%	0%	17%	0%
Percentage of men among other senior executives	83%	100%	83%	100%

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

Note 4 – Other interest income and similar performance items

	Group		Parent company	
	2021	2020	2021	2020
Other interest income	0	1	0	1
Results on the sale of short-term investments	0	17	0	0
	0	18	0	1



Note 5 – Interest expenses and similar items

	Group		Parent company	
	2021	2020	2021	2020
Other interest expenses	-2	-5	0	-4
Exchange rate differences	-59	0	-59	0
	-61	-5	-59	-4

Note 6 – Tax on profit/loss for the year

	Group		Parent company	
	2021	2020	2021	2020
Current tax	57	0	0	0
Total reported tax	57	0	0	0
Average effective tax rate	-	-	-	-

Reconciliation of effective tax rate

Profit/loss before tax	-14,736	882	-17,172	824
Tax on the reported result at applicable tax rate (20.6% (21.4%)):	-3,036	189	-3,537	176
Tax effect from:				
Non-deductible write-down	358	0	0	0
Other non-deductible expenses	32	13	5	10
Change in loss carried forward for which no deferred tax was capitalized	2,703	-201	3,533	-185
Reported Tax	57	0	0	0

Disclosure of deferred tax assets and liabilities

Group

The Group has a tax deficit that amounted to kSEK 96,326 (kSEK 97,267) 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 6,690 (kSEK 7,558) 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	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Accumulated cost				
At beginning of the year	9,454	9,454	0	0
At end of the year	9,454	9,454	0	0
Accumulated depreciation				
At beginning of the year	-4,583	-2,692	0	0
Depreciation for the year	-1,891	-1,891	0	0
At end of the year	-6,474	-4,583	0	0
Carrying amount at end of the year	2,981	4,872	0	0

Note 8 – Goodwill

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Aquisition value				
At beginning of the year	0	0	0	0
Acquisitions of the year	8,333	0	0	0
At end of the year	8,333	0	0	0
Accumulated depreciation				
At beginning of the year	0	0	0	0
Depreciation for the year	-1,389	0	0	0
At end of the year	-1,389	0	0	0
Carrying amount at end of the year	6,944	0	0	0

Note 9 – Cryptocurrency

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Aquisition value				
At beginning of the year	0	0	0	0
Acquisitions of the year	10,123	405	10,123	405
Additional from acquisitions of the year	12	0	0	0
Sales / disposals	0	-405	0	-405
At end of the year	10,135	0	10,123	0
Carrying amount at end of the year	10,135	0	10,123	0



Note 10 – Machines and other technical facilities

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Aquisition value				
At beginning of the year	189	175	0	0
Acquisitions of the year	348	13	0	0
At end of the year	537	189	0	0
Accumulated depreciation				
At beginning of the year	-147	-109	0	0
Depreciation for the year	-153	-37	0	0
At end of the year	-300	-147	0	0
Carrying amount at end of the year	237	42	0	0

Note 11 – Equipment, tools, fixture and fittings

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Aquisition value				
At beginning of the year	0	0	0	0
Acquisitions of the year	59	0	0	0
At end of the year	59	0	0	0
Accumulated depreciation				
At beginning of the year	0	0	0	0
Depreciation for the year	-12	0	0	0
At end of the year	-12	0	0	0
Carrying amount at end of the year	47	0	0	0

Note 12 – Other long-term receivables

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Aquisition value				
At beginning of the year	69	69	0	0
Additional receivables	332	0	0	0
At end of the year	401	69	0	0
Carrying amount at end of the year	401	69	0	0



Note 13 – Other short-term receivables

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Other receivables	1,514	4,224	0	96
	1,514	4,224	0	96

Note 14 – Prepaid expenses and accrued income

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Prepaid rent	0	73	0	0
Prepaid insurance premiums	815	16	815	16
Other prepaid expenses	894	58	202	14
	1,709	147	1,017	30

Note 15 – Accrued expenses and deferred income

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Accrued holiday pays	653	546	213	195
Accrued social security charges	205	171	67	61
Other accrued expenses	766	645	362	523
	1,624	1,362	643	779

Note 16 – Business combinations and divested activities

During the year, the parent company acquired 100% of the shares in Rational Money AB which has been included in the consolidated numbers with amounts regarding the time after the acquisition date, 31 March 2021. Rational Money AB operates the website Bitcoin.se, a platform aimed at individuals and companies to spread knowledge and information regarding the crypto area. Since the date of acquisition, Rational Money AB has contributed with kSEK 239 to the Group's net sales and kSEK -1,379 to the Group's profit net after depreciation of consolidated surplus values.

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



Note 17 – Appropriations

	Parent company	
	2021	2020
Received group contribution	895	5,040
	895	5,040

Note 18 – Shares in Group companies

	Parent company	
	2021-12-31	2020-12-31
Aquisition value		
At beginning of the year	31,484	31,484
Acquisitions of the year	8,750	0
At end of the year	40,234	31,484
Accumulated write-downs		
At beginning of the year	-10,300	-10,300
At end of the year	-10,300	-10,300
Carrying amount at end of the year	29,934	21,184

Note 19 – Specification of shares Group companies

Name	Equity share	Voting rights	Number of shares	Book value
Safello AB	100%	100%	50,000	50
Safello Technology Development AB	100%	100%	353,316	21,133
Rational Money AB	100%	100%	500	8,750
				29,934

	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

	2021-12-31	2020-12-31	2021-12-31	2020-12-31
	Quotient value	Quotient value	Number	Number
Ordinary shares	0.05	1.00	20,449,600	87,632
Preference shares	-	1.00	0	11,493
			20,449,600	99,125

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	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
<i>Items not included in balance sheet</i>				
Cryptocurrency on behalf of customers	45,002	0	0	0
	45,002	0	0	0



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 20, Safello mandated the company ABG Sundal Collier ASA (“ABGSC”) as the liquidity guarantor of Safello’s share, which is listed on the Nasdaq First North Growth Market.

As of February 14, Safello has introduced a new level-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 a premium membership.

As of February 21, Safello has shut down Safello Widget and Partner Widget and replaced this with a new affiliate partner program, through the global partnership management platform impact.com.

Emelie Moritz took over as COO in March 2022, and Andreas Kennemar (former COO) is now positioned as Chief Business Development Officer.

On March 14, Safello announced that a letter of intent (LOI) has been entered with Avanza Bank (wholly owned subsidiary to Avanza Bank Holding AB) regarding a potential partnership relating to cryptocurrency services. The ambition with entering into the LOI is to evaluate a potential cooperation regarding distribution of Safello’s cryptocurrency services via Avanza’s platform.

Safello has also entered into a partnership with the tax service provider Divly, to offer its users a seamless process to calculate taxes and manage tax reports in relation to their cryptocurrency transactions. The integration with Divly simplifies the declaration process because users get access to tools that automatically calculate the outcome and create a K4 report. The collaboration also fulfills Safello’s commitment to increase the proportion of people who declare for their crypto transactions, which in 2021 was only 3,000 people in Sweden according to the Swedish Tax Agency²².

Note 26 – Appropriation of profit or loss

	2021-12-31	2020-12-31
Proposed appropriation of the company's profit or loss		
The Board of Directors proposes that the earnings of (in SEK)		
Share premium	101,392,136	10,889,190
Non-restricted equity	-17,089,770	25,572,320
Profit or loss of the year	-17,172,008	823,558
	67,130,358	37,285,068
To be disposed as		
Dividend to shareholders (0 SEK per share)	0	0
Profit or loss carried forward	67,130,358	37,285,068
	67,130,358	37,285,068

²² <https://www.svt.se/nyheter/ekonomi/fa-skattar-pa-kryptotillgangar-start-morkertal-eller-finansmarknadsministern-vill-reglera-kryptotillgangar-hardare>



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, March 28, 2022

Jacob Jacobsson
Chairman

Christina Ploom
Board member

Sepehr Alavi
Board member

Knut Pedersen
Board member

Johan Lorenzen
Board member

Frank Schuil
CEO and Board member

Our audit report has been issued on the 28 of March 2022
WeAudit Sweden AB

Mikael Köver
Authorized public accountant



Corporate Governance Report

The company is a Swedish public limited company. Prior to listing on the Nasdaq First North Growth Market, the Company's corporate governance was designed in regards to the Swedish Companies Act, the Articles of Association and internal rules and regulations such as rules of procedure for the Board and CEO instructions. Since the Company's shares were listed in May 2021, the Company also follows 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 is, as mentioned above, obliged to follow good practice at the stock market.

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.

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. Assistants may be brought to the Annual General Meeting only if shareholders have provided information on the number of assistants no later than the date specified in the notice convening the meeting.

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.



Annual General Meeting 2021

The company's most recent Annual General Meeting was held in Stockholm on March 12, 2021. Resolutions of the Annual General Meeting are summarized below.

- to approve the Company's and the Group's income statements and balance sheets for the financial year 2020.
- to grant the Board members and the President discharge from liability for the Company's management during the previous financial year.
- that no profit distribution shall be made.
- that board fees shall be paid to the chairman of the board and to independent board members for the period until the end of the next annual general meeting. This is described in more detail on page 46.
- that the Board shall consist of six members without deputies and that the Company shall have an auditor without a deputy.
- to re-elect Jacob Jacobsson as Chairman of the Board and to re-elect Frank Schuil and Sepehr Alavi, and to elect Christina Ploom, Knut Pedersen and Johan Lorenzen as Board members. Further information about board members can be found on page 48–50.
- to re-elect WeAudit Sweden AB as the Company's auditor until the end of the next Annual General Meeting with the authorized public accountant Mikael Klöver as the principal auditor.
- that remuneration to the auditor, for the period until the end of the next Annual General Meeting, shall be paid in accordance with approved invoices.
- to adopt incentive programs for management and employees and board members. The incentive programs are described in more detail on page 46.
- to amend the Articles of Association and certain other decisions due to the forthcoming listing of the Company's shares on nasdaq First North Growth Market.

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 six members, who are presented on page 48–50.

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 2021, 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.
förhållande till Bolaget och dess ledning samt större aktieägare.



Name	Position	Elected	Shares (%)	Options	Independent in relation to:	
					The company and company's management	Larger shareholders
Jacob Jacobsson	Chairman	2013	0.88 %	40 000	Yes	Yes
Christina Ploom	Board member	2021	0 %	20 000	Yes	Yes
Johan Lorenzen	Board member	2021	0.06 %	20 000	Yes	Yes
Knut Pedersen	Board member	2021	0 %	20 000	Yes	Yes
Frank Schuil	Board member	2013	19.79 %	183 043	No	No
Sepehr Alavi	Board member	2018	0.00 % ²³	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 March 12, 2021, 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, ie. Christina Ploom, Johan Lorenzen and Knut Pedersen, for the period until the end of the next Annual General Meeting. Other board members do not receive remuneration.

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.

²³ 2,370,749 shares via White Star Capital and Residence Ventures LLC (as of 31 December 2021).



CEO and senior executives

The President 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 48–54.

Name	Position	Joined	Shares (%)	Warrants
Frank Schuil	CEO	2013	19.79 %	183 043
Johan Edin	CFO	2021	0.04 %	116 482
Emelie Moritz	COO	2022	0.04 %	8 412
Andreas Kennemar	CBDO	2021	-	116 482
Michal Gromek	CCO	2018	0.21 %	111 728
Niklas Lundbäck	CPO	2017	1.01 %	116 482
Helén Landenberg Råmsell	General Counsel	2021	-	38 035

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



Jacob Jacobsson

Born 1953 | Chairman of the Board 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, Newscall and Vidatronic.

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



Christina Ploom

Born 1973 | Board Member since 2021

Education:

Bachelor's degree in Economics, Linköping University. Authorized financial analyst, Stockholm School of Economics.

Experience:

Christina has decades of experience from the financial industry after working with regulation, supervision and practical application. Christina has been head of Market Surveillance and COO at Spotlight Stock Market, led the Market Surveillance department at Sweden's Financial Supervisory Authority, Finansinspektionen, and has held several leading positions within Nasdaq.

Other commitments:

Christina is currently CEO of Amudova AB and serves as a member of the Disciplinary Committee for Spotlight Stock Market.

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

Holdings:

0 shares (as of 31 December 2021).

20,000 warrants



Frank Schuil

Born 1984 | 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.

Holdings:

4,031,260 shares via Frank Schuil BV (as of 31 December 2021).
Frank Schuil owns 100% of Frank Schuil BV. 15,457 shares held directly.
183,043 warrants



Johan Lorenzen

Born 1979 | Board Member since 2021

Education:

Bachelor's degree in Science at Deakin University
Master of Business Administration at Monash University.

Experience:

Serial entrepreneur, fintech executive, angel investor and venture capitalist. Johan is the former CEO of the Finnish startup Holvi, which was acquired by the global banking group BBVA in 2016. Johan has over a decade's experience of both founding and investing in high-growth internet companies. He joined Holvi from the venture capital firm Sunstone, now Heartcore. Prior to that, he also worked on both the technology and infrastructure sides of traditional banking.

Other commitments:

Currently, Johan is investing in fintech startups and is advising boards and organizations. Independent in relation to the company and its management and independent in relation to major shareholders.

Holdings:

12,080 shares via Enduro Invest IVS (as of 31 December 2021). Johan Lorenzen owns 100% of Enduro Invest IVS.
20,000 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.

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

Other commitments:

Engaged in various board assignments.

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

Holdings:

0 shares (as of 31 December 2021).

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.

Holdings:

2,370,749 shares via White Star Capital and Residence Ventures LLC (as of 31 December 2021).



Management



Frank Schuil

Born 1984 | 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.

Holdings:

4,031,260 shares via Frank Schuil BV (as of 31 December 2021).
Frank Schuil owns 100% of Frank Schuil BV. 15,457 shares held directly.
183,043 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.

Other commitments:

No commitments outside Safello Group.

Holdings:

8,960 shares via endowment insurance (as of 31 December 2021)
116,482 warrants



Emelie Moritz

Born 1992 | Chief Operating Officer | Joined 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:

27,453 shares (as of 31 december 2021)

8,412 warrants



Andreas Kennemar

Born 1976 | Chief Operating Officer | Joined in 2021

Education:

High school economist

Experience:

Senior role as Technology Evangelist at Swedbank and previously as Head of Blockchain at Handelsbanken. Before that IT manager at E-trade Nordic. Andreas also has entrepreneurial experience as founder and CEO of the cryptocurrency mining company KnCminer, including subsidiaries such as XBTPProvider. Andreas has also been a speaker at Inside Bitcoin. Board member of the Lifeboat Foundation and sponsor of Bitcoin foundation.

Other commitments:

No commitments outside Safello Group.

Holdings:

0 shares (as of 31 December 2021)

116,482 warrants



Michal Gromek

Born 1987 | Chief Compliance Officer | Joined in 2018

Education:

Has two degrees at advanced level in Investment Management. Graduated from Said Oxford Business School for Blockchain Strategy Program. Master's degree in International Management, University of Economics at Bratislava & Gdansk University of Technology, Bachelor's degree in European Economics Studies, University of Coimbra & Gdansk University of Technology. Conducted doctoral studies between Q3 2015 and Q1 2020 in business administration, entrepreneurship, innovation and technology at the Stockholm School of Economics.

Experience:

Michal has been an active member of the Swedish Fintech ecosystem with a focus on improved regulation and legislation regarding digital assets. Michal has previously served as Chief Operating Officer at Safello.

Other commitments:

Chairman of Fintech Partner International AB. Chairman of the Working Group on Digital Assets and Blockchain of the Swedish Fintech Association, Contributor at Forbes about cryptocurrencies, blockchain and fintech, Head of Insights at Sthlm Fintech Week, Guest Lecturer and Program Manager for the Stockholm School of Economics Executive Education.

Holdings:

42,080 shares via Fintech Partner International AB (as of 31 December 2021). Michal Gromek is a shareholder of Fintech Partner International AB.

111,728 warrants



Niklas Lundbäck

Born 1978 | Chief Product Officer | Joined in 2017

Education:

Bachelor of Technology at the Royal Institute of Technology, Stockholm, Master of Technology at California State University, East Bay.

Experience:

Niklas has been part of the community around cryptocurrencies since 2013 and has previously worked as CTO at Obscura Digital. Obscura Digital was acquired in 2017 by Madison Square Garden Group. Niklas has previously served as Head of Product at Safello.

Other commitments:

President and Chairman of Supson Holding AB and Supson Consulting AB.

Holdings:

207,480 shares via Supson Holding AB endowment insurance (as of 31 December 2021).

Niklas Lundbäck owns 100% of Supson Holding AB.

116,482 warrants

116 482 teckningsoptioner



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:

0 shares (as of 31 December 2021)

38,035 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 2021-01-01 – 2021-12-31. The annual accounts and consolidated accounts of the company are included on pages 14-42 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 2021 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 1-13 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. 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 year 2021 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. This description is part of the auditor's report.

Stockholm 28 March 2022

WeAudit Sweden AB

Mikael Köver

Authorized Public Accountant



Other Information

Annual General Meeting

The Annual General Meeting will be held on 27 April 2022 in Stockholm.

Financial Calendar

27 April 2022	AGM
13 May 2022	Interim report for the first quarter
26 August 2022	Interim report for the second quarter
18 November 2022	Interim report for the third quarter
24 February 2023	Year-end report 2022

Certified Adviser

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

Corpura Fondkommission AB
Artillerigatan 42,
114 45 Stockholm
ca@corpura.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:

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