



Stockholm 2024

Annual Report

Safello Group AB



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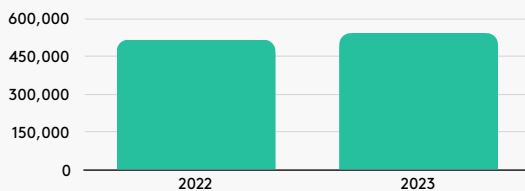
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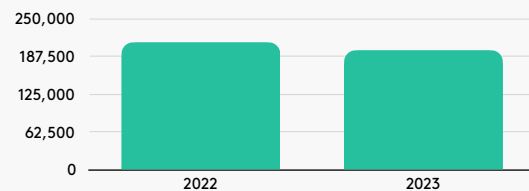
The year in summary

- Net turnover amounted to SEK 561.1 million (634.9) and decreased by -12 percent compared to the previous year. The drop in turnover is mainly explained by that Safello lost Swish as a payment method on the platform in April, which was reintroduced in November through another Swedish bank partner.
- Operating result amounted to SEK -0.3 million (-21.5). The improved operating result is a consequence of the cost savings that began in the second quarter of 2022, as well as the reversal of previous write-downs of the company's long-term crypto assets, to reflect the market value as of December 31. In summary, the reversal of write-downs amounted to SEK 4.8 million (SEK -4.9 million).
- Profit/loss after financial items amounted to SEK -0.4 million (-21.5).
- Earnings per share based on the average number of shares (20,449,600 shares (20,449,600)) amounted to SEK -0.02 (-1.05).
- Earnings per share based on the average number of shares after dilution (21,783,475 shares (21,440,668)) amounted to SEK -0.02 (-1.00).
- The number of executed orders in the period decreased by -15 percent to 198,846 orders (232,802).

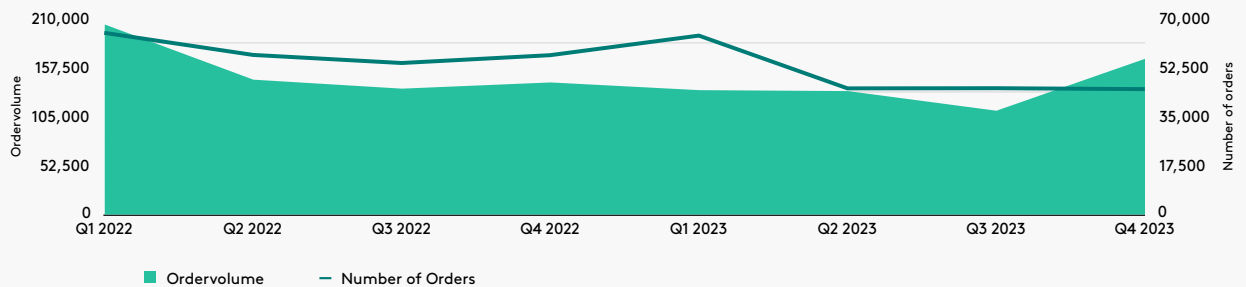
Yearly volume (kSEK)¹



Yearly number of orders¹



Quarterly ordervolume and number of orders¹



¹ Based on Safellos internal data



Q1

Additional
crypto-
currencies

Q2

Instant
payments

Q3

Won public
procurement

Q4

Institutional
custody services

Events during the year

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

Q1 - Expanded product range with additional cryptocurrencies

On January 12, three new cryptocurrencies were introduced to Safello's offering. Those added were Algorand and Uniswap, as well as USDC which is a Stable coin. Safello was therefore the first crypto broker in Sweden to offer USDC.

Q2 - Instant payment is introduced and replaces Swish

On May 5, instant payments were introduced as a payment method, when purchasing crypto on the platform, which is provided by a third-party payment service provider. After Safello lost Swish Commerce and Swish Company on April 27, it was important to quickly adjust and offer all customers an alternative payment method. Safello has subsequently actively continued to implement alternative payment methods to strengthen the financial infrastructure.

Q3 - Won the Swedish authorities' public procurement regarding cryptocurrency services

On August 18, Safello announced that it was chosen by the Swedish Police Authority in the public procurement as the exclusive provider of cryptocurrency services to meet the needs of the Swedish Police Authority, the Swedish Customs Office and the Swedish Economic Crime Authority on a national basis. The agreements were signed with the authorities respectively during September with terms of a maximum four year period. The total number of transactions are estimated at 150 transactions, with a maximum cap of 600 transactions per year.

Q4 - Safello reintroduces Swish

On November 1, Safello entered into an agreement with a Swedish bank regarding Swish, which from November 23 re-enabled customers to use Swish as a payment method for buy orders on Safello's platform.



Algorand



Uniswap



USD Coin



Ekobrottsmyndigheten



Tullverket



Polisen



CEO Statement

Dear shareholder,

In many ways, 2023 has been one of the most eventful years in Safello's history, starting and ending on top. Safello has, in hindsight, coped with challenges the past year that no other crypto company in the Nordics has previously managed.

During the first quarter, Safello got an external CEO for the first time and a partially new management team. Meanwhile, turmoil arose in the American banking sector, leading to the collapse of several banks. As trust in banks faltered, Bitcoin emerged as a global, decentralized alternative to the traditional financial system and a flight to safety. The world's largest cryptocurrency gained about 70 percent during the first quarter of the year.

Despite emerging optimism for the crypto market, the second quarter of the year proved challenging for Safello, as Handelsbanken abruptly terminated Swish. The termination was based on, up until this day, unconfirmed allegations from Handelsbanken, that remain unconfirmed also in Safello's internal investigation. Within just one week, Safello managed to implement a new payment method, and in the months that followed, Safello focused on operational resilience by continuing to implement several new payment methods, including Apple Pay and Google Pay.

With strengthened financial infrastructure and substantial recovery from the loss in volume, Safello won the Police Authority's procurement in the third quarter, and became the exclusive supplier of exchange services for cryptocurrencies to the Swedish Police Authority, the Swedish Financial Crime Authority and the Swedish Customs Agency. In the fourth quarter, we partnered with a new Swedish bank and re-launched Swish as a payment method on the platform and Safello regained its unique position, to offer it to its customers. In addition, Safello has collaborated with Malmö City and entered into an agreement with Lund University to conduct research within cryptocurrencies.



For 2024 and beyond, Safello's mission is to continue delivering crypto services that enable easy and secure access to the decentralised economy. With the financial infrastructure secured, we will now focus on delivering competitive crypto services that can compete internationally. Cryptocurrencies are a global product that are traded around the clock, year-round, and this will be reflected in everything we do going forward. A prerequisite for all of Safello's operations is that we maintain the highest regulatory standards and security for our customers. We invest in this continuously by allocating resources to the ongoing implementation of the Markets in Crypto Assets (MiCA) regulation that will regulate the European crypto market going forward. Thus, we can keep our promise to forever be our customers' *Safe Fellow* in crypto.

**Kind regards,
Emelie Moritz**



Business overview

Safello offers a brokerage platform and enables both private individuals and companies to securely buy and sell cryptocurrency with SEK and EUR. At Safello's platform, you can also store, send and receive cryptocurrency. Safello's offering includes the largest cryptocurrencies Bitcoin (BTC) and Ethereum (ETH), as well as a number of other cryptocurrencies. Safello was the first crypto broker in Sweden to offer USD Coin (USDC), which is a "stable coin", added at the beginning of 2023. Safello always strives for an expanded product offering to meet the demand that exists in the market.

The name Safello comes from "Safe Fellow", as in a "safe person" to follow into the cryptocurrency economy. The company's philosophy is to empower independence by onboarding people to the decentralized economy. Safello does this by being a safe bridge between the traditional financial economy and the ecosystem for digital currencies. This fundamental principle governs the company's decision making today.

As of December 31 2023, Safello had over 358,000 customers (307,000 customers per 31 of December 2022) and handled 1,025,000 orders (826,000), corresponding to a ordervolume of SEK 2,754 million (2,210).²

Number of customers cumulatively per 2023-12-31

358,000

Number of orders cumulatively per 2023-12-31

1,025,000

Ordervolume cumulative per 2023-12-31 (MSEK)

2,754

Number of customers cumulatively per 2022-12-31

307,000

Number of orders cumulatively per 2022-12-31

826,000

Ordervolume cumulative per 2022-12-31 (MSEK)

2,210

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



The core of the business

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

Existing products and services

Safello offers trading by two different platforms:

- I. Safello Web App
- II. Safello Mobile

Safello Web App

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

Safello Mobile

Safello mobile has been further developed in 2023 to improve the user experience. During the year 47 version updates were made. In the latest version of the app, users have the entire product range in app format, including Safello Wallet, trading and order history. Safello Mobile will continue to evolve in 2024 to further improve user interface and functionality.

Safello Business and Institutions

In addition to the services offered to Safello's private customers, there are customized products and services designed for financial institutions and corporations.

Crypto-as-a-Service

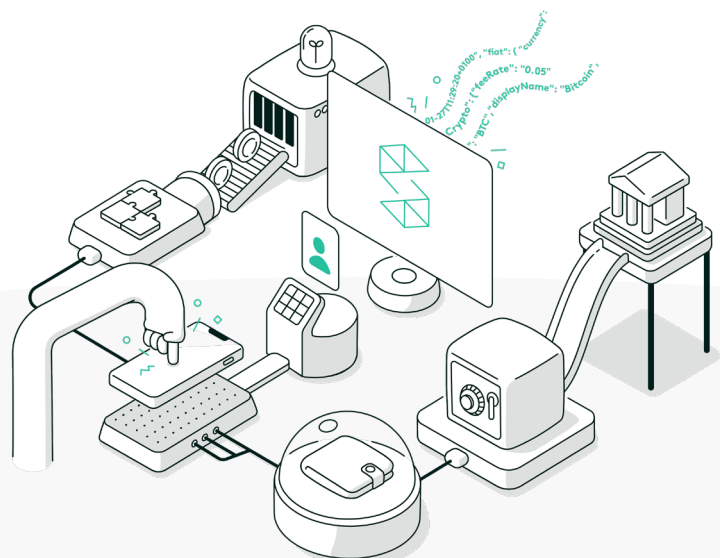
Safello's Institutional API is built for financial institutions that want to buy, sell and hold digital assets for their clients. Safello's unique solution takes care of compliance, risk management, storage, liquidity, customer support and governance.

Capital insurance

Safello, together with the insurance company Quantum Leben and the insurance distributor Hubins, enables investment and storage of real crypto in a capital insurance for individuals and companies. The crypto is securely stored at Safello, and the customer will access their funds by logging in with BankID via Hubin's platform.

Institutional custody

The offer includes buying and selling on behalf of financial institutions as well as a custody service, where the customer is the financial institution. Safello is responsible for carrying out the purchase and sale of the orders placed by the customer, as well as for the storage of the digital assets. Safello charges a fee for trading and storage. This business model simplifies for Safello in that fewer, but larger, transactions are performed, and the financial institution is responsible for ensuring that their end customers have passed customer due diligence and money laundering checks.





Safello fee structure

Safello has a 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.

Safello charges a fee for every transaction that is made at the platform. This applies both to customers who buy and to customers who sell cryptocurrency and it applies to every customer transaction in Safello's product portfolio. Furthermore, the company charges a withdrawal fee for every withdrawal that is made to an external wallet address or other trading platform.

Storage of cryptocurrency is currently free of charge for private customers at Safello. For financial institutions Safello charges for custody of cryptocurrency, see "Institutional Custody Services" above.

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.

Focus on development and product expansion in 2024

During 2024, Safello will focus on product development and further development of functionality on the platform. More currency pairs have already been launched in the first quarter and more are yet to come. In addition, the launch of swapping is around the corner, which means trading between different currency pairs.



Crypto never sleeps.

Say goodbye to banking days.
Buy and sell crypto with
BankID and Swish.

24/7 - All year round.



Get started



Market review

If 2022 was a year marked by scandals in the crypto industry, such as the collapse of projects such as Terra, Luna and Celsius, as well as the fraud surrounding the crypto exchange FTX and its CEO and founder Sam Bankman-Fried, then 2023 was a year of recovery.

The steep price falls in the crypto market that occurred in the wake of all the negative events in 2022 were halted and turned upwards in 2023. The price of bitcoin rose from around \$17,000 in January to \$44,000 in December – an increase of around 160 percent.³ This is impressive, especially if you compare the rise with the technology-heavy US Nasdaq Composite index, which rose by 40 percent in the corresponding period.

In April, the EU Parliament approved the new MiCA regulation, which will come into force in 2024. The regulation, which is intended to bring about comprehensive regulation of crypto assets within the EU as well as provide stronger consumer protection for investors, is expected to bring long-awaited regulatory clarity to the crypto industry to the benefit of both consumers and companies active in the industry. Overall, governments around the world stepped up to create more comprehensive and clearer regulations for cryptocurrencies, particularly related to money laundering, tax regulations and investor protection.

Decentralized finance, also known as “DeFi”, continued to develop in 2023, including through an increased range of various financial services related to crypto assets without intermediaries. Although the Non-Fungible Tokens (NFT) market had more or less crashed, there was continued strong interest in NFTs in areas other than digital art, such as gaming and virtual real estate. During the year, development was also driven forward towards more sustainable and environmentally friendly solutions as a result of the growing concern and criticism of cryptomining’s environmental impact. Several blockchain projects and cryptocurrencies explored energy-efficient

consensus mechanisms, and there was also increased interest in mining powered by renewable energy.

Interest from institutional investors also increased during 2023. In June, for example, the world’s largest asset manager Blackrock applied for permission to create a spot-based exchange-traded fund (ETF), something that the U.S. Securities and Exchange Commission (SEC) had long opposed. The turning point for ETF filings, however, came in August when the U.S. court ruled that the SEC had acted wrongly in rejecting an ETF filing by the crypto investment firm Grayscale. The decision has been described as a milestone that paved the way for the number of ETFs that the authority finally approved in January 2024. The launch of these ETFs has made bitcoin more accessible to a wider investor audience and thus led to billions of dollars flowing into these exchange-traded funds.⁴ This historic breakthrough has also sent the bitcoin price soaring in early 2024.

Positive development towards uniform regulations

The MiCA regulation will enter into force in 2024, which among other things entails stronger consumer protection and higher thresholds for companies to enter and operate on the market as a provider of crypto asset services within Europe. The MiCA regulation’s rules regarding the provision of crypto-asset services will enter into force in December 2024. Safello views positively on upcoming regulation that legitimizes the crypto market as a whole and strengthens the focus on crypto companies’ corporate governance and work with customer protection in particular. The regulation creates a level playing field for all players in the market, which will benefit players like Safello, who have always strived for regulatory compliance. Conducting activities as a supplier of crypto-asset services will constitute activities subject to a permit under the supervision of the Financial Supervisory Authority, in the same way as applies to, for example, securities companies and payment institutions. Safello intends to

³ <https://coinmarketcap.com/currencies/bitcoin/>

⁴ <https://www.morningstar.co.uk/uk/news/246332/how-much-money-did-the-new-us-bitcoin-etfs-actually-get.aspx>



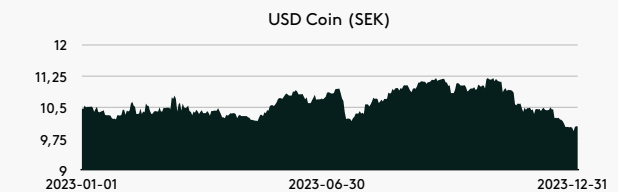
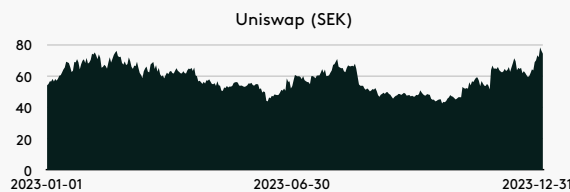
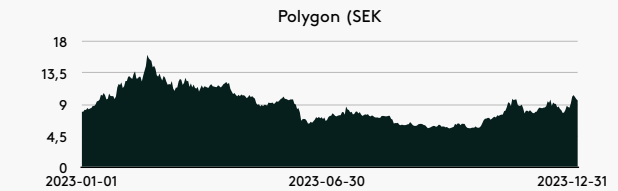
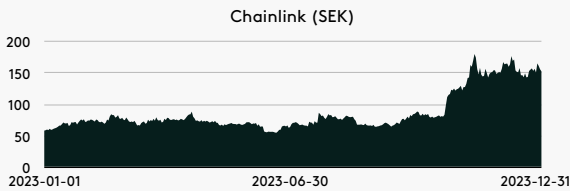
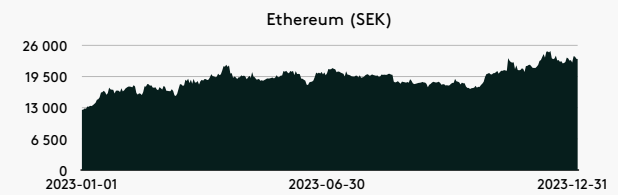
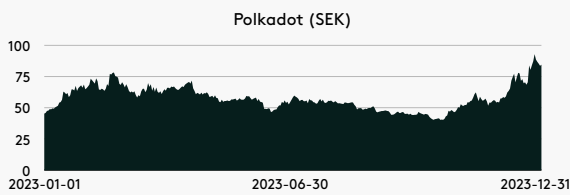
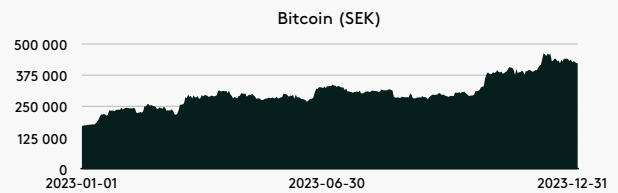
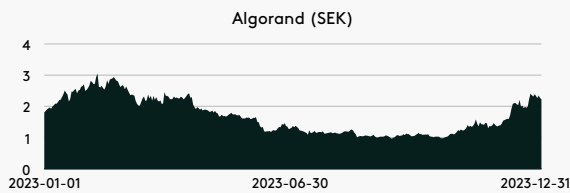
apply for permission as a provider of crypto-asset services under the MiCA regulation as soon as the Financial Supervisory Authority starts accepting applications, which is communicated by the Financial Supervisory Authority to be on 31 December 2024.









Market value on the rise

The rates have fluctuated greatly to the positive during the past year and the trend has been increased market

values. Large price movements are to be expected in the crypto world and generally this is positive for Safello's volume-based fee model.

The development in 2023 for the cryptocurrencies included in Safello's offering are presented below. All graphs show the currency's opening rate⁵ as of the specified date, converted from USD to SEK.⁶



								
	ALGO	BTC	DOT	ETH	LINK	MATIC	UNI	USDC
Totalt market cap 31/12 2023 (billion SEK)	18	8 326	111	2 777	85	89	56	248
Change in market cap 1/1- 31/12 2023 (%)	24 %	147 %	88 %	85 %	164 %	21 %	38 %	-3 %

⁵ <https://www.coingecko.com/>

⁶ <https://www.riksbank.se/sv/statistik/sok-rantor--valutakurser/>



The Share

SFL

The share

The number of shares as of December 31, 2023 was 20,449,600, distributed among 2,160 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 2.26 and a maximum of SEK 6.64 in 2023. The share price development can be seen in the graph below.

Share capital and shares

The share capital in the Company as of December 31, 2023 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

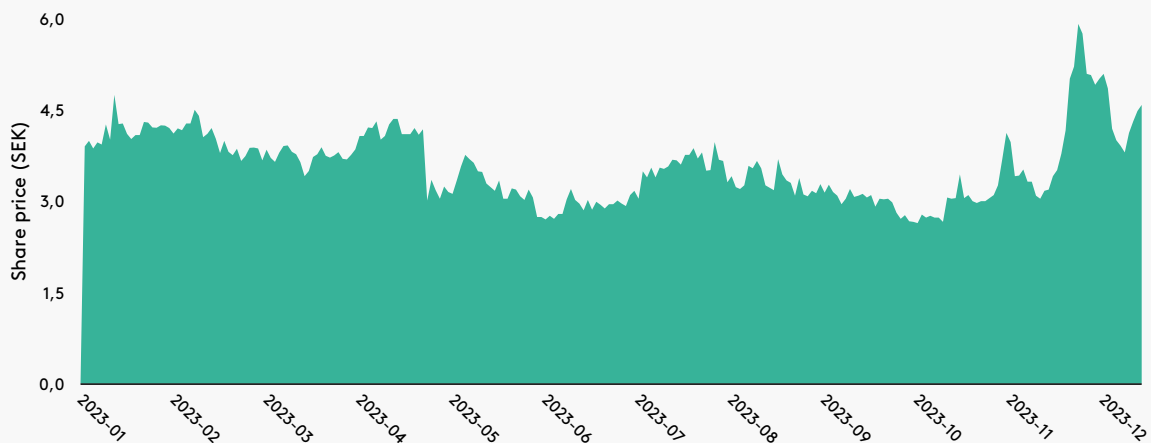
and a maximum of 67,798,400 shares. Each share is entitled to one vote. At a general meeting, each person is entitled to vote for the full number of shares held or represented without restrictions in voting rights.

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.

SFL Share price development 2023





Incentive program - warrants

The parent company has incentive programs for the management and employees and for the board.

2021/2024

The incentive program of 2021/2024 includes one 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 three 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.

2023/2026

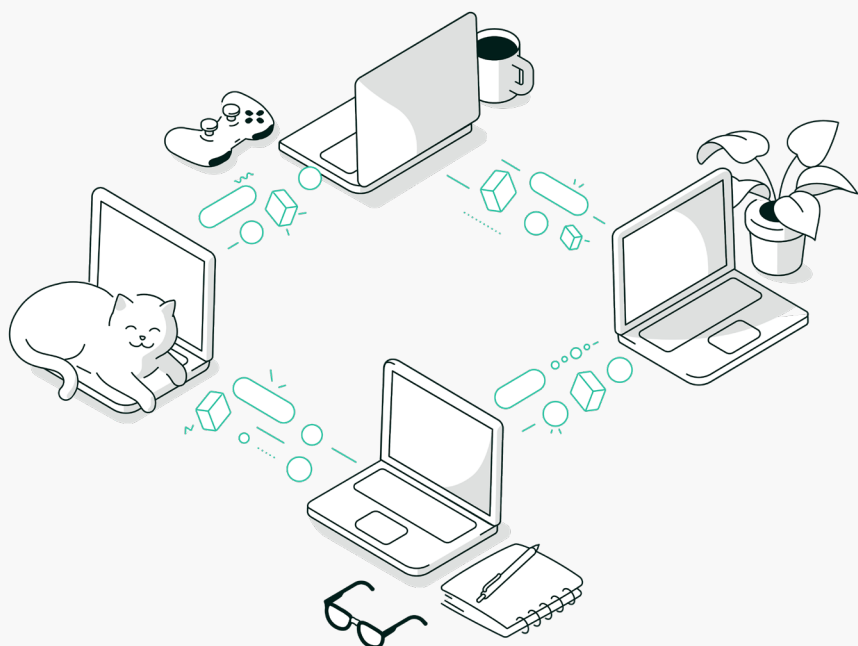
The incentive program of 2023/2026 includes one program for management and employees and one for the board. The programs include a total of 413,043 warrants to board members and 399,454 warrants to management and employees. The warrants were offered to those entitled to subscribe at an estimated market value and a price of SEK 0.55 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 812,497. The program runs for three years and each warrant gives the right to acquire one share in Safello Group AB at a price of SEK 9.59 in the period 15 June to 15 September 2026.

Dilution

In the event that all warrants (amounting to 1,803,565) in the programs are exercised for subscription of shares, this entails a dilution of approximately 8.8 percent of the total number of outstanding shares and votes in the Company as of December 31, 2023.

Changes in shares/share capital

No change has taken place in the company's shares or share capital during 2023, nor during the comparison period of 2022.





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 2023-01-01 - 2023-12-31. The Group is headquartered in Stockholm, Box 638, 114 11 Stockholm. The annual report has been prepared in thousands of Swedish kronor (kSEK) unless otherwise stated.

Information about the business

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

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

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

Significant events during the financial year

Products and services

On January 12, three new cryptocurrencies were introduced to Safello's offering. Those added were Algorand and Uniswap, as well as USDC which is a stable coin. Safello was the first crypto broker in Sweden to offer USDC.

On April 27, Handelsbanken terminated Safello's access to the payment services Swish Commerce and Swish Company with immediate effect. The reason was the suspicion that Safello's services were used for illicit activities. Safello investigated the circumstances but did not find any evidence to support the allegations, and no such evidence was provided from Handelsbanken. In June Handelsbanken also announced that they wanted to ter-

minate bank accounts and related banking services to the company, effective from January 31 2024. The reason for the termination was stated as inadequate customer knowledge.

Subsequently, to the termination of Swish in April, Safello's main priority during the year has been to build a stable and secure financial infrastructure on the platform. A part of the strategy has been to broaden the range of payment methods on the platform. The most important changes during the year are summarized below:

- On May 5, direct payments were introduced as a payment method when purchasing crypto on the platform, which is provided by a third-party payment service provider.
- On September 11, Safello launched Apple pay and Google pay on the platform (through Worldpay). This functionality eliminates the need for manual entry of payment details and utilizes the advanced security features provided by Apple Pay and Google Pay.
- On November 1, Safello entered into an agreement with a Swedish bank regarding Swish, which from November 23 re-enabled customers to use Swish as a payment method for buy orders on Safello's platform.

Business events

On August 18, Safello announced that it had won the Swedish Police Authority in the public procurement as the exclusive provider of cryptocurrency services to meet the needs of the Swedish Police Authority, the Swedish Customs Office and the Swedish Economic Crime Authority on a national basis, with a maximum contract period of four years. The total number of transactions is estimated at 150 transactions, with a maximum cap of 600 transactions per year. The framework agreement was concluded with the respective authorities in September with immediate effect.



Directors' report cont.

Corporate

On May 4, 2023, Safello held its annual general meeting in Stockholm. A summary of all decisions can be found in the report from the annual general meeting from 4 May, available on the company's website. The AGM decided, among other things, on the re-election of Frank Schuil, Jacob Jacobsson and Sepehr Alavi as board members and the new election of Viktor Fritzén as board member. Frank Schuil was elected chairman of the board. The AGM also decided on the introduction of a long-term incentive program for board members, employees and/or consultants through a targeted issue of warrants to the participants.

In December, transactions were carried out in the company's stock for a total of 1,375,425 shares at an average price of SEK 2.10 per share, corresponding to 6.73 percent of the share capital and votes in the company. The company's CEO Emelie Moritz and board chairman Frank Schuil participated in the transaction together with two private investors. Northzone, a venture capital fund, was the seller of the shares.

Organisation & Leadership

During the year, the company has made changes in the company's management:

- On February 22, Viktoria Berglund Blohmé was appointed as Head of Finance. Johan Edin left the role of CFO in August.
- On March 9, Emelie Moritz was appointed CEO, replacing former CEO Frank Schuil. Emelie Moritz joined Safello in March 2022 as chief operating officer and has since then contributed to Safello's development towards becoming Sweden's leading crypto broker.

Expected future development, risks and uncertainties

A number of factors affect, or may affect, Safello's operations both directly and indirectly. The company is exposed to risks that include strategic and external risks

but also business risks such as operational and financial risks. Active risk management is a prerequisite for the Company to be able to conduct a successful business. The following describes, without any particular order and without claiming to be exhaustive, any risk factors and significant circumstances that are considered essential for Safello's operations and future development.

Price risk of cryptocurrency

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

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

Inventory 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. Safello has a proof-of-reserves page that displays the total customer crypto assets that the company administers (see <https://safello.com/proof-of-reserves/>). In addition, Safello keeps an inventory of crypto assets at blockchain.com and Bitstamp in order to be able to transact in real time on behalf of our customers. Downtime, cybercrime or fraud at these counterparties could lead to loss of Safello's holdings at these counterparties.



Directors' report cont.

Currency risk

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

Negative cash flow and risk of future capital needs

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

Security breaches and risks related to the technical platform

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

Dependence on key people

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

Competition and market

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

Compliance risk

The subsidiary Safello AB is registered with the Swedish Financial Supervisory Authority (Finansinspektionen) under the Currency Exchange and Other Financial Operations Act (SFS 1996:1006) and is obligated to comply with the framework aimed at preventing the company from being exploited for money laundering and terrorism financing. The Financial Supervisory Authority is the responsible supervisory authority in relation to compliance with the money laundering and terrorism financing regulations.

In addition to the money laundering regulations, the Company is obliged to comply with the EU's data protection regulation, GDPR, in its handling of personal data, and as a listed company is obliged to comply with market abuse legislation.

As described below under "Regulatory risks", from December 2024 Safello AB will be under the supervision of the Swedish Financial Supervisory Authority as a provider of crypto asset services under the MiCA regulation.

The Financial Supervisory Authority and other relevant supervisory authorities regularly carry out audits of companies' compliance with regulations. Safello has implemented frameworks, measures and processes to ensure compliance with applicable regulatory requirements. Despite this, it cannot be ruled out that any future supervisory matters may lead to criticism or sanctions.



Directors' report cont.

Regulatory risks

Crypto assets will become regulated by the Markets in Crypto Assets Regulation, the so-called MiCA regulation. The MiCA regulation that applies to the provision of crypto-asset services will come into force in December 2024. The regulation means, among other things, that the Company will be subject to a permit and be under the supervision of the Swedish Financial Supervisory Authority. Apart from the Fifth and Sixth Money Laundering Directives, the MiCA regulation will be the first harmonized legislation at EU level addressing cryptocurrencies, and aside from the money laundering regulations, there is no previous more extensive legislation in Sweden that addresses cryptocurrencies. In the absence of special legislation, the provision of crypto asset services is currently regulated by general legislation, including consumer law. As the MiCA regulation is a new legislation, technical standards and guidelines have not yet been issued and extensive legal development is expected in the area. In addition, since developments in the crypto market are fast, the MiCA regulation will likely be reviewed a couple of years after its introduction, which may mean additional changes.

The Digital Operational Resilience Act (DORA) is another new EU regulation, which aims to regulate cyber security in the financial sector across the EU, to promote stability and integrity and achieve a unified regulatory framework. The regulation sets requirements for cyber se-

curity, incident reporting, outsourcing and management of other digital operational risks. DORA also requires robust IT systems and procedures to ensure the continuity of financial services. The regulation will enter into force in December 2024. Such regulation has not previously covered crypto asset service providers.

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, 2023 was 20,449,600, distributed among 2,160 shareholders. All shares have an equal right to the company's profits and assets and each share entitles the shareholder to one vote at the Annual General Meeting. The company has been traded on the First North Growth Market since May 12, 2021. The share is traded under the ticker SFL.

Summary of earnings per share

	2023	2022
Number of shares before dilution	20,449,600	20,449,600
Number of shares after potential dilution	22,253,165	21,440,668
Average number of shares	20,449,600	20,449,600
Average number of shares after potential dilution	21,783,475	21,440,668
Share capital per share (SEK)	1.68	1.68
Earnings per share before dilution (SEK)	-0.02	-1.05
Earnings per share after dilution (SEK)	-0.02	-1.00
Dividends per share (as proposed in the current year) (SEK)	-	-



Ownership - the company's ten largest shareholders

The table below shows the Company's largest owner according to the share register and nominee list according to Eu-roclear Sweden AB with record date 29 December 2023 and subsequent known changes.

	Number of shares	Voting rights and share capital (%)
Frank Schuil BV ⁷	4,363,561	21.34%
WSC III LP	2,370,749	11.59%
Joakim Johansson ⁸	2,095,200	10.25%
Northzone VII L.P	1,203,662	5.89%
Emil Oldenburg	1,097,291	5.37%
Brown Brothers Harriman & CO	819,164	4.01%
Nordnet Pensionsförsäkring AB	562,100	2.75%
IBKR Financial Services AG	514,498	2.52%
BNY Mellon NA	514,498	2.52%
Försäkringsbolaget Avanza Pension	505,379	2.47%
<i>Company's ten largest shareholders in total</i>	<i>14,046,102</i>	<i>68.69%</i>
<i>Other shareholders</i>	<i>6,403,498</i>	<i>31.31%</i>
Total	20,449,600	100.00%

Development of operations, earnings and position - Group⁹

	2023	2022	2021	2020
Net sales (kSEK)	561,110	634,898	757,898	315,007
Profit/loss after financial items (kSEK)	-447	-21,505	-15	882
Operating margin (%)	neg	neg	neg	0%
Return on equity (%)	neg	neg	neg	4%
Total assets (kSEK)	41,060	41,511	62,863	28,178
Acid-test ratio (%)	341%	380%	542%	394%
Equity/asset ratio (%)	84%	83%	89%	81%
Number of employees	20	30	22	10

Development of operations, earnings and position - Parent company⁹

	2023	2022	2021	2020
Net sales (kSEK)	2,307	3,000	4,384	0
Profit/loss after financial items (kSEK)	-5,806	-14,557	-18,067	-4,216
Operating margin (%)	neg	neg	neg	neg
Return on equity (%)	neg	neg	neg	neg
Total assets (kSEK)	55,124	55,452	70,538	38,578
Acid-test ratio (%)	810%	1099%	1278%	1465%
Equity/asset ratio (%)	97%	97%	97%	97%
Number of employees	4	6	4	2

⁷ Frank Schuil owns 100% of Frank Schuil BV. The given amount includes 60,812 shares that Frank Schuil holds privately.

⁸ Joakim Johansson has 500,000 shares in a capital insurance.

⁹ 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	-49,983,609
Profit or loss of the year	805,931
	52,214,458
To be disposed as	0
Dividend to shareholders (0 SEK per share)	52,214,458
Profit or loss carried forward	52,214,458



Income statement - Group

	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Net sales		561,110	634,898
Activated work for own account		0	939
Other operating income		883	3,167
		561,993	639,004
<i>Operating expenses</i>			
Raw materials and consumables		-526,253	-606,652
Other external expenses	2	-14,059	-11,495
Personnel costs	3	-22,019	-32,339
Depreciation, write-downs and reversal of tangible and intangible fixed assets		1,673	-9,123
Other operating expenses		-1,684	-903
		-562,342	-660,511
Operating profit/loss		-350	-20,507
<i>Results from financial items</i>			
Other interest income and similar items	4	5	4
Interest expenses and similar performance items	5	-103	-1
		-98	3
Profit/loss after financial items		-447	-21,505
Tax on profit/loss for the year	6	0	5
Profit/loss for the year		-447	-21,499
Attributable to			
The parent company's shareholders		-447	-21,499
Minority interest		0	0



Balance sheet - Group

1:2

	Note	2023-12-31	2022-12-31
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Capitalized expenditure for development and similar work	7	654	1,932
Goodwill	8	3,611	5,277
Long-term investment in cryptocurrency	9	9,690	4,883
		13,955	12,092
<i>Property, plant and equipment</i>			
Machinery and other technical facilities	10	118	165
Equipment, tools, fixture and fittings	11	83	112
		201	277
<i>Financial assets</i>			
Other long-term receivables	12	333	333
		333	333
Total non-current assets		14,488	12,702
Current assets			
<i>Inventory</i>			
Prepared goods and goods for sale		3,773	1,757
		3,773	1,757
<i>Current receivables</i>			
Accounts receivable		15	0
Other receivables	13	4,107	4,585
Prepaid expenses and accrued income	14	1,347	1,085
		5,468	5,670
<i>Kortfristiga placeringar</i>			
Cash and bank balances		17,288	21,344
Total current assets		26,571	28,809
TOTAL ASSETS		41,060	41,511



Balance sheet - Group

2:2

	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital		1,022	1,022
Share premium		101,392	101,392
Other equity including profit/loss for the year		-68,032	-68,031
Equity attributable to the parent company's shareholders		34,383	34,383
Minority interest		0	0
Total equity		34,383	34,383
Current liabilities			
Advance payment from customers		1,885	1,497
Accounts payable		1,447	935
Current tax liabilities		516	1,082
Other liabilities		1,506	2,659
Accrued expenses and deferred income	15	1,323	956
Total current liabilities		6,677	7,128
TOTAL EQUITY AND LIABILITIES		41,060	41,511



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 2022-01-01	1,022	0	101,392	-46,532	55,882	55,882
<i>Transactions with owners:</i>						
Profit/loss for the year	-	-	-	-21,499	-21,499	-21,499
Outgoing balance 2022-12-31	1,022	0	101,392	-68,032	34,383	34,383
<i>Transactions with owners:</i>						
Warrants issued	-	-	-	447	447	447
Profit/loss for the year	-	-	-	-447	-447	-447
Outgoing balance 2023-12-31	1,022	0	101,392	-68,032	34,383	34,383



Cash flow statement - Group

	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Operating activities			
Operating profit/loss		-350	-21,507
Adjustment for entries not included in cash flow			
Depreciation and write-downs		-1,673	9,143
		-2,023	-12,364
Received Interest	4	5	4
Paid interest	5	-103	-1
Paid Income tax		-	5
Cash flow from operating activities before changes in working capital		-2,121	-12,356
<i>Changes in working capital</i>			
Change in inventories		-2,016	-236
Change in operating receivables		199	287
Change in operating liabilities		-452	148
Cash flow from operating activities		-12,157	-12,157
<i>Investment activities</i>			
Sales of intangible assets		-	1,015
Acquisition of property, plant and equipment		-113	-154
Acquisition of financial fixed assets		-	68
Cash flow from investing activities		-113	-1,101
<i>Financing activities</i>			
Warrants		447	0
Cash flow from financing activities		0	0
Cash flow for the period		-4,056	-13,258
Cash and cash equivalents at the beginning of the year		21,344	34,602
Exchange rate difference in cash and cash equivalents		0	0
Cash and cash equivalents at year end		17,288	21,344



Income statement - parent company

	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Net sales		2,307	3,000
Other operating income		17	2,275
		2,324	5,275
<i>Operating expenses</i>			
Merchandise			
Other external expenses	2	-6,029	-4,538
Personnel costs	3	-7,502	-10,020
Depreciation of tangible and intangible fixed assets		4,794	5,300
Other operating expenses		-	-15
		-8,737	-19,873
Operating profit/loss		-6,413	-14,598
<i>Results from financial items</i>			
Resultat från andelar i koncernföretag	18	-	-500
Other interest income and similar items	4	619	543
Interest expenses and similar performance items	5	-12	-1
		607	41
Profit/loss after financial items		-5,806	-14,557
Appropriations	17	5,000	0
Profit before tax		-806	-14,557
Tax on profit/loss for the year	6	0	0
Profit/loss for the year		-806	-14,557



Balance sheet - parent company

1:2

	Note	2023-12-31	2022-12-31
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Long-term investment in cryptocurrency		9,614	4,809
		9,614	4,809
<i>Materiella anläggningstillgångar</i>			
Inventarier, verktyg och installationer	11	39	49
		39	49
<i>Financial assets</i>			
Shares in group companies	18,19	30,184	30,184
		30,184	30,184
Total non-current assets		39,836	35,042
Current receivables			
<i>Short-term receivables</i>			
Receivables from group companies		9,903	13,247
Other receivables	13	249	304
Prepaid expenses and accrued income	14	572	1,280
		10,724	14,831
Kortfristiga placeringar		42	38
Cash and bank balances		4,521	5,540
Total current assets		15,288	20,410
TOTAL ASSETS		55,124	55,452



Balance sheet - parent company

2:2

	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity	20		
<i>Restricted capital</i>			
Share capital		1,022	1,022
		1,022	1,022
<i>Non-restricted capital</i>			
Additional paid in capital		101,392	101,392
Retained earnings		-34,262	-34,262
Profit/loss for the year		-806	-14,557
		52,214	52,574
Total equity		53,237	53,596
<i>Current liabilities</i>			
Accounts payable		464	462
Liabilities to group companies		59	156
Current tax liabilities		255	418
Other liabilities		241	267
Accrued expenses and prepaid income	15	869	554
Total current liabilities		1,887	1,856
TOTAL EQUITY AND LIABILITIES		55,124	55,452



Statement of changes in equity - parent company

	<i>Restricted equity</i>		<i>Non-restricted equity</i>			Total equity
	Share capital	Unregistered share capital	Share premium	Retained earnings	Profit/loss for the year	
Opening balance 2022-01-01	1,022	0	101,392	-17,090	-17,172	68,153
Transfer of results previous year	-	-	-	-17,172	17,172	0
Profit/loss for the year	0	-	-	-	-14,557	-14,557
Outgoing balance 2022-12-31	1,022	0	101,392	-34,262	-14,557	-53,596
Transfer of results previous year	-	-	-	-14,557	-14,557	0
<i>Transactions with owners:</i>						
Warrants issued	-	-	-	447	-	447
Profit/loss for the year	-	-	-	-	-806	-806
Outgoing balance 2023-12-31	1,022	0	101,392	-48,372	-806	53,237



Cash flow statement - parent company

		2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Operating activities			
Operating profit/loss		-6,413	-14,598
Adjustment for entries not included in cash flow			
Depreciation and write-downs		-4,794	5,317
Group contribution	17	5,000	0
		-6,207	-9,281
Received interest	4	619	543
Paid interest	5	-12	-1
Paid Income tax		0	0
Cash flow from operating activities before changes in working capital		-5,600	-8,740
<i>Changes in working capital</i>			
Change in operating receivables		4,104	-8,085
Change in operating liabilities		31	-529
Cash flow from operating activities		-1,465	17,353
<i>Investment activities</i>			
Acquisition of participations in subsidiaries		-	-750
Acquisition of intangible fixed assets		-	-1
Sales of intangible fixed assets		-	1
Acquisition of tangible fixed assets		-	-53
Cash flow from investing activities		0	-803
<i>Financing activities</i>			
Warrants		447	0
Cash flow from financing activities		0	0
Cash flow for the period		-1,019	-18,156
Cash and cash equivalents at the beginning of the year		5,540	23,696
Exchange rate difference in cash and cash equivalents		0	0
Cash and cash equivalents at year end		4,521	5,540



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 April 4, which will be submitted for adoption at the Annual General Meeting on May 8, 2024.

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

Accounting principles - Group

Consolidated financial statements

Extent

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

Accounting method

The consolidated financial statements are prepared in accordance with the acquisition method. This means that the identifiable assets and liabilities of the acquired

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

Transactions between group companies

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

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

Revenue recognition

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

Cryptocurrency trading

The Group offers trading of the cryptocurrencies Algorand, Bitcoin, Chainlink, Ethereum, Polkadot, Polygon, Uniswap and USD Coin. When trading cryptocurrency, in the form of buy, sell or withdrawal, the income is 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.



Note 1 Accounting principles, etc. cont.

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.



Note 1 Accounting principles, etc. cont.

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.

Long-term investment in 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.



Note 1 Accounting principles, etc. cont.

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, 2023 is that the carrying amount of these items does not exceed fair value.

Estimation of the value of long-term cryptocurrency investments

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 at the end of each quarter and is also set in relation to the expected future development of the value of the cryptocurrency. The company has in summary made a reversal of previous write-down of cryptocurrency, to market value per year-end 2023, that amounted to SEK 4.8 million (-4.9). The assessment as of December 31, 2023 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	
	2023	2022	2023	2022
<i>We Audit Sweden AB</i>				
Audit assignment	473	425	205	189
	473	425	205	189

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

	2023		2022	
	Number of employees	of which are men	Number of employees	of which are men
Parent company	4	25%	6	50%
Subsidiaries	16	69%	24	63%
Total group	20	60%	30	60%

Number of employees at period end

	2023		2022	
	Number of employees	of which are men	Number of employees	of which are men
Parent company	5	0%	6	33%
Subsidiaries	19	63%	22	59%
Total group	24	50%	28	54%



Salaries and other remuneration

	Group		Parent company	
	2023	2022	2023	2022
Salaries				
The Board and CEO	2,831	2,046	2,831	2,046
Other employees	12,233	20,034	2,088	4,566
	15,064	22,080	4,919	6,611
Social expenses				
Pension costs for the CEO (no pension cost for the Board)	507	312	507	312
Pension costs other employees	1,094	2,414	222	712
Other social security contribution	5,354	7,533	1,854	2,384
	6,955	10,259	2,583	3,409

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	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Percentage of women on the board	0%	0%	0%	0%
Percentage of men on the board	100%	100%	100%	100%
Percentage of women among other senior executives	54%	40%	72%	40%
Percentage of men among other senior executives	46%	60%	28%	60%

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

Note 4 – Other interest income and similar performance items

	Group		Parent company	
	2023	2022	2023	2022
Interest income from group companies	-	-	618	541
Other interest income	5	0	1	0
Results on the sale of short-term investments	0	0	0	0
	5	4	619	543



Note 5 – Interest expenses and similar items

	Group		Parent company	
	2023	2022	2023	2022
Interest expense to group companies	-	-	-8	-1
Other interest expenses	-7	-1	-2	0
Exchange rate differences	-95	0	-2	0
	-103	-1	-12	-1

Note 6 – Tax on profit/loss for the year

	Group		Parent company	
	2023	2022	2023	2022
Current tax	0	5	0	0
Total reported tax	0	5	0	0
Average effective tax rate	-	-	-	-

Reconciliation of effective tax rate

Profit/loss before tax	447	-21,505	-806	-14,557
Tax on the reported result at applicable tax rate (20.6%):	92	-4,430	-166	-2,999
Tax effect from:				
Non-deductible write-down	343	246	0	0
Other non-deductible expenses	29	37	27	22
Change in loss carried forward for which no deferred tax was capitalized	-279	4,141	139	2,977
Non-taxable income	0	0	0	0
Reported Tax	0	-5	0	0
Effective tax rate	-	-	-	-

Disclosure of deferred tax assets and liabilities

Group

The Group has a tax deficit that amounted to kSEK 127,697 (kSEK 129,053) 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 38,442 (kSEK 37,768) 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	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accumulated cost				
At beginning of the year	10,393	9,454	0	0
Additions of the year	0	939	0	0
At end of the year	10,393	10,393	0	0
Accumulated depreciation				
At beginning of the year	-8,462	-6,474	0	0
Depreciation for the year	-1,278	-1,988	0	0
At end of the year	-9,740	-8,462	0	0
Carrvina amount at end of the year	654	1,932	0	0

Note 8 – Goodwill

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Aquisition value				
At beginning of the year	8,333	8,333	0	0
Acquisitions of the year	0	0	0	0
At end of the year	8,333	8,333	0	0
Accumulated depreciation				
At beginning of the year	-3,055	-1,389	0	0
Depreciation for the year	-1,667	-1,667	0	0
At end of the year	-4,722	-3,055	0	0
Carrying amount at end of the year	3,611	5,277	0	0

Note 9 – Cryptocurrency

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Aquisition value				
At beginning of the year	10,192	10,135	10,105	10,123
Acquisitions of the year	0	73	0	0
Additional from acquisitions of the year	0	0	0	0
Sales / disposals	0	-17	0	-17
At end of the year	10,192	10,192	10,105	10,105
At beginning of the year	-5,308	0	-5,296	0
Reversed write-downs	4,806	0	4,805	0
Write-downs of the year	0	-5,308	0	-5,296
At end of the year	-502	-5,308	-491	-5,296
Carrying amount at end of the year	9,690	4,883	9,614	4,809



Note 10 – Machines and other technical facilities

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Aquisition value				
At beginning of the year	608	537	0	0
Acquisitions of the year	114	71	0	0
At end of the year	722	608	0	0
Accumulated depreciation				
At beginning of the year	-442	-300	0	0
Depreciation for the year	-161	-142	0	0
At end of the year	-603	-442	0	0
Carrying amount at end of the year	118	165	0	0

Note 11 – Equipment, tools, fixture and fittings

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Aquisition value				
At beginning of the year	142	59	53	0
Acquisitions of the year	0	83	0	53
At end of the year	142	142	53	53
Accumulated depreciation				
At beginning of the year	-30	-12	-4	0
Depreciation for the year	-28	-18	-11	-4
At end of the year	-59	-30	-14	-4
Carrying amount at end of the year	83	112	39	49

Note 12 – Other long-term receivables

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Aquisition value				
At beginning of the year	333	401	0	0
Additional receivables	0	-69	0	0
At end of the year	333	333	0	0
Carrying amount at end of the year	333	333	0	0



Note 13 – Other short-term receivables

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Other receivables	4,107	4,585	249	304
	4,107	4,585	249	304

Note 14 – Prepaid expenses and accrued income

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Deferred revenue	403	0	0	0
Prepaid insurance premiums	411	460	411	460
Other prepaid expenses	533	625	161	820
	1,347	1,085	572	1,280

Note 15 – Accrued expenses and deferred income

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accrued holiday pays	349	321	170	154
Accrued social security charges	110	101	53	48
Accrued interest	0	0	0	1
Other accrued expenses	865	533	646	350
	1,323	956	869	554

Note 16 – Business combinations and divested activities

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

During the year, the parent company Safello Group AB has given an unconditional shareholder contribution of SEK 250,000 to Safello AB, and on unconditional shareholder contribution of SEK 500,000 to Rational Money AB, that has been written down in the same period.



Note 17 – Appropriations

	Parent company	
	2023	2022
Received group contribution	5,000	0
	5,000	0

Note 18 – Shares in Group companies

	Parent company	
	2023-12-31	2022-12-31
Aquisition value		
At beginning of the year	40,984	40,234
Acquisitions of the year	0	750
At end of the year	40,984	40,984
Accumulated write-downs		
At beginning of the year	-10,800	-10,300
Årets nedskrivningar	0	-500
At end of the year	-10,800	-10,800
Carrying amount at end of the year	30,184	30,184

Note 19 – Specification of shares Group companies

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

	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

	2023-12-31	2022-12-31	2023-12-31	2022-12-31
	Quotient value	Quotient value	Number	Number
Ordinary shares	0.05	0.05	20,449,600	20,449,600
			20,449,600	20,449,600

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 custo-

mer 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	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
<i>Items not included in balance sheet</i>				
Cryptocurrency on behalf of customers	132,994	48,172	0	0
	132,994	48,172	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

In January, Safello launched the function for customers to execute a sell order and receive a payment via Swish. In the past, when selling, customers have had their money paid out via traditional bank transfers, which meant that the transfer took at least one banking day. The new function significantly improves the payment process on Safello's platform, as all sell orders up to SEK 150,000 will be paid approximately three times faster.

As of February, the business relationship with Handelsbanken has been completely terminated in accordance with what was previously communicated and Safellos has transferred to its new Swedish bank. The migration took place in accordance with plan and without any negative operational impact.

In February, Safello launched "Kryptopodden", a news podcast about cryptocurrencies, decentralized finance and the financial market. The podcast will offer listeners both knowledge and insight by regularly inviting well-known profiles, both from the crypto and financial industry, as guests to analyze and discuss the latest happenings in the crypto world.

In March, Safello launched swapping, a new feature for trading between cryptocurrencies, enabling an exchange ("swap") of one cryptocurrency for another directly within the mobile application, without the need to involve fiat currencies (such as SEK) in the transaction.

Note 26 – Appropriation of profit or loss

	2023-12-31	2022-12-31
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	101,392,136
Non-restricted equity	-49,983,609	-34,261,778
Profit or loss of the year	805,931	-14,556,842
	52,214,458	-52,573,516
To be disposed as		
Dividend to shareholders (0 SEK per share)	0	0
Profit or loss carried forward	52,214,458	52,573,516
	52,214,458	-52,573,516



Not 27 – Key ratios definitions and Concepts

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

Order volume

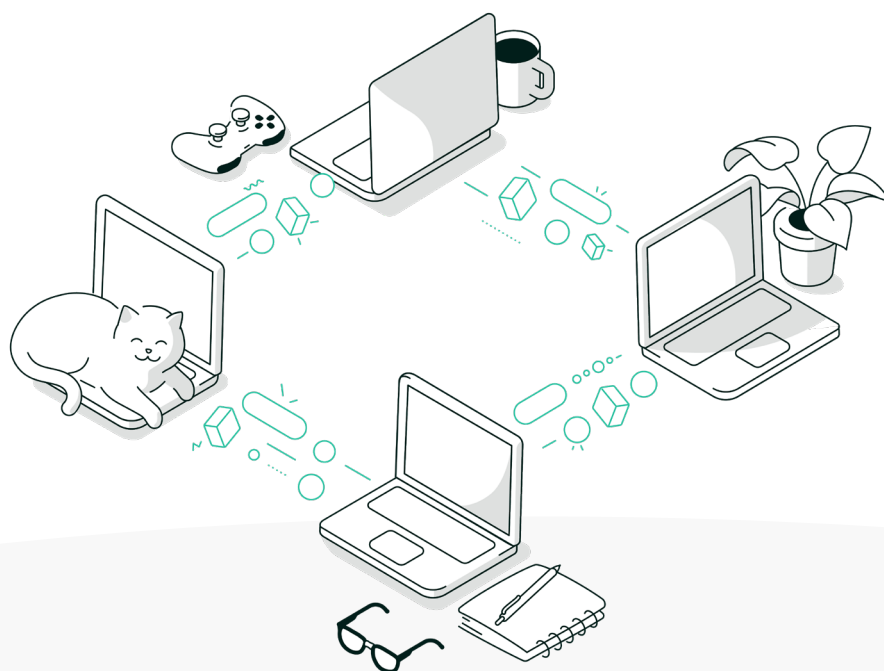
The company's net sales from completed crypto transactions (buy and sell orders), based on Safello's internal data.

Number of orders

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

Number of registrations

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





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, 4 April 2024

Frank Schuil
Chairman

Viktor Fritzén
Board member

Sepehr Alavi
Board member

Jacob Jacobsson
Board member

Emelie Moritz
CEO

Our audit report has been issued on 4 April 2024
WeAudit Sweden AB

Mikael Köver
Authorized public accountant

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 2023-01-01 - 2023-12-31. The annual accounts and consolidated accounts of the company are included on pages 13-43 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-12 and 47-55. 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 financial year 2023-01-01 - 2023-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the annual report can be found at The Auditors' Inspectorate's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 4th of April 2024

WeAudit Sweden AB

Mikael Köver
Authorized Public Accountant



Corporate Governance Report

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

Annual General Meeting

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

The Annual General Meeting for 2022 was held on 4 April 2023. At the annual general meeting, it was decided, among other things, to introduce a new incentive program for employees and a new incentive program for the board, which are described in more detail below.

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, however, only if shareholders notify the Company of the number of assistants to the Company.

Initiatives from shareholders

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

The board of directors

The Board is the Company's highest decision-making body after the Annual General Meeting and the Company's highest leading body. The Board is responsible for the Company's organization and management of the Company's affairs. According to the Swedish Companies Act, the Board is responsible for the Company's management and organization, which means that the Board is responsible for, among other things, setting goals and strategies, ensuring routines and systems for evaluating



established goals, continuously evaluating the Company's results and financial position and evaluating operational management. The Board is also responsible for ensuring that the annual report and interim reports are prepared in a timely manner. Furthermore, the Board is responsible for appointing the CEO, adopting instructions for the CEO's work and to monitor the results of the CEO's work. The Board members are elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Company's Articles of Association, the Board shall consist of a minimum of three and a maximum of eight members with a maximum of two deputies. The Company's Board currently consists of four members, who are presented on page 51–52.

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 2023, the Board held 15 meetings.

The Board members' holdings of shares in the Company and whether the Board members are independent in relation to the Company and its management as well as major shareholders are shown below. The data refer to the balance sheet date 31 December 2023.

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 May 4, 2023, it was decided that fees to the Board shall be paid in the amount of SEK 100,000 to the Chairman of the Board, Frank Schuil, and each of the Board members who are independent in relation to the Company and its largest shareholders (shareholders who controls five (5) percent or more of the shares or votes in the company), i.e. Jacob Jacobsson and Viktor Fritzés, 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 incentive programs for management and employees and for the board, separately.

Name	Position	Elected	Shares (%)	Options	Independent in relation to:	
					The company and company's management	Larger shareholders
Frank Schuil	Chairman	2013	21,04 % ¹⁰	223,043	No	No
Jacob Jacobsson	Board member	2013	0,88 %	115,000	Yes	Yes
Sepehr Alavi	Board member	2018	11,64 % ¹¹	-	Yes	No
Viktor Fritzés	Board member	2023	-	75,000	Yes	Yes

¹⁰ Frank Schuil BV holds 4 302 749 shares/21.04% of the capital and votes. Frank Schuil also holds 60 812 shares/0.30% privately.

¹¹ 2 370 749 shares via White Star Capital and Residence Ventures LLC



2021/2024

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 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.

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 three 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.

2023/2026

At the Annual General Meeting on May 4, 2023, it was decided to offer the Board a total of 413,043 warrants and management and employees a total of 750,562 warrants. The warrants were offered to those entitled to subscribe at an estimated market value and a price of SEK 0.55 per warrant, calculated by an independent advisor based on the Black and Scholes model for warrants valuation.

A total of 413,043 warrants were subscribed for by board members and 399,454 warrants by management and employees. The total number of subscribed and paid warrants amounts to 812,497.

The program runs for three years and each warrant entitles the holder to acquire one share in Safello Group AB at a price of SEK 9.59 in the period 15 June to 15 September 2026.

If the warrants are fully exercised, the number of shares will increase by 1,803,565 corresponding to a dilution effect for existing shareholders of 8.8 percent.

CEO and senior executives

The CEO is subordinate to the Board and is responsible for the Company's day-to-day management. The division of work between the Board and the CEO is stated in the rules of procedure for the Board and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information for board meetings and is the presenter of the material at board meetings. In such a report, the Company's financial position and development must be taken into account. The CEO and other senior executives are presented on page 53–54.

Principal shareholders

The company's largest shareholders are Frank Schuil BV (21.34% of the votes, whereof 1.39% of those are held privately), WSC III LP (11.59% of the votes) and Joakim Johansson (10.25% of the votes). Frank Schuil owns 100 % of the shares and votes in Frank Schuil BV.

Name	Position	Joined	Shares (%)	Warrants
Emelie Moritz	CEO	2022	0.67 %	200,000
Viktoria Berglund Blohmé	Head of Finance	2021	0.03 %	10,000
Niklas Dusenlund	Head of Engineering	2022	-	90,000
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. The board has adopted a Policy for Internal Governance and Control which is the overarching document in Safello's policy framework to ensure a sound system for internal governance and control, which includes e.g. the company's AML framework, information policy, rules of procedure for the board of directors and CEO instruction. The Board shall, when necessary, and at least annually, review and adopt the company's policies in order to ensure that the objectives regarding internal governance and control are fulfilled and well adapted to the business.

Safello has established a compliance function, being an independent control function separated from the operational business. It is tasked with identifying risks

within Safello's business that may lead to noncompliance with legal obligations, regulations, and other applicable rules. The compliance function is responsible for recommending necessary measures to ensure that Safello fulfills its obligations as a crypto asset service provider. The compliance function shall conduct controls of the business and shall report directly to the CEO and also regularly report directly to the Board. Additionally, the Compliance function provides guidance and support to the operations, CEO and the Board on matters related to compliance. It conducts training initiatives concerning relevant regulatory frameworks and their amendments. The compliance function is outsourced to a reputable consultancy firm.

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 May 4, 2023, fees shall be paid to the auditor according to approved invoices.



The Board of Directors



Frank Schuil

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

Education:

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

Experience:

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

Other commitments:

Board member in ZTLment.

Independence:

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

Holdings (as of 31 December 2023):

4,302,749 shares via Frank Schuil BV. Frank Schuil owns 100% of Frank Schuil BV. Frank owns 60,812 shares privately. 223,043 warrants.



Jacob Jacobsson

Born 1953 | Board member since 2013

Education:

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

Experience:

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

Other commitments:

Director / Chairman of Advanced Telesensors, Director of RF Micron, Newscale and Tyndall.

Independence:

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

Holdings (as of 31 December 2023):

180,280 shares.
115,000 warrants



Viktor Fritzén

Born 1985 | Board member since 2023

Education:

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

Experience:

Viktor has experience as a professional board member in numerous listed and non-listed companies within the financial industry, including Avanza and CoinShares. Prior to that, he served as the CFO of LeoVegas gaming group, which he was part of growing from a startup to a listed company. Beginning his career in equity research at Goldman Sachs, he has since held various roles in the technology sector.

Other commitments:

Chairman of the board of Appjobs Sweden AB and StickerApp Holding AB. Director of the board of CoinShares International Ltd, Beyond Zebra AB, Cithara BidCo AB and Cithara HoldCo AB.

Independence:

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

Holdings (as of 31 December 2023):

No shares.
75,000 warrants.



Sepehr Alavi

Born 1977 | Board member since 2018

Education:

Bachelor's degree in financial economics from Concordia University.

Experience:

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

Other commitments:

General Partner at White Star Capital.

Independence:

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

Holdings (as of 31 December 2023):

2,370,749 shares via White Star Capital and Residence Ventures LLC.
No warrants.



Management



Emelie Moritz

Born 1992 | Chief Executive Officer | Joined in 2022

Education:

Law degree from Uppsala University

Experience:

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

Other commitments:

No commitments outside Safello Group.

Holdings (as of 31 December 2023):

137,544 shares.
200,000 warrants.



Viktoria Berglund Blohmé

Born 1989 | Head of Finance | Joined in 2021

Education:

M.Sc. in Business and Economics with Auditing as a major, from Jönköping University.

Experience:

Viktoria has several years of experience within finance, is previously authorised public accountant and was working at Ernst & Young for six years before she joined Safello.

Other commitments:

No commitments outside Safello Group.

Holdings (as of 31 December 2023):

5,912 shares.
10,000 warrants.



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 (as of 31 December 2023):

No shares.

38,035 warrants.



Niklas Dusenlund

Born 1984 | Head of Engineering |
Joined in 2022

Education:

Master of Science, Electrical Engineering,
Lund University.

Experience:

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

Other commitments:

No commitments outside Safello Group.

Holdings (as of 31 December 2023):

No shares.

90,000 warrants.



Other Information

Annual General Meeting

The Annual General Meeting will be held on 8 May 2024 in Stockholm.

Financial Calendar

8 May 2024	Annual General Meeting 2023
17 May 2024	Interim report for the first quarter
23 August 2024	Interim report for the second quarter
15 November 2024	Interim report for the third quarter
21 February 2025	Year-end report 2024

Certified Adviser

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

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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